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ÚSTAV MANAGEMENTU

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## BUSINESS PLAN – ADRENALINE CENTRE

PODNIKATELSKÝ ZÁMĚR – ADRENALINOVÉ CENTRUM

DIPLOMOVÁ PRÁCE

MASTER'S THESIS

AUTOR PRÁCE

AUTHOR

Bc. MICHAL SEDLÁČEK

VEDOUCÍ PRÁCE

SUPERVISOR

doc. PhDr. IVETA ŠIMBEROVÁ, Ph.D.

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## **MASTER'S THESIS ASSIGNMENT**

**Sedláček Michal, Bc.**

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Pursuant to Act. No. 111/1998 Coll., on Higher Education Institutions, and in accordance with the Rules for Studies and Examinations of the Brno University of Technology and Dean's Directive on Realization of Bachelor and Master Degree Programs, the director of the Institute of Economics is submitting you a master's thesis of the following title:

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In the Czech language:

**Podnikatelský záměr - adrenalinové centrum**

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The goals and used methods  
Theoretical basis of the work  
Business plan  
Financial plan  
Risks of the business  
Conclusions and recommendations  
Appendices

List of literature:

FINCH, B. 2013. How to Write a Business Plan (Creating Success). Fourth Edition Edition. Kogan Page. ISBN 074946710X

FOTR, J. a I. SOUČEK. 2011 Investiční rozhodování a řízení projektů: jak připravovat, financovat a hodnotit projekty, řídit jejich riziko a vytvářet portfolio projektů. 1. ed. Prague: Grada, 408 s. Expert (Grada). ISBN 978-80-247-3293-0.

KORÁB, V. et al. 2007 Podnikatelský plán. 1.ed. Brno: Computer Press, 216 s. ISBN 978-80-251-1605-0.

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The supervisor of master's thesis: doc. PhDr. Iveta Šimberová, Ph.D.

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L.S.

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doc. Ing. Tomáš Meluzín, Ph.D.  
Director of the Institute

---

doc. Ing. et Ing. Stanislav Škapa, Ph.D.  
Dean of the Faculty

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## **Abstract**

The aim of this diploma thesis is to write a business plan for Adrenaline Park formation in Třinec. The thesis is divided into three main chapters where first chapter defines goals and methods used. Subsequent part specifies theoretical framework of the topic and defines basic terms. Business plan contains all requirements including strategic analysis. The outcome of the thesis is well prepared document useful for both internal and external purposes.

## **Abstrakt**

Cílem diplomové práce bylo navrhnout podnikatelský záměr pro nově vznikající adrenalinové centrum v Třinci. Práce je rozdělena do třech kapitol, úvodní vymezuje cíle a metody práce. Další část tvoří teoretický rámec tématu a definuje základní pojmy. Analytická část je součástí samotného business plánu, jenž obsahuje veškeré jeho náležitosti. Výsledkem je přehledný dokument, který může sloužit k interním i externím účelům.

## **Key words**

Business plan, Adrenaline Centre, company formation, sport complex

## **Klíčová slova**

Podnikatelský záměr, založení podniku, Adrenalinové centrum, podnikatelský plán, sportoviště

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## **Statutory declaration**

I declare that submitted master's thesis is authentic and worked up independently. I also declare that citations are complete and copyrights are not violated (pursuant to Act. No. 121/2000 Coll., on Copyright Law and Rights Related to Copyright Act and on the Amendment of Certain Legislative Acts)

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Bc. Michal Sedláček

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## **Introduction**

World recorded a huge rise of adrenalin and outdoor sports' popularity in last decade. There are many factors that influence the trend. The very important one which raises the publicity of these activities is the innovation and progress in both technology for video recording and social media where people might share their own recordings and photos. There are several companies i.e. GoPro, Redbull, Monster Energy Drink etc. as great examples of world successful companies based on the image of extreme sports, celebrities and events partners. They are basically built on this trend and they also might be considered as co-creators or accelerators of the boom. Internet is full of sport videos and movies about famous athletes sponsored by these companies. Also ordinary people use to take pictures and record their own videos almost everywhere and anytime due to price availability of great featured cameras and cameras integrated in mobile devices. Another factor is the increase of the interest in active leisure time. The boom is evident in outdoor sports like: downhill biking, freeriding, climbing, bouldering, wakeboarding, running, longboarding surfing etc. Equipment, tools and travelling opportunities are available for everyone.

Author's intention is to build adrenalin centre and take advantage of ongoing trend. Diploma thesis helps to get the overview of the project, analyse business environment and set right business strategy. Business plan is important internal document which serves also for presentation of the project to external subjects like potential investors, banks and co-operators who might partially fund the project or might participate in the business. It is absolutely necessary to show them details of the business, who they are doing business with, the business background, feasibility of the project and future prospects. Business plan also help to reduce number of unexpected situations or unintentional mistakes and prevent from business failure.

# **1 The goals and used methods**

## **1.1 Goals**

### **Main goal**

The goal of the thesis is to prepare detailed business plan for adrenaline/acrobatic park formation and operation. Furthermore, analysis of external and internal environment is supposed to be made before author writes adequate business plan. The partial goals are to evaluate risks, propose new opportunities and reject some possibly exaggerated initial ideas. Analytical part should lead to feasible business strategy design. Business plan will serve to entrepreneur in decision-making process and subsequent realization.

### **Secondary goal**

The secondary goal of the thesis is to conduct questionnaire survey and see regional attitude on adrenaline/acrobatic sports and overall demand.

## **1.2 Methods and solution procedure**

Author uses standard methods and tools to analyse business environment and writing a business plan (see list of methods below). Questionnaire survey helps to get the overview of target group, find new ideas and perception of the project. The work is divided into 3 main chapters. In the first one author disclosures the rough concept of the business, sets the goals of the thesis and presents methods used to achieve the goals. Subsequent chapter guides reader through theoretical basics of the thesis which also proves author's topic understanding. This chapter supports and clarifies later steps and reveals funding opportunities. Third chapter contains design of the business plan, analyses current situation on the market, external and internal environment of the business and explores competitors along with their strategies. Plan includes timetable of the business, financial plan and marketing strategy.

Methods used in the work:

- Goals and objective setting via S.M.A.R.T method
- Data collection from actual books and journals, government and legal regulations, questionnaires, interviews and internet resources
- External and internal analysis – SWOT, SLEPTE, Porter’s Five Forces
- Marketing strategy – 6P
- Financial analysis – cash flow, cash budgeting etc.

### **1.3 Initial Vision of the business**

According to previously collected information author formed brief idea and rough vision of the business with good looking potential. Centre is thought to be built in several stages. The goal of the thesis is to design detailed business plan for first stage which includes founding the centre, construction of several adrenalin sport facilities like bouldering, climbing and ramp for jumping to the foam and acquisition (construction or renovation) of the building with bar and sanitary facilities.

## 2 Theoretical basis of the work

Before the business plan is being prepared, it is necessary to define terms and theoretical basics to secure that upcoming analysis and final statements are clear and valuable. This chapter will be divided into sections concerning main aspects of the business.

### 2.1 Entrepreneurship

According to Srpová and Řehoř (2010) there are three basic entrepreneurship conceptions. Following concept is broadly accepted and it is worth mentioning.

**Entrepreneurship is a process** – it is an activity of which goal is to create new value that might have financial or non-financial form. It is legislatively defined in Civil Code.

**Entrepreneurship is an approach** – it is a dimension of man's behaviour with competency character. Enterprising approach has these features:

- An interest to create added value
- Opportunity seeking to realization of the goal
- Input and use of one's own resources, own time and name
- Voluntary taking responsibility and risk carriage
- Reward harvesting as last in row of all stakeholders

**Entrepreneurship is a value orientation** – sometimes called as entrepreneurial spirit that represents typical value and approach structure that has social or individual dimension.

Social – overall meaning and appreciation of entrepreneurs, enterprising people and entrepreneurship.

Individual – entrepreneurial life style. Man is expected to behave responsibly, to be able to carry risk and uncertainty resistance but on the other hand it provides advantages in form of self-autonomy and potential better earnings.

Czech Civil Code (No. 89/2012 Coll.) defines entrepreneurship as a systematic activity to make profit conducted individually under entrepreneur's own name and on his own responsibility. (Business.center.cz, 2014)

## **2.2 Entrepreneur**

An entrepreneur is according to Czech Civil Code (§ 420 – 422):

- A person registered in commercial register
- A person who conduct business under trade licence
- A person who conduct business under different licence than trade one in accordance special regulations
- A person who is engaged in farming and is registered into register under the special regulation

In the Czech Republic, people may engage in business in two ways according to valid Civil Code and Business Corporations Act – as a natural person or as a legal entity – for instance General Partnership, Cooperative, Limited Liability Company, Joint-stock Company (see more in Chapter 2.11).

## **2.3 Enterprise**

Enterprise is briefly taken as a subject where input is turned into output. It is an economically and legally independent unit which exists for the purpose of entrepreneurship conduction. The economical independency is thought the owners responsibility for particular results of the business. The legal independency is thought the company's possibility to enter the legal partnerships with other legal subjects and sign agreements with them. This brings them both rights and duties.

Civil Code defines enterprise as set of entrepreneur's tangible, intangible and personal assets. An enterprise includes assets, rights and other assets which belong to an entrepreneur and which are used for business operation or considering their nature they serve the purpose. (Srповá, J., Řehoř, V., 2010)

### **2.3.1 Size of the enterprise**

Concerning enterprise sizes there are several approaches, but author chose the one which serves the thesis the most and which is the most important in terms of State aid to small and middle enterprises:

#### **According to European commission**

- Microenterprises – <10 employees, annual turnover <2 mil. €, assets <2 mil. €
- Small enterprises – <50 emp., an. turn. <10 mil. €, as. <10 mil. €
- Middle enterprises – <250 emp., an. turn. <50 mil. €, as. <43 mil. €

### **2.3.2 Reasons of failure**

Šebestová (2005) describes 7 reasons of small and middle enterprise termination:

- Undercapitalization – underestimation of necessary capital for, marketing and creation of the essential conditions for company growth
- Wrong Cash flow – bad payment morality of customers which causes low liquidity
- Insufficient planning – it is essential for enterprise to set S.M.A.R.T goals
- Competitive advantage absence – enterprise provides the same service or product as others
- Insufficient marketing
- Effort to know everything and do everything alone – shallow knowledge of entrepreneur cannot substitute specialists
- Uncontrolled growth – incapable to cover demand or lack of cash etc.

Pasanen (2003) states that lack of entrepreneur's previous experience is the most substantial reason of termination. Further, enterprises founded or driven by one person and enterprises with one strong or just few customers are also prone to fail.

There are six steps recommended to be done to prevent the failure or at least not at the beginning while founding the enterprise. (Šebestová, J., 2005)

- Gaining the motivation and determination to conduct business
- Considering personal prerequisites for entrepreneurship

- Finding the entrepreneurial idea
- Preparation of initial budget
- Preparation of business plan
- Selection of suitable legal form of entrepreneurship

It is evident that business plan is one of the first steps to be done and that is why next chapter will deeply describe such a plan.

## 2.4 The business plan

Abrams (1993) highlights the business plan importance and states that it is the most crucial business document. It serves primarily as material for decision making process, control tool etc., especially in the case of new start-ups, although it is often prepared on the request of the bank, associate or investor (Srpová, J., Řehoř, V., 2010, Koráb, V., 2007). None business can be taken seriously and be convincing enough to secure its financing unless presenting well prepared and conceived business plan. External entities analyse the company's project realization ability according to the business plan.

It is outlined that business plan is taken metaphorically as the map to one's target destination. It says: Who am I? Where am I going? How do I want to get there? (Abrams, R. M., 1993, Koráb, V., 2007)

Business plan is also understand to be the opportunity to:

***Learn about one's industry and market thoroughly*** – Any information gained concerning potential market can play its role and create desired difference in business.

***Gain control over one's entrepreneurship*** – Entrepreneur is the most responsible person for the company growth that is why it is beneficial to understand the business they operate. The overview of aspects that make business successful and forces that have impact on enterprise, raise entrepreneur's sense of control.



The list of areas included in business plan proves how important it is for management to write it:

- Marketing
- Operations
- Finances
- Long-term development

***Obtain competitive edge*** – business concept crystallizes into very specific features thanks to planning every aspect which helps the company to present self clearly to target group. It also leads to better positioning against competitors. “Focus and consistency give a competitive edge” (Abrams, R. M., 1993:36)

It is claimed that at least one of the following features must be included in business to have a chance to be successful so that it worth writing a business plan.

- Business must offer something innovative or new – product, service etc.
- Business enhances existing product or service, offers lower price, more complex service etc.
- Business finds new market or underserved one. Market where demand is higher than competitors’ offer or if there is no rivalry at all.
- Business is more integrated. For instance manufacturer begins to sell its own products or offers service package in one location.

“The business plan process entails five fundamental steps:

- Laying out a basic business concept
- Gathering data on feasibility and specifics of the concept.
- Focusing and refining the concept based on compiled data outline the specifics of the business
- Putting the plan in compelling form” (Abrams, R. M., 1993:13)

While writing it is recommended to keep in a mind things like who is the audience and what is the purpose to be able to adjust the terminology according to that (Finch B., 2013). Business plan must tell whole story of the business and still stay brief, clear and

understandable to keep readers attention. Every statement or idea must be supported by fact or clear evidence. The business plan is very important for a writer but it is often not for an investor or a bank that could get thousands of proposals a year. The key is to impress and that is why the Executive Summary is fundamental part of the business plan. Abrams (1993) adds another two important sections: Financial plan and Management description. She outlines the impression that these chapters must create because it might happen that even if the rest of the plan had been excellently written it would not be read at all.

Although someone might write good business plan complying with all requirements, it unfortunately does not secure success of the business. Every start-up or business expansion is dicey and success is not measurable unless it is operating for longer time.

## **2.5 Business plan structure**

Each business plan is different and specific according to subject of planned business and moreover if it relates to services or products. It usually includes these chapters

- Executive summary
- Project description
- Company description
- Business background
- Market
- Management and organization structure
- Marketing plan
- Financial plan
- Long-term development, risks, exit plan
- Appendices

## **2.6 Executive summary**

It is said that business plan has maximum 5 minutes to make first impression and to convince the reader that it is worth reading the rest of the business plan otherwise it is just skipped. It is considered as the most important part of the document by right. The

ideal length of the summary is one page. Although the summary comes as first part of the document, it is written as the last one. It must include the explanation of oneself, the team, company's background, main idea and what the idea is about, what the advantages of joining the business is, business uniqueness and why it is expected to succeed, how much the requested amount of investment is and what an investor gets as reward. It depends on the business but summary must include every key point of the business. Finch (2013) presents these as the minimum ones:

- The business
- The team
- The proposal
- Why it will succeed
- What will be the reward?
- Any major risks and how it could be minimized?
- What is the reader requested for?

## **2.7 The project and company description**

The most important thing for start-ups is to present so called Mission statement which must disclosure and describe the goals, objectives and fundamental philosophy of the organization. When the philosophy or mission is revealed then all other features of an organization should be designed to comply it.

### **Goal settings**

Whether the business is small or big, its success depends on ability to set and achieve goals. S.M.A.R.T. is widely used method and important tool for right goal setting. It is an acronym of 5 aspects that each goal should contain:

*Specific* – Right goals are well defined and focused – general and too wide goals have negative effect on motivation and distract the effort. Better focusing creates greater power to achieve the goal. Well-defined goals are more understandable and acceptable for associates, employees, investors, financial institutions etc.

**Measurable** – business is all about numbers to be well understood and goals are not an exception. Specific measurable outcome helps both the entrepreneur and employees to stay on desired track due to possibility of achieved results comparison with expected ones leading to greater focus on goal. Goal without numbers have the same sense like sport competition without scoreboard.

**Attainable** – a common mistake made by start-ups and small businesses is setting demanding and unachievable goals that not only demotivates but also look untrustworthy. Smart goals might be optimistic and challenging but they also should be set based on realistic business and market growth assumptions according to industry association.

**Relevant** – Smart goals must reflect current business climate and conditions. Recessions or new entrants may badly effect initial expectations of the business.

**Time based** – if there are no deadlines there are no results. Every goal must have its time frame to be accomplished so everybody can stick to the date and plan the way. For instance: the goal is to raise the customer base by 20% - could be demanding in 2 month but too easy in few years. (About.com, 2014)

Company description should also contain legal form of the organization, basic information about top management and names of the leaders - especially those who might be familiar to the reader. Other things like the location, financial situation, owned patents and licenses are also very important. Products and services might be included in this section or form separate one which depends on complexness or how much revolutionary the product or service is. (Abrams, R. M., 1993)

### **2.7.1 Business background**

Even though there was something already written in the summary reader must be informed about the business environment and how the entrepreneur got there in detail. It might actually happen that he does not know anything about the business or in worse case he thinks he knows but he has distorted point of view. The chapter might be educative and must show the key factors of the product and market to drag reader into

the issue so that he will be able to understand and assimilate the rest of the body. Following list shows possible questions that the chapter should answer:

- What is the business about and what does it produce?
- Where does it produce?
- How and when was it founded?
- Who founded it?
- What is the purpose of the business?
- What previous successes did it have or reasons why did not? (Finch, B., 2013)

### **2.7.2 Market**

This chapter should contain brief description of the market one is trying or intending to compete in. What is the service or product special about and what convinces people to buy the product or makes them pay for the service. The chapter topics are: target group, competitors, customers, distribution, trends, competitive advantage, market segmentation, differentiation and business barriers.

## **2.8 Management and organization structure**

Results of the research conducted by Finch (2013) show that management is the second most important chapter from the business plan. Investors carefully investigate the management team they back. It is said: „A good management team can ‘make it‘ in poor market or declining industry but a weak team won’t survive even in a boom market.“ (Finch B., 2013:55) It is good to present previous experience, successes and skills relevant to the case and give evidence, of course. It is also good to mention the weaknesses of the team and ways how to face them.

## **2.9 Marketing plan**

### **2.9.1 Target group segmentation**

Every human is different, has different interests, values, preferences, hobbies, age and way of leisure time spending etc. Thus, it is impossible for single company to satisfy everybody at the same time. That is why companies usually set their target group which they focus on. The essential knowledge of the group enables company to adjust the product to attract the biggest possible percentage of the target group and simultaneously generate the highest possible profit.

The segmentation of homogenous group of people who have relatively same needs and expectations is so called segmentation of the market. There are many factors which influence the segmentation and there is not exact method how to do that. The factors are:

- Geographic
- Demographic
- Psychographic – life style etc.
- Behavioural
- Socio-economic

Market segmentation helps to satisfy customers' needs by almost tailor-made product. Subsequently, it positively affects the stimulation and distribution of advertisement, sales support etc. Customers are willing to pay more for the product which is adjusted to their needs and company might also get the competitive advantage by right targeting. (Vystoupil, J., Šauer, M., Holešínská, A. et. al., 2006)

### **2.9.2 Marketing mix**

Marketing mix is a strategic tool - a set of marketing tools which company uses to achieve certain marketing targets on target market. Different variables of the mix are interconnected, however individual parts also creates individual mixes. Marketing mix helps to allocate financial resources, determines responsibilities, clearly presents opportunities and works also as intermediate in communication process.

**Table 1 Classic marketing mix**

<b>Product</b>	<b>Price</b>	<b>Distribution</b>
Product portfolio	Pricelist	Distribution channels
Quality	Discounts	Availability
Attributes	Compensations	Assortment
Brand	Credit terms	Placement
Packaging	Interest conditions	Transport
Service		
Guarantee		

Source: own elaboration, KOTLER, P. et al, 2007

Basic and widely used 4P marketing mix created at Harvard Business School might be extended by another 4P for the businesses based on services:

- Product
- Price
- Place – place and distribution
- Promotion – marketing communication
- People
- Packaging – service packages
- Programming
- Partnership – cooperation, partnership, coordination

Use of particular variables is the question of individual business, field, place, time and company's targets. Fundamental principal is to keep variables in balance and in accordance with corporate resources. Existence and success of the company depends on many factors and customers' satisfaction is one of the key one. That is why the classic mix from producer point of view might not be sufficient today. There are several other marketing mixes reacting on customers' needs and their changes. 4C mix made by Robert Lauterborn was created for this purpose and see marketing mix from customer's point of view. 4C includes customer value, cost to the customer, convenience and communication. Kotler P., Kartajaya H., Setiawan I. (2010) and Lusensky (2011) present 4E approach which covers emotions, exclusivity, engagement and experience.

**Table 2 Relations of 4P, 4C a 4E**

<b>4P</b>	<b>4C</b>	<b>4E</b>
Product	Customer value	Emotion
Price	Cost to the customer	Exclusivity
Place	Convenience	Engagement
Promotion	Communication	Experience

Source: own elaboration, (Kotler, P. et al, 2007, Lusensky, J., 2011)

It is worth combining several mixes together and creating marketing strategy adjusted to company's needs to be successful.

**Product** (Jakubíková, D., 2012)

Product is meant: all products and services which might be offered for sell or consumption on target market for wish or need satisfaction purpose. Product might be tangible or intangible and be in a form of product, service, brand, idea, cultural place or region, country etc.

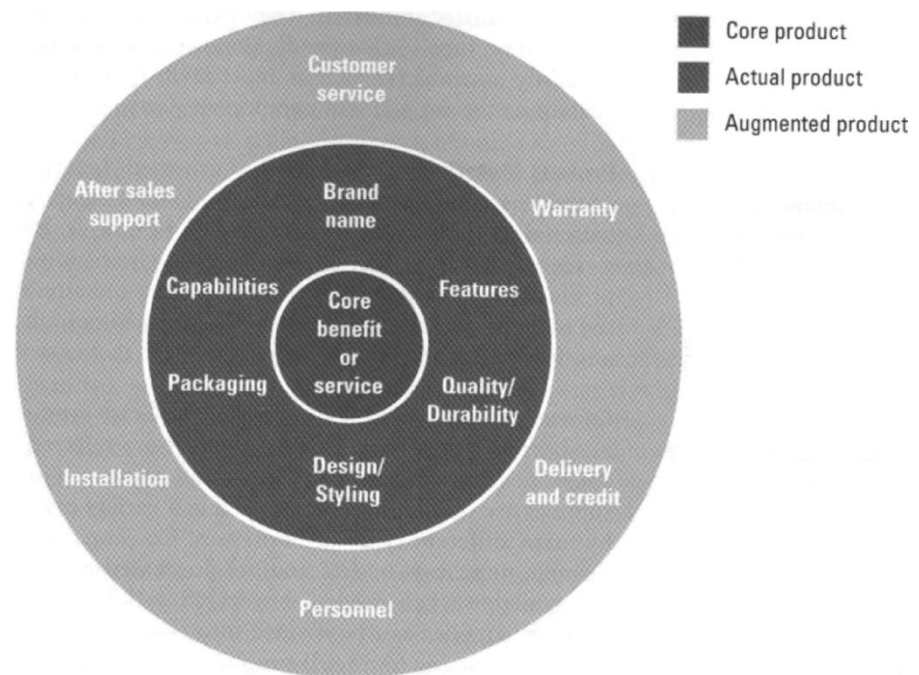
Product of tourism or service is mostly very complex because it consists of various parts. Firstly it is made by already existing natural resources - mountains, valleys, lakes, nice climate etc. These resources cannot be substituted, nor changed. Secondly, the product is made by resources that can be changed or created i.e. infrastructure (roads, electricity, water pipes etc.), suprastructure (hotels, restaurants, sport facilities etc.). The tangible part of the product is being easily evaluated but mostly more important intangible one (the atmosphere, liveliness and excitement) is very difficult to do.

Product:

- is the core unit of the marketing
- demonstrates the competitiveness of the company
- has 3 basic levels which form complete value of the product (see Figure 1)



**Figure 1 Complex product**



Source: Business Insider. 2014

### **Price** (Jakubíková, D., 2012)

Price represents specific value that customers are willing to sacrifice in exchange for required product. It might have monetary or non-monetary character. Price is the only section of the marketing mix that generates revenues. The rest ones generate just expenses.

Price might affect the psyche of the customer and influence his buying behaviour. In the area of services the right price is thought the price which customer consider as adequate for the real value he gets. Many discounts and bargains are used in this particular industry to reduce common seasonal effects.

Price strategies:

- Price distinction according to customers segment – according to place, time, business range
- Penetration prices – initial low prices to gain the biggest market share
- Initial high prices to get the most profits at the beginning
- Psychological prices – i.e. 199 CZK

Company should not forget to take into consideration global company goals, target group characteristic, image and position on the market, demand volume, expenses, competitors, distribution chain and additional services in cooperation with other aspects of marketing mix.

### **Place**

Product might be the most important part of marketing mix, price influences customer's decision the most, communication mix convinces customers about product's benefits and details, but distribution and place of transaction might be the only marketing mix tool which might bring competition advantage.

Distribution in classic marketing mix means that company distributes the value to the customer in form of product (Storbacka, K., 2002). Nowadays companies focus on value creation rather than on traditional value distribution. The distribution goal is to deliver in the right way the product to the place and time best for the customers in a volume they need and quality they require.

The inseparability of the service from both customers and place where the service is provided is specific feature of services. Place selection is mostly compromise between producer's needs and requirements of the customer. One of the aspects that have significant impact on decision-making is customer's flexibility which is influenced by:

- Demographic, economic or psychographic (lifestyle) factors
- Requirements for service accessibility are influenced by desired benefits (comfort, uniqueness of provider and his offer)
- Cultural factors (customers are willing to travel for specific services rather than for routine ones) and frequency of use (common user wants well accessible service)

It is worth taking into consideration the target segment, their needs and preferences while place selection, i.e. macro and micro environment analysis. Microenvironment analysis means that company search for the most profitable location for its organization (the place of business) on the base of: purchase power, size and power of the competition and expenses for placing the business in the locality. Macroanalysis

proceeds from target customers' profile. Considering the microanalysis, company searches for specific region which both geographically and demographically approximates to target market profile. Market attractiveness might be calculated by weight index of relevant factors. Quite informative may be analysis of competitors' activities in particular region. Complexity of analytical tools grows with complexity of company. Big companies use complicated regress models which contain analysis of individual variables and their relations while small companies may rely on experience, observing and often on their intuition.

### Promotion

Communication mix is essential part of marketing mix which reduces customer's selection and purchase uncertainty by clarifying the product or service. Traditional communication mix tools like advertising, sales promotion, public relations and direct sales are nowadays completed with modern forms of internet communication and direct marketing. The face-to-face trade role and role of word-of-mouth promotion is emphasized due to inseparability of service from producer. It is crucial to choose the right communication mix tools (see Table 3) and to evaluate their impact on target group to be successful (Janečková, L., 2001).

**Table 3 Communication mix tools**

Advertising	Sales Promotion	Public Relations	Sales Force	Direct Marketing
Print and broadcast ads	Contests, games, sweepstakes, lotteries	Press kits Speeches Seminars	Sales presentations Sales meetings	Catalogues Mailings Telemarketing
Packaging – outer Packaging inserts	Premiums and gifts	Annual reports Charitable donations	Incentive programs Samples	Electronic shopping TV shopping
Motion pictures Brochures and booklets	Sampling Fairs and trade shows Exhibits	Sponsorships Publications	Fairs and trade shows	Fax mail E-mail Voice mail
Posters and leaflets Directories	Demonstrations Coupons	Community Relations Lobbying		
Reprints of ads Billboards	Rebates Low-interest financing	Identity media Company magazine		
Display signs Point of purchase displays	Entertainment Trade-in allowances	Events		
Audio-visual material Symbols and logos	Continuity programs			
Videotapes	Tie-ins			

Source: own elaboration, (Kotler, P., 1999)

## **People**

Human factor creates the atmosphere of the place and has direct impact on how customer perceives a value of the service. It is crucial to motivate employees or volunteers to do the work in accordance with company interests and mission of the product or service which they offer and co-create. Most of the volunteers usually work in the organization from own conviction, nevertheless the organization should ensure and control their expertise, qualification and working with people.

## **Programming and packaging**

Programming and packaging serve to attract clients with specific requirements or it enables to connect more attractive parts of the product to less attractive ones. It helps to offsets unbalanced seasonal effects, fulfilling various needs of customers or offset fluctuating demand of particular products or individual services.

## **Partnership**

Partnership is very important especially in tourist industry where customer demands complex and quality product which might be secured only by mutual cooperation of particular subjects and intermediaries. (Drobná, D., Morávková, E., 2010)

## **2.10 Financial plan**

The financials support whole story. It must correspondent to rest of the plan and show both present and past financial situation and future forecast. Financial plan shows the feasibility of the project from the economic point of view or alternatively convinces investor of profitability of the project. (Srpová, J., Řehoř, V., 2010, Koráb V. et. al., 2007) It should also include cash flow, balance sheet, loan, funding and of course the ratios that helps to summarize the overall financial situation. The main ratios are the Profit ratio, Gross margin, Gearing, Interest cover, Current ratio, Inventory turnover, Debt, EBITDA etc. It is also very useful to count payback period, break-even point and sales forecast. (Finch, B., 2013)

Break even analysis indicates the point in the business when costs equal to revenues. Company must differentiate and determine the value of fixed costs and variable costs

for the BEP purposes to find the contribution of the production. It is obvious that BEP works under certain assumptions, for instance every product produced is sold, company produces one product or simple mix of products, prices remain the same in all levels of output etc. (Koráb, V. et. al., 2007)

It is essential to know what financial resources company has or will have – the amount, time availability and risk coming from their insecure investment into the business. It is good to comprise estimation of invested tangible and intangible resources as well as assessment of additional financial resources demand which must be secured some way - bank loan, engagement of another associates, shareholders, shares subscription etc. Financial plan should also reflect which assets are already available (equipment already bought and free to use in planned project – personal car, personal computer, free premises at home etc.) and what must be purchased by financial resources, offset by reciprocal service or barter exchange etc.

All corporate equipment, finance and rights which belong to entrepreneur represent assets of the company. Any asset consumption or acquisition has to be recorded in a book. Every financial and material flow is also kept in the book. Balance sheet of the company includes the overview of assets, its structure and financial resources origin. Profit and loss account shows income (sales revenues) and expenses while cash balance shows the cash flow – money received and money expenditure. This information is crucial while investment appraisal and decision making process. (Koráb, V. et al., 2007).

### **Founding budget**

There are two essential conditions for the company to be successful in business:

- Company must have demand for its product to achieve desired return on capital
- Company must have available financial resources for business realization

If company does not have enough initial financial resources available it cannot handle its project on its own and thus it must find proper investor before the production launch in adequate advance. It is very important to set an initial budget because the cash from sales revenues comes delayed and i.e. wages, material and energy are expenses that must be paid when they occur.

Entrepreneur should focus on determination of:

- Sales volume estimation -> revenues, profits, costs etc.
- Amount of non-current assets necessary for estimated volume production
- Amount and structure of current assets necessary for running the production
- Amount of necessary financial resources
- Expected cash flow
- Business revenues that follows from realization of the project

(Koráb, V. et al., 2007)

Capital according to source and ownership of finance:

***Internal capital*** – this option makes sense only in case of investment realization by currently operating company. The resource comes from company's financial results as retained profit.

***External capital*** – it is the only possibility in case of company foundation. These resources are understood as external:

- Initial shareholders' investment and its raising
- Long term bank or suppliers interests
- Bonds, obligations
- Short term bank interests, useful for financing the part of the current assets of the project – to cover immediate lack of available resources if necessary
- Bank overdraft
- Leasing
- Venture capital – raising loans and capital of high risky businesses
- Grants, Endowments, Donations from government budget, specialized funds – non-returnable financial resources from government or any different territorial unit which support their interests – the purpose of endowments and grants is to support social beneficial projects (Fotr, J., Souček I., 2011).

### **Long-term development, risks, exit plan**

Although negative aspects of the business threaten the investment, skipping the topic could have worse effect and that it can cause untrustworthiness of the document. Everybody knows that business is risky and pretending the opposite is non-sense. It is better to show that risk is marginal or there is some way how to reduce it or dealing with it. It is good to show the reader that for instance if something had happened it would not damage the business seriously or the respond.

(Finch, B., 2013, Abrams, M. R., 1993)

## **2.11 Legal forms of the business**

The suitable legal form must be chosen before the entrepreneurship is started. Choice of the legal form and business subject belongs to long-term decisions. Srpová and Řehoř (2010) state that this decision is better to make after the business plan is prepared because then entrepreneur knows exactly what he wants to do which leads to better and more qualified decision.

The possibilities are to conduct a business as a natural person or legal entity. The choice depends on questions like:

- What is the way and degree of liability of individual forms?
- Who got the right to manage the company?
- How many founders are necessary?
- What are the initial capital requirements?
- What are the conditions for the profit participation?
- How big is the tax burden?
- What needs to be published? (Finch, B., 2013)

### **2.11.1 Natural person**

Launch of this activity is very simple and undemanding and in Czech Republic it is the most expanded form of entrepreneurship. Formal term is self-employed person (OSVČ) according to Czech legislative. Self-employed person must acquire Trade Licence to legally conduct the business. As it was said the conditions are undemanding and for most of the beginning entrepreneurs it is easily fulfillable. (Srpova, J., Řehoř V., 2010):

Conditions:

- The age of 18
- Capability to legal act
- Clean record
- Special Qualification or other capability if required by self-employment

**Table 4 Advantages and disadvantages of natural person**

<b>Advantages</b>	<b>Disadvantages</b>
Low business founding expenses	High risk -> unlimited entrepreneur's commitment for business liabilities
Undemanding founding and termination of the business in terms of time	Worse negotiating position with banks and investors, i.e. higher interest rates
Business starts immediately after notification (Except licensed self-employment and special permissions)	Regard to size of the company it may be considered as unimportant partner
Decision freedom and independency	
There is no need for initial capital deposition	
Option of taking advantage of lump sum in case of tax purposes expenses assess	
Generated profit belongs to entrepreneur	

Source: own elaboration, (Srpová, J., Řehoř, V., 2010)

### 2.11.2 Legal entity

Beginning of entrepreneurship is administratively more demanding than self-employment and in most of the cases it is necessary to deposit initial capital. All kind of companies must be registered in Commercial Register.

Business Corporations' Act defines following legal entities:

- Personal companies – requirement of entrepreneur's personal involvement in business operation and general unlimited commitment for company's liabilities
- General partnership and Limited partnership
- Capital companies – Associates (founders) have the duty to deposit initial capital. Commitments for liabilities are limited or none.
- Limited Liability Company – Ltd (s.r.o. in CR)
- Joint-stock Company – PLC (a.s. in CR)
- Cooperatives – not common form of entrepreneurship



Considering planned business it is worth describing only Limited Liability Company which appears as the best form of enterprise operation.

### **2.11.3 Limited Liability Company**

It is the most common legal entity in Czech Republic because of its relatively undemanding funding conditions. Both single founder and associates (co-founders) could be natural persons or legal entities. From Commercial Code changes made in 2014 follows that single founder of the company has the right to have shares in another company. One natural person might associate in maximally 3 other companies. Company can be founded by maximally 50 persons and the initial capital has been changed in 2014 to 1 CZK. (Obcanskyzakonik.justice.cz, 2014, Srpová, J., Řehoř, V., 2010)

Partnership agreement is essential document for company foundation and according to § 110 Law No. 513/1991 Coll. must consist of:

- business company and its address,
- subject of entrepreneurship,
- names and addresses of company representatives and their way of negotiations under the name of company and their sign,
- determination of associates, their names and addresses or name of the legal entity,
- business shares of each associate and their initial deposit amount in obedience to initial capital regulation,
- determination of the initial deposit administrator,
- and others..

Partnership agreement must be notarial certified.

Company must be registered in Commercial Register of Czech Republic and keep its own ledger.

Obligatory authority of the company take shareholders meeting or representatives and optional authority is board of directors as it stands in the Business Corporations Act.

The most important right for associates is the right to participate in a profit. Shareholders' meeting always decides about dividends after annual balance approval.

Associates are committed to company's liabilities together and equally in an amount of their unpaid deposits. Therefore, the receivables are possible to be exacted from anybody of them even if they paid their own amount of deposit. Company commits with entire assets in case of infringement the company's obligations. (Srpková, J., Řehoř, V., 2010)

## **2.12 Strategic analysis**

Analysis comes before preparing the business plan as it precedes any human action. It is useful to make analysis structured and to distinguish between internal and external analysis using some of the analytical tools like, SLEPTE or Porter's five forces. (Koráb, V.et. al., 2007)

### **2.12.1 External analysis SLEPTE**

External environment has significant impact on a business and for the purpose of its analysis there is the most common method - the SLEPTE analysis. SLEPTE is widely used framework for external environment analysis. The name is an acronym consisted of terms describing the areas of interest. The areas are:

**Social** – the area of labour market, demographic indicators, field power, corruption and its perception, customs etc.

**Legal** – the area of legal background, laws and regulations and applicability, the judiciary work including registers administration.

**Economical** – the macroeconomic indicators and conditions, direct and indirect taxation, market trends, export/import constraints, government aid.

**Political** – political stability in a country, the proportion stability of municipal and governmental institutions, political trends and public atmosphere, the attitude to entrepreneurship etc.

Technological – technological trends, usual development and consequences of the internet development, supporting technologies, applications and their availability etc.

Environmental – weather conditions, land restrictions, environmental protection, ecology (Koráb, V. et al. 2007)

### **2.12.2 Market Analysis (Podnikatel.cz, 2014)**

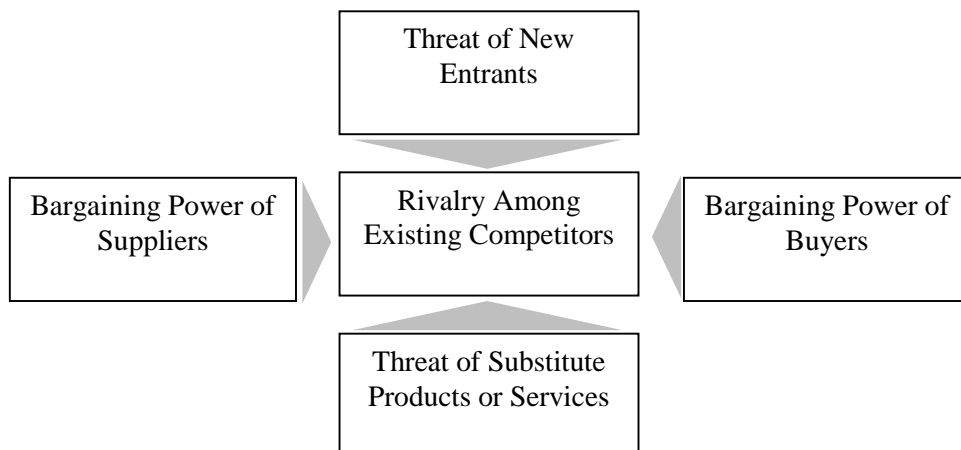
There is mostly not only one entrepreneur on the market. His activity is influenced by surrounding of the company, business environment and business field. Therefore, it is very important to define the market correctly. Wrong definition of the market might cause fatal consequences to the business. Potential competition or customer's needs might be omitted in case that a definition is too narrow and the business mostly bankrupt when market changes occur. On the other hand when it is too wide, the service will not satisfy customers' needs as well as competitor's product and customers go over to competition. Entrepreneur should not just consider current situation on the market but also estimate future development and potential of the market. It is good to answer these questions:

- What is the size of the market?
- How fast does the market grow?
- How attractive is the market?
- How profitable is the market?
- What is the demand development estimation?
- How are the needs estimated?
- How do the trends look like?

### **2.12.3 Porter's five forces framework**

This very useful and broadly used framework is used primarily for rivalry environment analysis. It analyses both existing and potential ones. Definition of five generalized areas is sufficient for the business plan purposes. It is important to consider the threats of existing competitors and new entrants.

**Figure 2 Porter's five forces**



Source: own elaboration, (Porter, M. E., 2008)

### **Rivalry among existing competitors**

It defines existing competitors operating on the same field (the same product or service) that company operates or is going to operate. Highly competitive markets/industries mostly generate low profits due to high costs of competition.

### **Threat of new entrants**

The risk is estimated according to character of the market - attractiveness of potential profit generation, estimated development, level of current rivalry, constraints and resources requirements/difficulties while market enter. In the case of founding organization which has the character of new entrant it means future expectations of market or niche competition thickening.

### **Bargaining power of suppliers**

This area estimates the level of supplier's ability to influence company's volumes and margins which leads to a pressure on business while running. This might happen in case of low number of suppliers or in case of very specific product supply necessity etc.

### **Bargaining power of buyers**

It reveals buyer's dependency on company's product and his bargaining power to influence prices which has impact on company's profit and volumes. The bargaining power is low when there is lack of customer's possibilities to go over to competition or there is monopoly character of the business.

### **Threat of substitute products or services**

This is the area of Porter's framework considering the level of risk of company's product/service substitution by different type of product/service. It considers all products/services relating to the same market and lowering one's customers' base. (Investopedia.com, 2014)

Selection of the right suppliers plays the key role in company's success. It is very important to set criteria for their evaluation i.e. market position, innovation potential, technological flexibility, price, quality, reliability or supply punctuality.

Dealers are in direct contact with target customers who might be natural persons or legal entities. Marketing studies customer's decision-making process and their relation to the particular product, service etc. 5W model is one of the tools for customer analysis:

Who – Who are current and future customers?

What – What do they buy?

Where – Where do they buy?

When – What is the best time for customer to buy stuff?

Why – Why potential customers buy from competitors? (5W Strategists.com, 2014)

### **2.12.4 SWOT analysis**

Proper form of company's external and internal analysis summarization is SWOT matrix. It is general analytical framework and procedure for various factors identification and their affiliation to Strong or Weak points of the analysed subject (company). Factors which the company is exposed to or will be exposed in the future are sorted into company's Opportunities and Threats.

Strengths and weaknesses are internal factors which might be controlled or changed by the company.

Threats and opportunities are factors that cannot be influenced by the company. Company should take them into account and adequately react on them.

**Table 5 SWOT matrix**

<b>Area of enterprise</b>	<b>Strengths</b>	<b>Weaknesses</b>
Processes	High productivity of work	The time of the deployment
Management	Visions	No strategic management
Business and marketing	Great contract, sales	Market ignorance
Stuff	Loyal and enthusiastic team	Reliance on one discipline
Skills and abilities	Great development potential	Problematic service
Experience	Market and trend knowledge	Incompetent employees
Industrial property	Brand patents, knowhow	Patent expiration
Location and premises	Great locality, location	Wrong tenancy agreement
Production	Great manufacturing equip.	Obsolete production line
Information technologies	Great information manag.	Old or liable to breakdown IS
Finance	Good cash flow	Low liquidity, over-indebted
<b>Location</b>	<b>Opportunities</b>	<b>Threats</b>
Market	Rapidly growing market	Market termination
Business character	Absence of dominant players	Strong growing competition
Norms, standards	Generous regulations	Certification costs
Labour market	Sufficient resources	Legislative, social benefits
Technological development	New niches	Knowledge requirements
Economic trends	HDP growth, living standard	Demand drop
Legislation	Law extended the market	Law complexity and expenses
Politics	Tax reduction, endowment	Investment incentives
Globalization	Market expansion	New rivals

Source: own elaboration (Koráb, V. et al. 2007)

**Extended SWOT analysis**

Individual points of each section (strengths, weaknesses etc.) are ranked according their weight in way that whole section always equals 1. Subsequently, each point is also evaluated according to its performance, threat etc. Finally every section is summarized and brought together with its opposite section (strengths vs. weaknesses; opportunities vs. threats) to find best possible strategy:

- SO (maxi-maxi) – focus on maximal strengths utilization will lead to complete use of arising opportunities
- WO (mini-maxi) – focus on overcoming of weaknesses and subsequent use of arising opportunities
- ST (maxi-mini) – strengths are used for threats elimination
- WT (mini-mini) – minimization negative effects leads to solution of accumulated unfavourable assumptions (Regionalnirozvoj.cz, 2014)

### **3 Business plan**

The business plan does not only serve as important internal document of the company but also as presentation material for investors, associates and financial institutions. Strong arguments of the project are supported by facts and calculations following from market analysis and region knowledge.

#### **3.1 Executive summary**

This document reveals business plan for building and subsequent operation of adrenalin/acrobatic park AdrenalPark in Czech Republic. Author wants to take advantage of steadily growing market, world increasing interest in outdoor and adrenaline sports and low competition in the region.

The idea is to create suitable training facility for several adrenaline and acrobatic sports and base for freestyle community of athletes and fans. Park will provide training facilities especially for freestyle skiers, snowboarders and climbers.

Firstly, athletes will have the opportunity to train big-air jumps safely to a pool full of foam pieces. Jibbing section for training tricks on obstacles like rails and boxes is also included due to its popularity among freestylers. Professional trampolines are indispensable part of park's fitting. Secondly, it is expected that climbing section will be one of the greatest park's attractions considering author's survey and massive boom in CR. Park will also provide in/outside seating in chill house with bar and sanitary facilities.

The park will be operated by company AdrenalPark s.r.o, (Ltd.) which will be formed by two associates, the author of the thesis Bc. Michal Sedláček and Ing. Pavlína Wawroszová. They are both well prepared to secure park operation due to their education, skills and personal enthusiasm in adrenaline sports.

Unique construction and service, lucrative location, close contact to freestyle community, low operation demands and designed business strategy are factors which are supposed to bring desired success and generate adequate profit. Project's payback

period is expected to be less than five years according to set pricing policy and visit numbers estimation. However, human factor - customers' behaviour and their perceptions create substantial risk of the project. Therefore, company is prepared to invest considerable money into marketing strategy to eliminate risks.

## **3.2 Strategic analysis**

### **3.2.1 SLEPTE analysis**

This is very important analysis of company's external environment. Author gains information especially from Czech Statistical Office (CSO) and other official governmental organizations. Since, in the view of the fact that there are only few similar facilities in Czech Republic (CR), the area of interest is large and all factors will be concerned to whole republic statistics or Moravian-Silesian Region (MSR). MSR is one of the 14 official Czech regions on the northeast of the republic.

#### **Social factors**

Adrenalin sports are mainly followed by younger generation over 15 but these days show that even people over 40 may like and be active in this discipline and furthermore this age level is still rising. Adrenalin/acrobatic centre serves as form of protection against injuries which support the priority in a sport which is health. People may try tricks safely on trampolines and jumps to the foam and thus reduce the risk to make mistakes in real conditions with fatal consequences. Nowadays there are several trends following from modern society. Growing obesity pressures on young generation to spend their leisure time more actively and take more care about healthy life style. Another trend is the raising need of greater service complexity, quality of infrastructure and better availability.

Czech Republic belongs to Middle-European countries and its population is 10 512 419 habitants by 31<sup>st</sup> December 2013 where 49 % are men and 51 % women. From the table 3 follows that Increase in population indicator in CR is currently negative and that trend over past 4 years is steadily decreasing. According to CSO it is not only because of lower number of birth but also migration which has negative balance. This trend is even



more obvious in MSR where the total decrease is 0,1 % to 1 220 685 people by 31<sup>st</sup> December 2013.

The average age of the population is slowly growing which might bring some problems in the future. The average age in MSR is the same as in rest of the CR and is equal to 41,5 years old.

According to public opinion poll (Na vzduchu.cz 2014, Sanep.cz, 2014) concerning sport activities in CR, 62 % of the population do some sport activity at least once in a month and 45 % once a week. 26 % of people do not do any sport activity. The age plays significant role in this indicator. 80 % people from 18 to 30 are active but people older 30 to 50 do sport just in 60 %.

### **Legal factors**

For potential entrepreneur in CR it is essential to carefully study harmonization of Czech laws, regulations and rules with European laws and regulations. Significant conditions creating business environment are set by tax burden or administrative burden in both initial phase of company foundation and while running the business. There are also regulations limiting some specific kinds of business subjects operation. Environmental protection laws and regulations, Constriction Law (No. 183/2006 Coll.) Land-use Law (No. 50/1976 Coll.) or Corporate Law (No. 90/2012 Coll.). Public Safety Law (No. 258/200 Coll.)

**Tax burden** – Due to currently relatively unstable situation in Czech politic environment there are annual changes in laws which also change tax conditions in business environment that is why it must be annually monitored their actual meanings. WorldBank (2014) states that there are 8 taxes to be paid by business which is significantly less than in 2010. Author presents taxes that might influence the business the most:

- Income tax for legal entity
- Value added tax
- Property tax
- Land value tax
- Administrative burden

CR was placed on 75<sup>th</sup> position (from 189 countries all over the world) in Ease of doing business rank according to Worldbank (2014) proclaiming that average time required to start a business takes 20 days and there are 9 start-up procedures to register a business which places CR to one of the worst countries among Middle-European countries.

### **Economical**

Czech economy was continuously in recession from 2008 and in both years 2012 and 2013 GDP dropped by 0,9 %, although the drop was slightly reduced at the end of 2013. In last three months of 2013 GDP grew in compare to previous year by 1,3 %. Household expenditures had grown since drop in first half-year by 0,7 % in annual balance. Last quartile of 2013 people spent 2,3 b. CZK more than previous one. (See Appendix 1)

Labour market reported continual and intensive use of non-standard forms of employment which led to its rate growth while less worked hours. Employees noticed average nominal wage stagnation on 25 126 CZK, and the real wage decreased by 1,3 % (in non-business sphere its four years in a row). The unemployment rate stagnates around 7 % in 2013. External Czech economic unbalance in 2013 remained positive with current account payment balance deficit of 1,4 % of nominal GDP (Ministerstvo financí ČR. 2014. Czso.cz. 2014).

There are also possibilities to gain several endowments which organizations are offered by governmental institutions and EU.

**Endowments** – One of the fundamental laws the Law 115/2001 al. Sport Support Law (belongs to Ministry of Education Youth and Sports which processes the conception) offers governmental financial support to any facility which goal is to create background for physical development and active life under certain conditions (safety conditions, make visitors code public etc.). However, entrepreneurial subject as such cannot receive any endowments from this governmental institution (MŠMT.cz, 2014).

### **Political factors**

Very important political factor for entrepreneurship is Czech membership in European Union which brings both positives and negatives into business environment.

Parliamentary election carried out in 2013 has not brought coveted political stability in the country which significantly slows down the economy. Public opinion poll conducted by CVVM (2014) disclosures that one of the biggest problems in CR is perceived the corruption which almost 88 % of population are dissatisfied with. Screening Solutions (2014) subsequently states that problems concerning corruption in entrepreneurial environment in CR belong to worst in EU.

On the other hand, Czech business society positively evaluates the European parliament elections which took place in 2014. It is expected better country's interests maintenance thanks to well-educated candidates (Podnikatel.cz. 2014).

### **Technological factors** (Netmonitor.cz, 2014)

This factor is characteristic by fast growth especially concerning modern communication technologies which follows world trend.

Czech internet users cover 69 % of the total population above 10 years old by 2013 which is 2.5 % more than year before and which means 6.5 mil users. The size of an internet penetration within the group of 10-24 years old is 90 % which almost cannot be growing in the future anymore. There are more men than women using the internet but it is expected to be equal in the future. The average user is younger and more educated than average age in the CR. Social media and especially Facebook, where are 4.2 mil users currently registered, grows very fast which again follows overall trend (Českátelevize.cz, 2014). This fast growth of communication technology is caused also due to growing internet accessibility via smartphones and tablets which also reported massive expansion (Netmonitor.cz, 2014).

### **Environmental**

Environmental factor is one of the most unpredictable aspects which cannot be influenced and may have significant impact on company's profits considering the nature of the business and service

### **Climate conditions in Třinec district**

Local climate belongs, according to valid classification, into mild warm area on transition of continental and oceanic climate. The table below shows basic information characterising climatic conditions in the region.

**Table 6 Climate area characteristic**

<b>Climate characteristic</b>	<b>Value</b>
Number of days with average temperature above 10 °C	140-160
Avg. temperature in January in °C	-3 to -4
Avg. number of days with precipitation above 1 mm	100-120
Avg. number of day with snow cover	60-80
Avg. number of cloudy days	120-150
Avg. annual air temperature in °C	7,5
Avg. total month precipitation in mm	950

Source: own elaboration, (Vendryne.cz, 2014, Trinecgeo.wgz.cz, 2014)

### **Air pollution**

Třinec belongs to most polluted areas in Middle Europe especially due to households' combustion of solid fuels and air pollution from heavy industry caused by steelworks: Arcelor Mittal Ostrava, Třinecké Železárny and Vítkovice Steel.  
(Trinecgeo.wgz.cz, 2014)

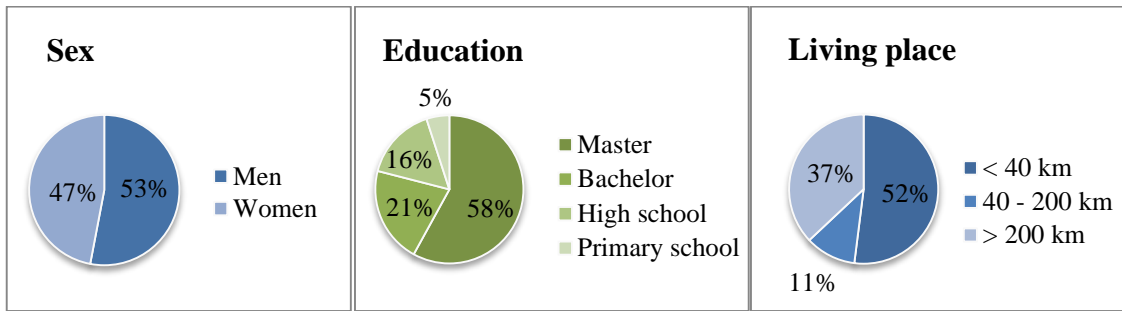
## **3.3 Market analysis**

This chapter reveals the size of the market, its trends and competition.

### **3.3.1 Questionnaire survey**

The questionnaire is great tool for gaining public opinion poll and getting know the customers. It helps the company to better adjust the product to fit the customer the best and to satisfy their needs. According to nature of the business author found the best to directly focus on younger generation and conduct the survey via social network called Facebook. This reflects the age median of respondents which is 26 years. The questionnaire (see Appendix 3) prepared by author was filled by 124 people from all over the republic which shows sufficient sample for gaining important information about target group. Demographic factors of the sample are shown in Figure 5.

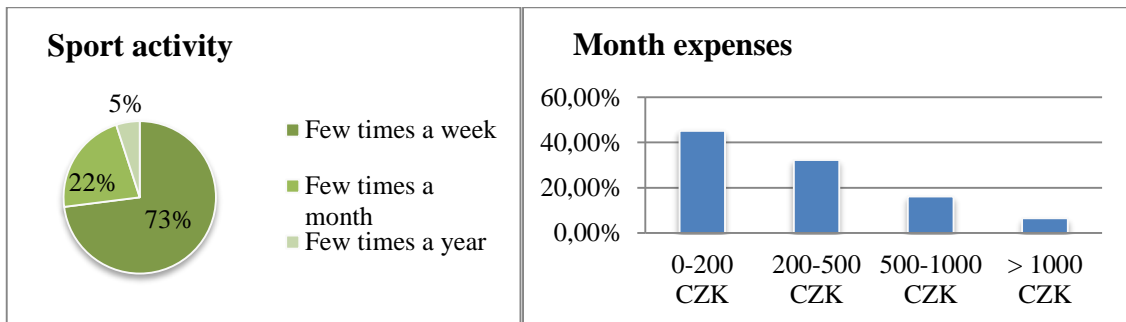
**Figure 3 Demographic factors**



Source: own elaboration

Among the respondents there were lot of people very active which shows the pie Sport activity where 73 % people stated that they do some sport activity few times a week and 22 % several times a month which is very suitable sample for further elaboration. 45 % spend usually not more than 200 CZK per month, 32 % from 200 CZK to 500 CZK and almost 16 % from 500 CZK to 1000 CZK. More than 1000 CZK spend just 7 % of them. From the survey surprisingly follows that it does not matter whether the customer is man or woman on both activity and interest in adrenaline/ acrobatic sports indicators.

**Figure 4 Sport activity frequency and Month expenses**

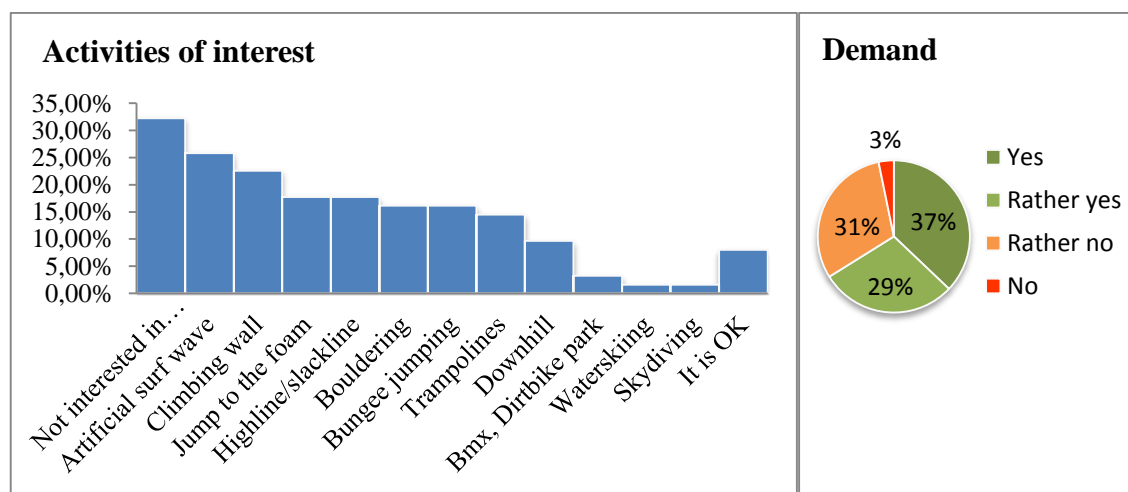


Source: own elaboration

Survey also confirmed demand for planned centre by asking respondents via questions like what activities they miss the most in their surrounding of 40 km. Just one third of them stated that they are not interested in adrenaline or acrobatic sports from which only 3 % said clear no to park visitation. It is interesting that this number of people who are not interested in that grows with increasing distance from planned locality. It means that 70 % people not interested in acrobatic/adrenaline sports come from longer distance than 200 km away from Třinec. That maybe reflects the fact that people living close to

mountains are more active in this discipline. From the table Activities of interest wins not surprisingly Artificial surf wave which is very rare in middle Europe (the nearest is close to Bratislava) and might be considered to be built in later stages of complex development due to its pretty high costs. Other activities which are supposed to be a part of the complex ended very well and none of them less than 15 % level. The climbing wall quite surprisingly attracted 22 % of people and together with bouldering could form a great attraction. 8 % of people stated they are not missing anything in their surrounding or they are ok with the offer.

**Figure 5 Activities of interest and Total demand**



Source: own elaboration

The questionnaire research results:

- There is relatively high demand for training facility of adrenaline/acrobatic sports
- Author's initial vision of combination of jumps to the foam and climbing as main attractions proved to be right
- It is more efficient to focus on regional customers
- Other sports, i.e. artificial wave, should be considered in later stages
- Price will be very important factor in decision whether to visit the park or not

### **3.3.2 Trends in sport area**

Growing obesity is world well-known and very negative phenomenon reflecting overall growing wealth and life standard. On the other hand parallelly to that grows another extreme – it is mass demand for sports and active lifestyle across all age levels. This follows from mostly demanding work requirements leading to stress which is often vented in way of sport activity. Many surveys proved that sport have very positive effects on both human physical and psychical side.

Another quite a visible change from previous decades is that people departure from the approach where performance and sport excelling are the goals. Nowadays, unprofessional sports and especially acrobatic and adrenaline ones mean not only physical and psychical activity but also fun, relax and health (physical, psychical condition) and membership in community of other people with similar visions, attitudes and opinions. It is mostly not about to be the first but to surpass oneself and hype the others up as well. Little bit different approach is to be “in” which contributes to seasonal effects of various sports and fluctuation of their popularity. Sport parks and centres thus provide complex sport facilities to cover wide range of customers’ needs and to reduce seasonal effects. World also reported huge boom of self-recording while sport (and other) performance and self-photographing (so called “selfies”). It might represent quite nice business potential in area of sport facilities.

### **3.3.3 Porter’s five forces**

The competitors’ analysis proceed from Appendix 2 which shows list of acrobatic centres found in all over the CR which focus on jumps from ramps to the both foam and water (as what is expected to be the main service) and which might be considered as rivals. Analysis also includes findings from SLEPT analysis and author’s own experience and knowledge of field environment.

#### **Rivalry among existing competitors**

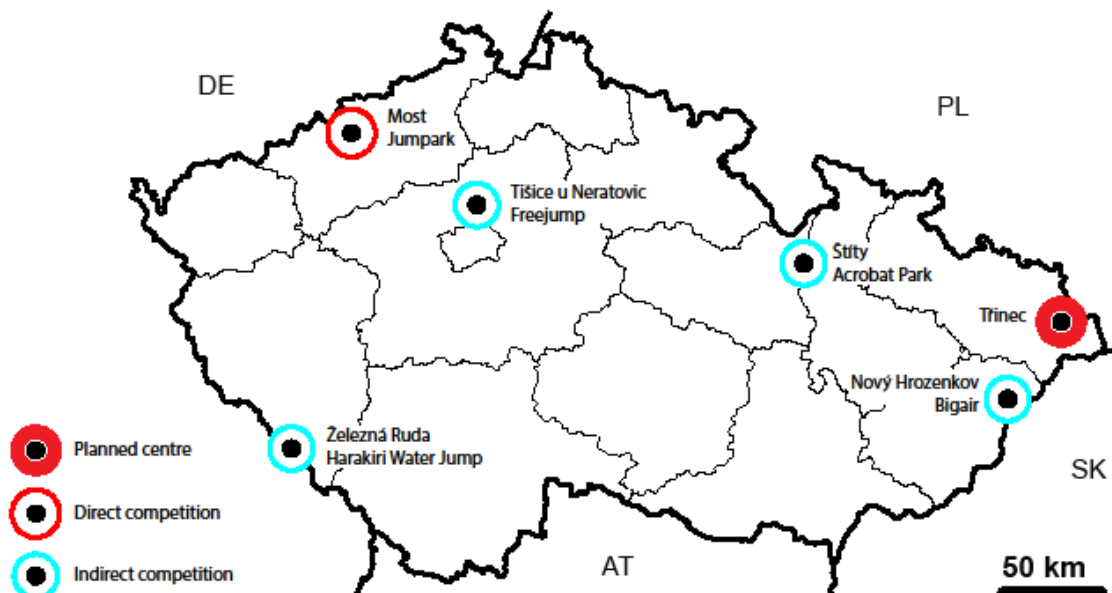
Rivalry among competitors in CR is moderate. There is only one potential direct competitor in Most which is the town on the very opposite side of the republic than

location of planned park. It is the only park providing jumps to the foam but on the other hand it does not provide such a complex service (see Appendix 2).

Freeride.cz (2014) presented four official adrenaline/acrobat parks in Czech Republic which together are supposed to be greatest competitors. Even they provide service which satisfies the same need, the service itself is different. Instead of the foam the acrobats jump into the water which has its advantages but also lot of disadvantages. People in this case need better equipment and landing conditions are worse unless integrating additional expensive technology.

There are also few unofficial places where people might try jumps to the water which might become some sort of cheaper alternative and overtake the customers.

**Figure 6 Map of Competitors**



Source: own elaboration

### **Threats of new entrants**

The threat of new entrants is moderate due to relatively cheap construction expenses (depends on the form and complexity of the service). It is very attractive field considering the world boom of acrobatic and adrenaline sports and that is why it might be perceived as there is high potential threat of new entrants. This is also supported by report of growing market with outdoor equipment that claims that Czechs do not save money on their hobbies and equipment and turnover of this market in Czech Republic is



in hundreds of millions CZK (byznys.ihned.cz, 2014). On the other hand this potential is being lowered by the fact that there is a need of volunteers and fans participation during the construction and design of the ramps etc. The engagement is also very important while running the business as it is shown by examples from similar projects in CR i.e. Rychlebské Stezky, Nový Hrozenkov and Most.

Government does not provide any suitable endowments directly. Endowments might be gained only via various regional organizations and local sport clubs. So this aspect does not make it any easier to get to the market.

### **Bargaining power of suppliers**

Bargaining power is very low. There is basically only one supplier, the supplier of the electricity which has almost zero effect on provided service. This might have effect only to secondary services provided like a bar. Centre does not need any additional supply once it is built concerning the main service which depends mainly on the right maintenance and further equipment development.

### **Bargaining power of buyers**

This is probably one of the highest threats from the porter's five forces. The threat is above average because the region is well-known for its unpredictable willingness to spend money for certain services. It is also caused by high unemployment in the region. The bargaining power is also high due to relatively (compare to other attractions in region) small number of expected visitors. On the other hand there is pretty lack of possibilities for the customer to go over to the competition. Both region and young people from the field are also well known for saving money making equipment at home and for DIY (do it yourself) practices. In contrast, considering the fact that there are no home-made ramps to the water nor foam in the area of 40 km around the planned spot it probably does not affect this service so much.

### **Threats of substitute product or services**

The threat of substitutes is relatively high because there are many substitutes and alternatives for spending the free time actively. There are even many sports which do

not need to be spend money on at all. The rivalry among these services is also very high and it is expected to stay high in the future. There are also many ways how to satisfy need for adrenalin but author's planned centre provides the customer the environment where people can easily and safely try anything what might be dangerous in real. The adrenaline or acrobatic sports might yield to seasonal and affects or be a subject of the fashion that is why it might be perceived as fleeting service causing the threat.

### **3.4 Project description**

The combination of author's personal passion for adrenaline and acrobatic sport activities and lack of facilities for training in wide surrounding led to an idea of company AdrenalPark, s.r.o. formation. Company AdrenalPark, s.r.o. will be founded for the adrenaline/acrobat park operation purpose. Author of the project plans to take advantage of growing market especially in outdoor sports area. The goal is to build preparation facility complex and base for various acrobatic and adrenaline sports. The company will focus on general public as well as professional athletes of especially younger generation. The complex will also include sanitary facilities and chill zone with a bar where people might relax and watch others' performance while drinking and having some refreshment. Chill zone will also serve as room for special events, presentations, travellers' meetings and lectures.

The indisputable advantage of the park is its uniqueness and location. According to Chapter 3.3.3. (Rivalry among existing competitors) the only direct competitor is located 500 km across the republic and the closest indirect competitor is 100 km far away. The main attraction is a ramp designed for both freestyle skiing and snowboarding training jumps to the foam contrary to water which is used by indirect competition. This form of jump landing brings several substantial advantages to both sides of the business. It is not only more comfortable, it is also much safer and economical. Moreover, author's intention is further use of ramp construction for designing a climbing and bouldering wall so that whole construction is much cheaper. Customers will be attracted by well-set pricing strategy as well as targeted advertisement and promo-events.

**Figure 7 3D visualization of AdrenalPark, s.r.o.**



Source: own elaboration

**Provided service:**

The main complex attraction is facility for acrobatic sports, especially freeskiing, snowboarding and climbing. It consists of three parts. Firstly, the big air section which includes several ramps (kickers) with landing to the foam pool. Secondly, there is a jibbing section where acrobats might train their skills on obstacles like boxes and rails. Finally, there are climbing walls and bouldering section which enclose ramps. Trampolines provided to athletes are necessary equipment for training the air skills and orientation in the air.

Guest will have also the opportunity to try additional sports i.e. slackline, highline, indoorboard, petanque etc.

Very important part of the complex is chill zone for relaxation before or after activity. That includes settees, couches, benches, audio system and bar where people might order beverages and refreshments.

Company will also provide recording equipment and cameras for rent. Moreover, company might take into consideration to offer production of videos and photos instead of athletes (reaction to Chapter 3.4.2).

### **3.4.1 Company description**

Company name: AdrenalPark, s.r.o.

Legal form of the business: Limited Liability Company

Formation date (expected): 1<sup>st</sup> January 2015

Business activity: Operation of sports facilities and organization of sport events

Address: 73961 Třinec

Mobile: +420 732 156 156

Web: [www.adrenalpark.cz](http://www.adrenalpark.cz) (expected operation after company's formation)

Email: adrenalpark@info.cz

### **3.4.2 Legal factors of the business**

Author decided to conduct business as legal entity of Limited Liability Company. Very substantial factor for selection was the limited liability in case of company's failure, easier negotiation, fund raising and investor attraction. Moreover there is no need for initial deposits anymore (it is only 1 CZK) and also the administration burden is getting better. Sport association is also expected to be formed in further development of the company to open the access to state endowments which otherwise the capital company does not have opportunity to gain.

### **3.4.3 Business visions, missions and goals**

Author's also personal priority is creation of specialized and top quality facility for adrenaline and acrobatic sports and contribution to regional sport development. AdrenalPark is supposed to become place of motivation and base of freestyle community where people have space for personal development; where they may learn from each other and where they are supported to spend their time actively. Company will maintain its facilities properly and regularly because customers' health is one of the top company's priorities. The mission of the company is acrobatic and adrenaline sports

promotion and new possibilities creation for talented athletes by provision of complex training facility. The motto of the company is “grow, share, have fun”. The atmosphere of the complex must be motivating and friendly at the same time. The vision of the company is to constantly develop its services according to changing target group needs thanks to regular monitoring and feedback following from close management-athlete relation. Company wants to become popular not only in MSR but also in close regions of Poland and Slovakia. The goals of the company are:

- To get to general public awareness before park opening – one third of local respondents will have at least heard about the park two weeks before park opening in 1<sup>st</sup> July 2015
- To build strong AdrenalTeam – at least 8 members till 2020
- To create video advertisement in cooperation with Robin Kaleta first year of the operation
- To increase numbers of customers each year at least by 10 % to maximize company’s profits

### **3.5 Management and organization structure**

Company AdrenalPark will be founded by two associates; the author of the thesis Bc. Michal Sedláček and his close friend Ing. Pavlína Wawroszová. They will both share 50 % of the company and operate all necessary functions (at least first year of the operation). They both will be representatives of the company. While Michal Sedláček will be responsible for customers, volunteers and freestyle community, Pavlína Wawroszová will be in charge of negotiations with authorities. Associates expect to run the park first year parallelly to their second jobs so that their wages will be paid in form of dividends.

Michal has studied two different fields “Industrial design and mechanical engineering” and “European Business and Finance”, he has good experience from architecture and he is also great fan of adrenaline and acrobatic sports. This combination will help him to manage various functions not only while park designing and construction at the beginning but also while park operation, management and target group observation.

Regarding to his skills in graphic design he might also prepare and create all necessary promotion materials, advertising and corporate identity design.

Pavĺina Wawroszov graduated from International Tourism at University of Economics and she also has great experience from restaurant and hotel operation, organization of local sport events, administrative works and negotiation with authorities. She also has very positive attitude to sport. Besides previously mentioned negotiation she will be responsible for financial management, rental shop and reception.

Second year of the operation two new posts will be created so that both associates could delegate part of their responsibilities to employees. Posts will be:

- Maintenance man/rental shop operator (8 h a day)
- Park administrator/safety supervisor (9-12 h a day depends on season period)

Each post will be shared by two or three employees which is flexible form of work organization. Employees will decide about their working hours by themselves whether they switch during the day or work 3-4 days a week.

***Organizational structure:***



Very important part of the park is bar which will be operated externally due to workload of management and bar's operation time consumption. Cooperation with very good friend Pavel Mruzek has already been established. Pavel Mruzek has great experience with operation of several facilities like bars and restaurants in Třinec and he will be responsible for employees employed in the bar.

## **3.6 Marketing strategy**

### **3.6.1 Target group**

Target group determination is crucial before running the business, so that it will be possible to adjust the product to suit to the customer the most and satisfy their needs. It will not be reflected only in offer but also in service operation. As it follows from questionnaire, company must focus on both women and men customers because both have similar potential and form important group.

#### **Professional athletes**

The priority of the company is to provide sufficient and safe training facility for professional acrobats and athletes who are taking acrobatics seriously. They will appreciate complex service including relax part (wellness, massages etc.), professional equipment service, accommodation etc. They mostly search for the best equipment on the market and current fashion. For the purpose of training professionals it is important to organize sport events, competitions, training camps and workshops so that they are able to compare their skills with others. On the other hand freestyle community is well-known for its easy-going approach and compare to other professional sports it is much less tight by regulations. Organization must keep in the mind the nature of these sports.

#### **Amateurs and casual athletes**

Casual athletes and amateurs form significant part of the target group. They are supposed to create the atmosphere the most. They are people who want to have fun in the first case and acrobatics/adrenaline sports mean a lifestyle for them. Organization of workshops and social events is important for their development the same as for professionals and beginners. These events also work greatly as form of promotion which attracts public to participate on events, raises awareness not only of the park itself but also of the sport globally. Creation of the community of athletes who will spend voluntarily their free time among their friends in the park is one of the most important and fundamental task of the company. The park must provide chill zone where they can freely chat, chill out, relax and watch others' performance. Company's service does not represent just training and sport satisfaction but also social involvement. Good atmosphere, image of the company and unusual and effective sport activities might bring other beginners and curious people to the community. Very attractive service will

be production of videos and photos which athletes will definitely appreciate. Not everybody can afford professional recording equipment which might be available every day and which they may borrow. This will also raise the awareness of both park and sport.

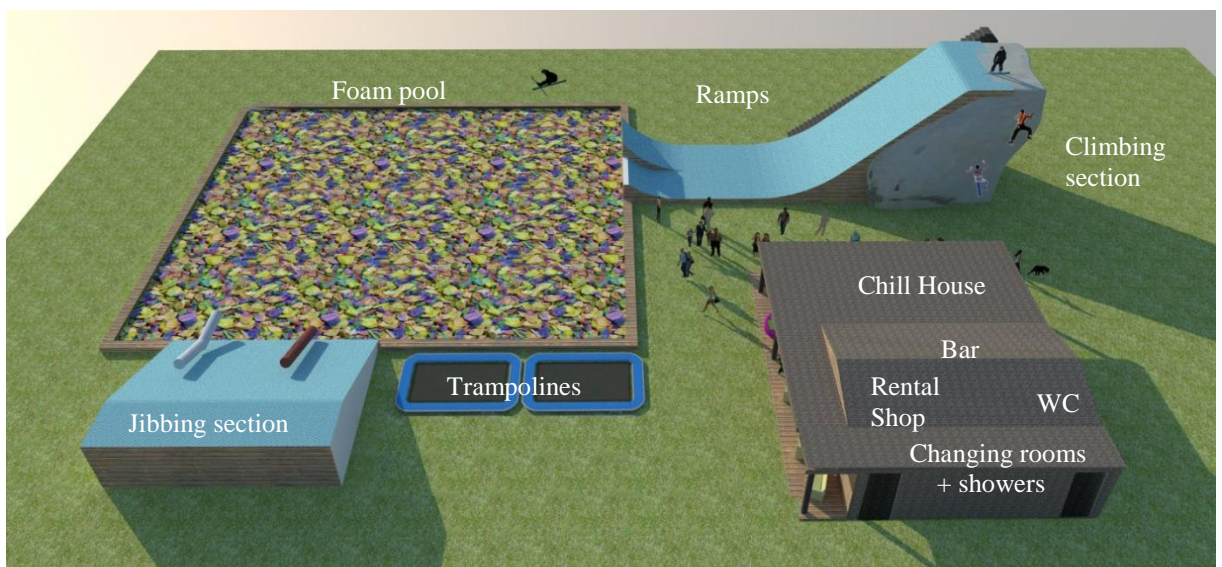
### 3.6.2 Marketing Mix

Basic 4P marketing mix was considering the nature of the service and close contact with customers extended to 6P with factors people and partnership.

#### Product

Outdoor activities like jumps to the foam, jibbing section, slackline/highline, climbing wall, bouldering, trampolines, will run 9-months-season from March to November except bad weather conditions like snow or heavy rainfall. Bar, chill zone and few other activities will run also whole season.

**Figure 8 Service visualization**



Source: own elaboration

#### *Acrobatic ramps*

The ramp for jumps to the foam will include two inruns and two jumps – one smaller kicker for less skilled athletes and one big air kicker for advanced and professional acrobats. Ramp is covered by special plastic mats which enable to run for the kicker in the summer. Unique landing area is in 30 m long and 30 m wide pool full of foam.



### ***Jibbing section***

To provide full service company expect to equip jibbing section with two small inruns and two different rails. These rails will lead to the same pool as big air kicker but on the other side of the pool.

### ***Climbing wall/ bouldering***

According to questionnaire survey it is one of the top activities that company may provide. Ramp construction for jump purposes brings great opportunity to share the same construction for climbing wall and bouldering facility leading to much cheaper acquisition. The maximum height will be around 15 m with 30 belaying lines up. Wall and bouldering will provide space for beginners as well as professionals.

### ***Trampolines***

Trampolines are necessary part of acrobatic sports and that is why they cannot miss in any acrobatic sport centre. Athletes will appreciate to test tricks and learn orientation in the air before they try ramps. Trampolines are also great for taking lessons. Organization will also provide professional help from advanced athletes. Trampolines will be sunken in the ground, which is safer and easier to use.

### ***Slackline/highline***

Slackline line is very young sport which reports huge grow in popularity among younger generation but not only among them. It is great fun which does not need expensive construction. The slackline or longline might be tighten between two trees, buildings etc. Highline represents more adrenaline version of slackline and it is tighten in minimum height of 10 m above the ground. People must wear sit harnesses and climbing equipment which will be available for rent.

### ***Additional Activities and sports***

Company will further equip the park by additional facilities according to customers' demand i.e. indoorboarding, petanque, table football etc.

### ***Chill zone and bar***

Visitors of the park might use comfort of chill zone equipped by sofas, lounges etc. where they may watch performance of other athletes or projections on big screens while listening to good music. Bar will offer wide range of beverages, cocktails, beers and

refreshments. Chill zone will provide place also for casual events, presentations, shows and parties.

### ***Rental shop***

Although people usually use their own equipment, lot of them just cannot afford it or they might want to try some sport they do not have equipment for. In this case will park offer professionally serviced equipment for rent as well as help how to use it properly.

### **Price**

Price policy is set with regard to provided services and products, target group, competitors, image of the park and also questionnaire survey. Prices are comparable to competitors' ones. People will be also provided by wide range of discounts, season tickets and club cards. Members of the freestyle community will have of course several benefits and privileges.

Most of the profit comes from operation of ramps, climbing wall and bar. The season is divided into top season (TS, 10<sup>th</sup> June-22<sup>nd</sup> October) and off season (OS from 1<sup>st</sup> March-30<sup>th</sup> November). Company will not run and park will be closed three months during winter from 1<sup>st</sup> December to 28<sup>th</sup> February unless registering higher interest from people, then it might be irregularly open on previous agreement. Opening hours of the park also depend on customers' interest and it is expected to be open from 9 a.m. to 9 p.m. Bar will operate till 11 p.m. (or possibly longer) in top season. In off season will park run from 12 a.m. Prices for separate runs respond to expected time consumption but for customers it is unlimited in terms of time.

Customers may choose several ways how to gain company's services. Occasional customers are expected to pay full price for hour/ride unless paying for membership in the AdrenalTeam or buy season ticket which also includes trampolines for free as a bonus. In these cases customers gain several other benefits and discounts on provided services.

*AdrenalTeam Membership* – 1200 CZK per year – Benefits: privileged reservations, 10 % discounted entrance to all sport facilities, 12 % discount on other company services (bar, secondary activities etc.), 30 % for sport events registration fee.

*Students discount* – students with valid ISIC card, students certificate etc. have 10 % discount on any sport activity

Off season (OS) (1st March-9th June; 23rd October-30th November)

Top season (TS) (10th June – 22nd October)

Whole season (WS) (1st March-30th November)

**Table 7 Pricelist**

		Full price CZK	Discount price CZK
<b>Ramps</b>	OS	½ day (4 hours)/10 runs	240
		1 day	280
	TS	½ day (4 hours)/10 runs	260
		1 day	360
		Season ticket (ramps, tramp.)	6000
<b>Climbing</b>	OS	1 ½ hour	50
		10 entries +3 free	500
		1 ½ hour (mor. till 2 p.m.)	50
	TS	1 ½ hour (aft. from 2 p.m.)	80
		10 entries +3 free	600
		1 season ticket	2000
<b>Trampolines</b>	10 minutes	15	
<b>Rental shop</b>	Any equipment for ramps	50	
	Equipment for climbing	10-100	

Source: own elaboration

Prices of the bar menu depends on operator but they must correspond to overall park image and vision.

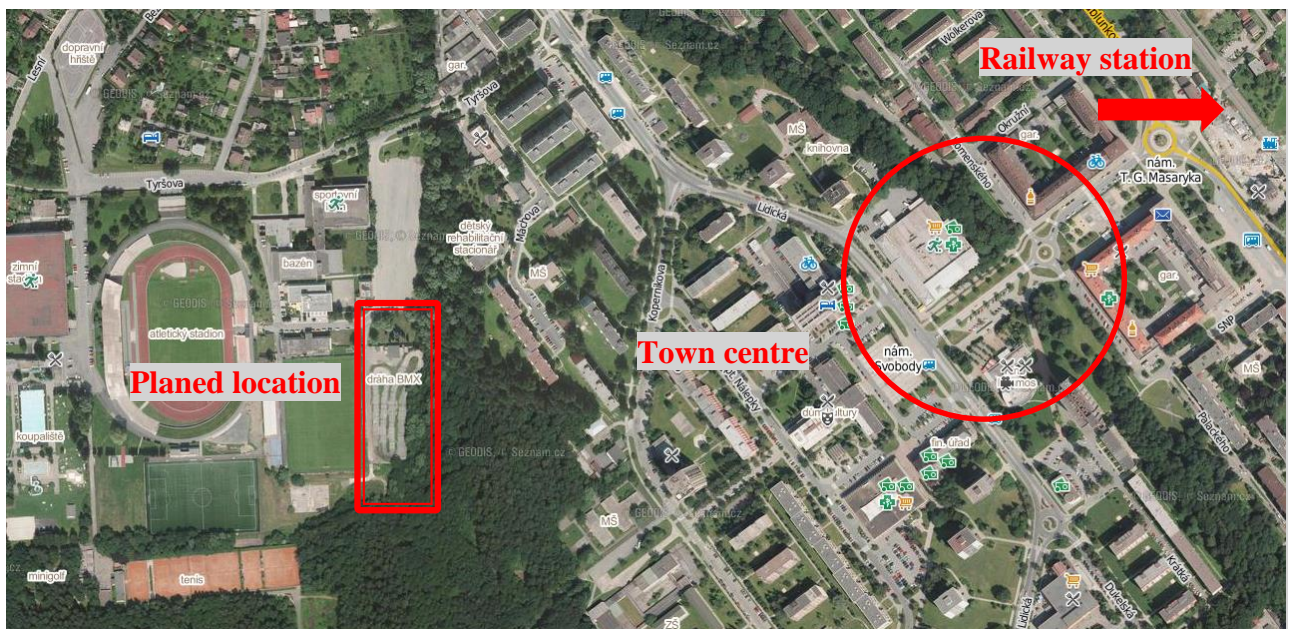
### **Place**

*Location* - Finding the perfect location is certainly very important tasks of the project and one of crucial factors for potential success or failure. Location must be well accessible and the atmosphere must comply to business subject and nature.

Author finds district Třinec situated in the very east of the republic as location with a great potential. It lies close to border tripoint of Czech Republic, Slovakia and Poland on main rail corridor and road to Slovakia. Town is already very well accessible by bus, car and train and quality is expected to grow also due to construction of road bypass which is expected to be finished in three years.

Author finds great opportunity to buy or rent (depends on further negotiation with municipal authority) the part of the land which is now in possession of Třinec town and where old BMX circuit and Skate Park is situated. This very lucrative location is situated close to large sport complex, forest park and town centre. It is easily reachable by public transport and it is also close to railway station (see Figure 9). Additionally, the Skate Park and BMX are very suitable sport activities and might enhance company's provided services. Furthermore, there is a great advantage of the location due to large parking place which is already built in the complex and it might bring substantial money savings. Surrounding is densely populated area with great infrastructure and other activities which are necessary for the visitor.

**Figure 9 Map of Třinec centre**



Source: own elaboration

*Distribution* - Most of the business activities will be conducted independently and directly with customer. Participation of any intermediates will not be necessary. The business and commerce will be secured by management and administrative section of the company who have the biggest interest on saleability of the services. Bar will be partially operated by external operator. The only condition is that they must run the bar in way that complies the vision of the park otherwise distribution policy will depend completely on them.

### **Promotion**

Considering the attractiveness of the acrobatic and adrenaline sports and fact that there is lack of even similar facilities near and far it is expected that building and subsequent operation of the facility will raise interest itself among public from region. Although word-of-mouth will make up substantial portion in Park promotion strategy, company will not rely only on spontaneous interpersonal activity but it will spend considerable money on further public attraction.

Author divides the strategy on:

#### ***Promotion strategy before opening***

Internet is according all statistics (see Chapter 3.2.1) one of the most important tools for company promotion among young generation. Company will create web pages and secure their optimization by investment in SEO to occupy first positions on lists of web searchers like Seznam and Google if searching combination like “acrobatic sports”, ”adrenaline”, “jumps to the foam”, “freeskiing”, “freestyle”, “snowboarding”, “climbing” etc. concerning MSR. Subsequently, company will found facebook group to unite local and regional freestyle community and community of climbers on internet. This will also help to adjust the service to the customers the best due to immediate contact with community and their feedback while park operation. Company will also try to publish articles in web Freeride.cz, Kudyznudy.cz etc. Commercial banners and links will be tried to be placed on e-shops with adequate equipment and service.

### ***Promotion while operation***

Company will organize sport events to support word-of-mouth advertising and to attract people on real and exhilarating experience. People might watch professional acrobats' performance. Sport celebrities will be invited to participate in competitions, sport exhibitions and shows. At the beginning there will be great opening party with additional program, music bands and famous athletes. Events will not be aimed completely on professionals but also on non-professional freestyle community and general public who might try these sports personally. AdrenalPark will organize events such as summer workshops or camps which might attract new potential customers and engage current ones.

Author sees world boom of recording videos and taking photos as opportunity of easy promotion. Company will provide recording equipment and cameras for rent so that anybody will have the chance to record themselves while performing. All people can place their videos and photos to official Facebook fun page and official web pages to take place in many contests like Spot/video/shot of the day/month/year etc. and win great and valuable prizes. This is expected to increase awareness and attractiveness of the park. AdrenalPark will also place billboards on busiest streets and highway to attract and guide people to the park.

Company will offer system of membership benefits and deposits to customers as form of Sales promotion. Any customer could join AdrenalTeam for membership fee or buy season tickets and thus gain discounts on company's services and other special bonuses.

Park has also great opportunity to provide place suitable for travellers' meetings, large screen projection of popular sport events and premiers of extreme and acrobatic sport movies and competitions.

Company will according to Public Relations regularly publish newsletters, releases and information about recent events to local press (Horizont, Hutník, MF Dnes Moravskoslezsko) and specialized magazines (Board etc.). Organization will also try to get in promotional bulletins, brochures and web pages of MSR ([www.msregion.cz](http://www.msregion.cz)) and Těšínské Slezsko ([www.tesinskeslezsko.cz](http://www.tesinskeslezsko.cz)).

## **People**

Company will be founded by two associates, author of the thesis and his close friend. They both will operate the park and they will take care about all necessary functions for running the business in the first year of the operation. The most important are financial and economic section, marketing section, customers' safety and overall maintenance of the park. External companies will be hired for construction, terrain works etc. In the second year of operation it is expected that two posts will be created to delegate part of the responsibilities from founders to employees who will secure several above mentioned functions: Maintenance man/rental shop operator, Park administrator/safety supervisor. Bar will be at least 5 years operated by external operator who must comply with park conditions and overall park image.

Adrenaline sports form very specific area for doing a business, especially in providing services. One very important aspect is creation of freestyle community which will have its base in a park. The interconnectivity between athletes and management (operators) is the key to success. It is good to engage athletes in park development and on the other site park operators are supposed to become one of the members. People in this field cannot be treated as customers but treated as friends. That is why company expects to engage a lot of volunteers and fans from very beginning of the project and also during operation. That is why substantial part of the project's human resources is expected to be based on volunteering.

## **Partnership**

Author already negotiate and tries to find a way how to cooperate with institutions which might be very beneficial for a company:

- TJ TŽ Třinec – citizens association of Sport activities of Třinecké Železářny uniting over 2000 athletes in 20 different clubs, accommodation etc.
- Sport park STARS – cooperation with relaxation facilities, saunas, swimming pool etc.
- Local sport high schools and universities – 4. ZŠ Dany a Emila Zátopkových, University of Ostrava, VŠB-Technical University of Ostrava

- Cooperation with Robin Kaleta - one of the most famous extreme athletes in CR who is also local. It would be great if he becomes face of the company or even one of the members
- Czech Tourist Club – they recently received endowments for slackline development and other benefits

### 3.7 Financial plan

At the beginning it is important to set initial investments. Balance sheet reveals the proportion of assets and liabilities in company and helps with funding management.

#### 3.7.1 Initial investment

Initial investment includes all investments that are necessary to be paid before park operation. The prices of individual constructions are hard to estimate due to very unique and unordinary design. Author considers very atypical construction combining climbing centre and freestyle ramp together which is supposed to bring certain savings in both money and space than separated constructions for individual sports.

**Table 8 Initial investment**

<b>Subject</b>	<b>Price CZK</b>
Ramp/landing pool/jibbing section + climbing section	1 300 000
Trampolines 2x (Eurotramp)	200 000
Building	700 000
Fittings: bar + chill house + sanitary facilities + changing rooms + rental shop	390 000
Terrain works	60 000
Technical support	10 000
Inventory (Rental shop)	80 000
Founding expenses (lawyer, notarial notation etc.)	30 000
Promotion (web pages, flyers design and distribution)	30 000
Project consultant	35 000
Financial reserve	20 000
<b>Total</b>	<b>2 775 000</b>

Source: own elaboration



All prices were drawn from market research by 31<sup>st</sup> July 2014. Architecture is author's hobby and construction design will be in his and friends' competence. Expense includes consultations of blueprints with professional architectonic studio and stress consultant.

The price of the construction comes from previous statement published by Jumpark in Most which states that the construction cost 500 000 CZK. Regarding to intended complexity and different construction author almost doubled the price to 900 000 CZK. Price of the bouldering and climbing section author doubled as well to 500 000 CZK. On the other hand it is expected to be less expensive in total due to construction combination and final price was set to 1 300 000 CZK.

Building is estimated to cost 700 000 CZK based on its necessary dimensions 15 x 6 x 2,6 m and estimated price of 3 000 CZK per m<sup>3</sup>.

Promotion also includes foundation of web pages and opening party organization. Design of promotion materials like flyers, posters, corporate identity and entire visual communication and interior design is very cheap due to author's personal experience and education in this discipline and contacts to other graphic designers. Total sum contains printing expenses and commercial banners rent.

### **Land**

First option is land acquisition which costs 2 000 000 CZK. This price was estimated on the basis of average price of the land per m<sup>2</sup> near town centre which is 800 CZK/m<sup>2</sup> (final price depends on future negotiation with municipal authority) and minimum space necessary for facility construction – 2500 m<sup>2</sup>.

Another option is to rent the land for the business purposes for 250 000 CZK/m<sup>2</sup> per year which follows from price 100 CZK/m<sup>2</sup> per year. Author expects to make a favourable agreement for land rent with final acquisition in certain period of time. Author also personally believes in easier negotiation with municipal authority due to facility's beneficial effects to the public.

**Table 9 Initial balance sheet of AdrenalPark for the end of June 2015**

<b>Non-current assets</b>	Sport facilities	1 300 000
	Building	700 000
	Trampolines	200 000
	Fittings	390 000
<b>Current assets</b>	Inventory	80 000
	Cash	20 000
<b>Total assets</b>		<b>2610000</b>
<b>Capital</b>	Equity	530000
	Liabilities	1300000
	Bank loan	780000
<b>Total capital</b>		<b>2610000</b>

Source: own elaboration

### **3.7.2 Capital structure**

The capital employed comes completely from external resources. Capital structure is formed by equity (own savings deposit), investor's funds and bank interest in ratio of approximately 2:5:3.

Author expects to cover one fifth - 530 000 CZK of the project from his own savings and undertake the rest of the project to other investor and bank.

Company is supposed to take out bank loan of 780 000 CZK. Interest rate of 8 % is common price for the loan provision considering the project riskiness and poor track record of the management. The loan will be repaid via regular year repayments of 78 000 CZK + 8 % interest of unpaid amount in 10 years period which will totally cost 343 200 CZK (see Table 10).

Author have already pre-negotiated great 5-year-contract with investor who will provide investment of 1 300 000 CZK which will cover half of initial costs in interest rate of 2 %. Company will repay 260 000 + 2 % interest of unpaid amount each year which will cost in total 78 000 CZK (see Table 10).

**Table 10 Interests and annual repayments**

	<b>Annual loan payment</b>	<b>Loan interest</b>	<b>Annual liab. payment</b>	<b>Liab. interest</b>
Y1	140400	62400	286000	26000
Y2	134160	56160	280800	20800
Y3	127920	49920	275600	15600
Y4	121680	43680	270400	10400
Y5	115440	37440	265200	5200
Y6	109200	31200		
Y7	102960	24960		
Y8	96720	18720		
Y9	90480	12480		
Y10	84240	6240		

Source: own elaboration

### **3.7.3 Prospect to financial management**

This chapter reveals business financial ratios and overview of all financial aspects concerning business operation. It shows both the expenses coming mostly from wages and administration overheads and revenues generated by entrance fees, tickets, events organization and bar rent etc. Financial analysis focuses mainly on crucial years of the organization. 1<sup>st</sup> year – the year when park will be opened and it the lowest visitation is expected. 3<sup>rd</sup> year – company expects full integration of employees and growing interest of customers. 5<sup>th</sup> year – number of visits are assumed the highest and substantial repair investment into park is expected. Park turnout is supposed to grow around 10 % per year which might slow down in time to full utilization in 5<sup>th</sup>-6<sup>th</sup> year. Other facility service and maintenance is expected to be paid from retained profits.

### **Expenses and revenues analysis**

#### **Expenses**

Wages – This is the main money expenditure paid to park administrator/ safety supervisor and maintenance man/ rental shop operator. Company founders will definitely operate all necessary function in first year of park operation. Volunteers and managers' close friends are expected to help and contribute to park development substantially in the beginning. Expenses coming from wages will occur in 2<sup>nd</sup> year when

two posts will be created. Bar will be rented and its operation and wages payments are completely on operator of the bar who will decide own operation strategy. It is due to management's lack of time, skills, and knowledge in such entrepreneurship. Wages are paid for 9 months per year while park operation. Bar operator will care about his own overheads, energy expenses and wages of his employees.

Maintenance man/ rental shop operator (8 hours a day) – 60 CZK hourly gross wage

Park administrators/safety supervisor (9-12 hours a day) – 80 CZK hourly gross wage

Total wages per day TS =  $60 * 8 + 80 * 12 = 1440$  CZK

Total wages per day OS =  $60 * 8 + 80 * 9 = 1200$  CZK

Total wages per season =  $1440 * 70 + 1200 * 130 = 256\ 800 + (\text{insurance } 35\%)$   
= 346 680 CZK

Energies – This expense is considering the park's service minimal. Only artificial light and audio consume energy and create expenditure.

Insurance – Price for athletes' safety and park security against damage is 80 000 CZK.

Overheads, maintenance and cleaning – Foam maintenance, construction repairs, hygienic equipment, detergents, janitor's equipment, maintenance equipment etc.

Interests – Part of the project capital comes from bank loan which costs interest (see Table 10)

Promotion – Posters, flyers and other promotional materials printing expenses, car stickers, web SEO and administration etc.

Depreciation – project includes substantial assets acquisition which is in accounting subject for depreciation

**Table 11 Depreciation**

<b>Assets</b>	<b>Price CZK</b>	<b>Years</b>	<b>Depreciation</b>
Ramps/jibbing section/pool + climbing section	1 300 000	10	130000
Trampolines 2x (Eurotramp)	200 000	5	40000
Building	700 000	40	17500
Fittings: bar + chill house + sanitary facilities + changing rooms + rental shop	100 000	10	10000
<b>Total depreciation per year</b>			<b>197 500</b>

Source: own elaboration

Others – telecommunication services, fuel, events organization, prices etc. Sponsorship for each event supposed to save substantial money expenses for price obtaining, appearance money, price money, accommodation of celebrities etc.

### **Revenues**

Sport facilities – creates the greatest part of company's revenues. Revenues as generated by price of entries and tickets for particular sport activities, sport events organization, Freestyle Camps organization, membership fees etc. Prices of the tickets depend on the competition and questionnaire survey.

Bar rent – Substantial revenue comes from rent of the bar which will be operated by external operator who is supposed to have greater experience with running the bar than management of the company. Author uses own elaboration to establish rent price which will be rising parallelly to growing turnout of the park. It follows from overall price level of similar facilities in the town.

Rental shop – equipment for adrenaline and acrobatic sports is very expensive and that is why its rent might be solution for many occasional athletes and good opportunity to generate some revenues for the company.

Author describes and explains following table terms for better orientation and understanding.

Price – From the beginning of the operation it is expected that most (95 %) customers will pay full price rather than discounted. The membership numbers will rise over the 5 years to at least 20 % of customers per day will be AdrenalTeam members. This will be reflected in revenues at the end of this chapter.

Service/Time/Days – provided services respond to the pricelist. Ramp season is divided to off season (OS – 1<sup>st</sup> March-9<sup>th</sup> June; 23<sup>rd</sup> October-30<sup>th</sup> November) and top season (TS - 10<sup>th</sup> June – 22<sup>nd</sup> October – 70 days). Climbing prices also depend on particular season period but also on day time in top season (morning till 2 p.m. and afternoon from 2 p.m.)

Days are counted according to numbers of days without precipitation (see Chapter 3.1.6) which is  $365 - 120 = 245$  and discounting three months the park will not operate to final 200 days of possible operation.

Customers per day – Is estimation of customer turnout per day in particular observed years which follows from own market analysis. The number related to items like season tickets or multi-tickets etc. responds to expected demand in whole year which is also reflected in number in column Days/times.

Events – this raw is expected to represent all main events and contests per year and its price includes the price of the entrance and average money spent (AMS) for each visitor

Discounted prices might negatively influence total revenues and on the other site membership fees generate some revenue that is why it can be recalculated in each year by easy formula for Total Revenue:

$$TR = R - [R * (m + s) * d] + i^m * f^m + A;$$

where R is revenue from all sport facilities and rental shop; m equals to percentage of AdrenalTeam members in turnout ( $m^{Y1} = 0,05$ ;  $m^{Y3} = 0,1$ ;  $m^{Y5} = 0,2$ ); s is percentage of students (expected minimum of 15 %); d equals to discount factor which is 0,1 (10 % on any sport facility);  $i^m$  is number of members in particular year and  $f^m$  equals to AdrenalTeam membership fee and A equals to additional income following from sponsorship and bar rent.

Author separates revenues coming from bar rent and expected sponsorship from sport facilities to additional income due to easier work with discounts and membership benefits which does not influence this revenue.

**Table 12 Revenues and expenses**

Revenues	Service	Price CZK	Custom. per d.			Days/ times	Year 1	Year 3	Year 5
			Y1	Y3	Y5				
<b>Ramps</b>	½ d (OS)	240	5	6	7	130	156000	187200	218400
	1 d (OS)	280	4	4	5	130	145600	145600	182000
	½ d (TS)	260	5	7	9	70	91000	127400	163800
	1 d (TS)	360	7	9	11	70	176400	226800	277200
	S. tic.	6000	5	6	7	1	30000	36000	42000
<b>Climb.</b>	1 ½ h (OS)	50	10	12	13	130	65000	78000	84500
	10+3(OS)	500	5	6	7	3	7500	9000	10500
	1 ½ h mo.(TS)	50	7	9	10	70	24500	31500	35000
	1 ½ h aft.(TS)	80	10	12	13	70	56000	67200	72800
	10+3(TS)	600	5	6	7	3	9000	10800	12600
	S. tic.	2000	12	15	17	1	24000	30000	34000
<b>Tramp.</b>	10 min	15	10	13	14	200	30000	39000	42000
<b>Events</b>	Entr. + AMS	150	300	400	500	4	180000	240000	300000
	Subscr. fee	100	15	20	25	4	6000	8000	10000
<b>Rental shop</b>	Eq. ramp	50	3	5	6	200	30000	50000	60000
	Eq. climb.	50	5	7	9	200	50000	70000	90000
<b>Revenue</b>							<b>1081000</b>	<b>1356500</b>	<b>1634800</b>
<b>Bar rent</b>							270000	270000	270000
<b>Sponsorship</b>							70000	70000	70000
<b>Additional income</b>							<b>340000</b>	<b>340000</b>	<b>340000</b>
<b>Total revenue optimistic 125 % (50 % of full capacity )</b>							<b>1658213</b>	<b>1979800</b>	<b>2286108</b>
<b>Total revenue realistic 100 % (40 % of full capacity)</b>							<b>1394570</b>	<b>1651840</b>	<b>1896886</b>
<b>Total revenue pessimistic 75 % (30 % of full capacity)</b>							<b>1130928</b>	<b>1323880</b>	<b>1507665</b>
<b>Expenses</b>							<b>Year 1</b>	<b>Year 3</b>	<b>Year 5</b>
<b>Wages</b>							0	346680	346680
<b>Park maintenance and cleaning</b>							30000	30000	30000
<b>Energies</b>							7000	7000	7000
<b>Promotion</b>							90000	90000	90000
<b>Investment</b>							0	0	200000
<b>Others</b>							80000	80000	80000
<b>Insurance</b>							80000	80000	80000
<b>Land rent</b>							250000	250000	250000
<b>Total expenses</b>							<b>537000</b>	<b>883680</b>	<b>1083680</b>
<b>Gross profit optimistic</b>							<b>1121213</b>	<b>1096120</b>	<b>1202428</b>
<b>Gross profit realistic</b>							<b>857570</b>	<b>768160</b>	<b>813206</b>
<b>Gross profit pessimistic</b>							<b>593928</b>	<b>440200</b>	<b>423985</b>

Source: own elaboration

According to own market research author estimates the numbers of possible customers for each item. Numbers of expected customers per day presented in Table 12 are taken from realistic point of view which assumes 40 % of total park capacity. Optimistic (50 % of full capacity) and pessimistic (30 % of full capacity) options have an impact on the revenues of sport facilities while secondary revenue and expenses remain the same. Options also include weather conditions which might positively or negatively influence estimated numbers of customers.

In case of pessimistic option come about, the company must react by increasing expenses on marketing and further promotion to secure stable and adequate turnout. Company might use also other tool for attracting customers i.e. more aggressive pricing policy, discounts or bonuses for regular customers as well as for new ones.

In case of optimistic option, company could reinvest more money to increase complexity or quality of provided services. Group training might be organized to satisfy higher number of customers at the same time or prices could grow (very sensitive step) for achieving faster development.

### **Total net profit**

Total net profit is counted on the basis of previous gross profit calculations by deducting all interests, depreciation of the assets and subsequent deduction of tax from profit of legal entities.

**Table 13 Net profit**

		<b>Year 1</b>	<b>Year 3</b>	<b>Year 5</b>
Gross profit optimistic		1121213	1096120	1202428
Gross profit realistic		857570	768160	813206
Gross profit pessimistic		593928	440200	423985
Less:	interest	88400	65520	42640
	depreciation	197500	197500	197500
Net profit before tax (opt.)		835313	833100	962288
Net profit before tax (real.)		571670	505140	573066
Net profit before tax (pes.)		308028	177180	183845
Tax 19%				
<b>Net profit after tax (opt.)</b>		<b>676604</b>	<b>674811</b>	<b>779453</b>
<b>Net profit after tax (real.)</b>		<b>463053</b>	<b>409163</b>	<b>464183</b>
<b>Net profit after tax (pes.)</b>		<b>249503</b>	<b>143516</b>	<b>148914</b>

Source: own elaboration

Company expects to generate profit from first year of its operation due to very low energy expenses, none employees, low competition and high attractiveness of sports which company provides facilities for. Significant drop in profit will be evident in second and third year when company recruits new employees. Anyway afterwards profits are also supposed to grow steadily thanks to growing customers' base and



number of AdrenalTeam members. Company may also start operate bar on its own in the future which might bring not only bigger charges but also greater revenues than those coming from rent. Author, according to overall world positive trend of adrenalin sports and common trends' delay in MSR, expects growing public interest for provided services for a long time in the future which is highly promising factor.

### **Company and project indicators**

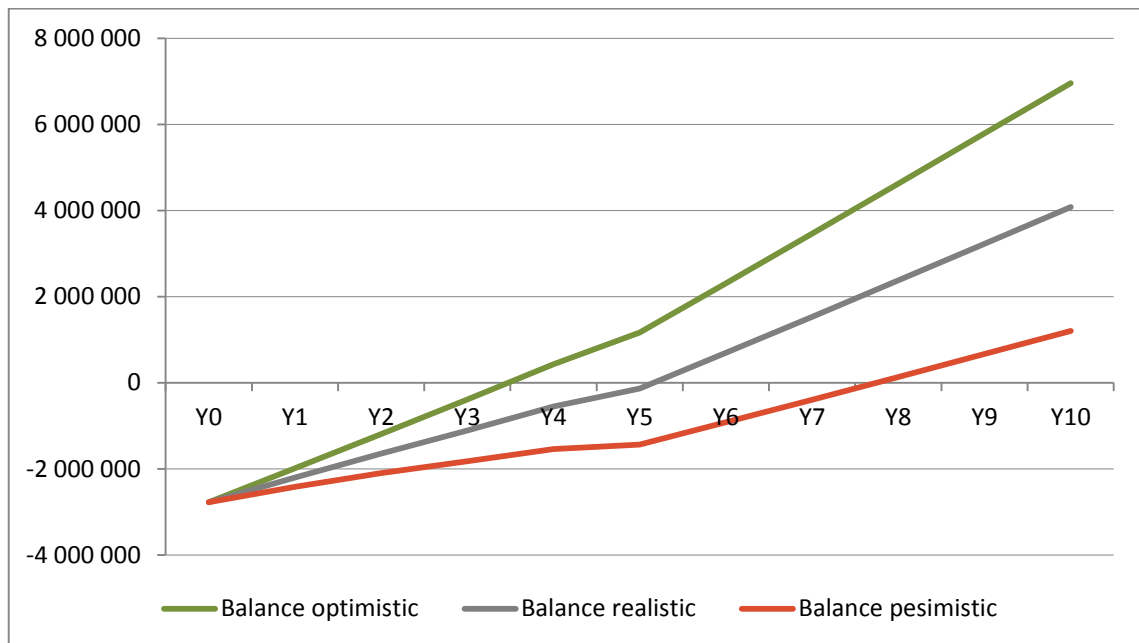
EBITDA – Earning Before Interest, Taxes, Depreciation and Amortization is one of the crucial and most observed company's indicators widely used in world business. Author finds this indicator as the most important because entire project is in progress and many factors are still not 100 % sure. Investors and loan amount are in negotiation and their interests may have bad effects on project perception. The indicator is shown in previous tables as Gross Profit. Regarding to realistic option, EBITDA forms more than one third of initial investment in first year which is positive.

Figure 10 Cash Budget shows payback period. Optimistic payback period is in the end of September in third year. Realistic balance line shows that initial investments will be paid in the middle of fifth season and pessimistic in the eight one.

Author uses net profit and does not consider depreciation (adds value of depreciation to net profit after tax) for the payback calculation purpose. Second and fourth year were calculated as average value between previous and following year because it is expected that changes will be implemented fluently.

Although author believes that profit will be steadily rising after fifth year, he uses same profit as in fifth year for the rest of the project to eliminate overvalued expectations, to include rising wages' level and expenses. Company regarding to expected results should not have problem with liquidity of the company due to season tickets, multi-tickets and membership fees which must be paid in advance to be valid.

**Figure 10 Cash Budget prediction for 10 years**



Source: own elaboration

The numbers of possible visitors were thoroughly considered but on the other hand there is no such a business in planned locality or even in MSR to be easily compared and verified. This creates a risk which might take the business trustworthiness down otherwise the indicators look quite positive and have nice potential in the future.

### 3.8 Project evaluation and risks

In this chapter author summarizes output from internal, external and financial analysis to be able to find Strengths, Weaknesses, Opportunities and Threats of the projects and thus draw SWOT matrix.

Every point is classified according to its weight in way that the each section equals 1. Subsequently, the points are evaluated from 1 (the lowest satisfaction) to 5 (the greatest satisfaction) in sections of strengths and opportunities and from -1 (lowest dissatisfaction) to -5 (highest dissatisfactions) in sections weaknesses and threats. At the end, the outputs are matched together from external and internal environment and the strategy is designed.

**Table 14 SWOT analysis**

<b>Strengths</b>	<b>Wight</b>	<b>Mark</b>	<b>Eval.</b>
S1 Unique product	0,2	4	0,8
S2 Complexity of the service	0,1	3	0,3
S3 Contact to freestyle community - volunteers and fans, immediate feedback accessibility and celebrities	0,2	4	0,8
S4 Locality	0,2	3	0,6
S5 Region knowledge	0,05	2	0,1
S6 Management's interest in acrobatic sports	0,1	5	0,5
S7 Engagement of relatives and close friends	0,05	3	0,15
S8 Low operating costs	0,1	5	0,5
<b>Total</b>			<b>3,75</b>
<b>Weaknesses</b>			
W1 Poor track record	0,25	-4	-1
W2 Lack of asset security	0,2	-3	-0,6
W3 Own insufficient financial resources	0,25	-2	-0,5
W4 Engagement of relatives and close friends	0,1	-3	-0,3
W5 New company without tradition	0,1	-4	-0,4
W6 Seasonality	0,1	-2	-0,2
<b>Total</b>			<b>-3</b>
<b>Opportunities</b>			
O1 Growing market – World boom of outdoor sports	0,25	4	1
O2 Park extension	0,1	3	0,3
O3 Attractiveness for media	0,15	3	0,45
O4 Growing Czech economy	0,1	2	0,2
O5 Endowments	0,2	3	0,6
O6 Low competition	0,2	4	0,8
<b>Total</b>			<b>3,35</b>
<b>Threats</b>			
T1 New entrants	0,15	-2	-0,3
T2 New substitutes	0,25	-4	-1
T3 Long distance from other Czech regions	0,05	-2	-0,1
T4 Pollution in MSR	0,05	-3	-0,15
T5 Unpredictable customers' behaviour	0,3	-4	-1,2
T6 Dependent on weather conditions	0,2	-2	-0,4
<b>Total</b>			<b>-3,15</b>

Source: own elaboration

From SWOT analysis follows that company should focus on strategy SO and use its strengths to fully utilize upcoming opportunities. It is obvious that company will provide very unique and interesting service in the region which must be continuously

developed and reflect requirements of future trends to stay competitive and attractive for people.

Contacts to freestyle community and management’s personal involvement in acrobatic sports make crucial condition for freestyle community formation. Company will communicate with target group and try to do the best to become one unit. It is extremely important especially in this field because community can create significant competitive advantage which might eliminate new entrants. Freestyle fans and athletes might also bring important ideas and substantially help with park development. Considering to author’s experience several similar projects are actually based on volunteers help and park’s self-help.

Company also expects to support its AdrenalTeam which might bring substantial financial resources from endowments or grants provided not only by government but also by municipal authority or by association of regional development.

### 3.8.1 Risk management

Although company’s strategy is supposed to be based on strengths and opportunities, its success significantly depends on many risk factors. That is why company must take them into account and suggest possible measures to reduce or eliminate their impact. Author defines several risk factors which follows especially from internal weaknesses and external threats of the company and matches them with adequate measures. Each factor is evaluated according to its impact on company from 1 (lowest impact) to 5 (highest impact) and according to its probability from 1 (lowest probability) to 5 (highest probability). Finally author counts the total risk which is shown in last column.

**Table 15 List of Risk Factors**

<b>Risk factors</b>	<b>Measures</b>	<b>Imp.</b>	<b>Prob.</b>	<b>Risk</b>
Legislative changes	Monitoring of macro environment	3	2	6
Wrong decisions of management	Consultations with specialists	4	3	12
Lack of customers interest	Increasing promotion	4	4	<b>16</b>
Changing customer’s requirements	Market and trends monitoring	2	4	8
New entrants, new substitutes	Service development and close contact with community	3	2	6

Default on budget and inability to repay interests	Financial reserves-making	4	2	8
Freestyle community disinterest in company's operation	Face-to-face contact with freestyle community	3	3	9
Employees disinterest in company's profit and contradictory priorities	Teambuilding activities or turnover	4	3	12
Strategy mistakes	Regular evaluations and corrections	4	3	12
Health injury or property damage	Insurance	4	2	8
Unsuccessful land negotiation	Location changes	3	5	<b>15</b>
Unpredictable weather conditions	Sales promotion – to reduce seasonality	4	4	<b>16</b>

Source: own elaboration

From the previous Table 15 follows that potential customer's lack of interest might be considered as one of the highest risks of the project. It follows mainly from the fact that nobody can exactly predict number of visitors because there is no such a facility in the region especially considering acrobatic section. Company will spend substantial money on promotion every year to eliminate that risk and to secure attractiveness of the park and its image.

Although company has quite experienced representative in negotiation with authorities, the success is not guaranteed. Negotiation with municipal authority may delay whole project, change initially estimated financial conditions or thwart plan on location. Author personally believes in successful agreement making due to public beneficial effects of the facility, fitting location and close contacts on people from municipal authority. AdrenalPark might also consider location change to town suburb in case that required conditions by municipal authority would significantly and negatively affect plans of the company.

### 3.9 Timetable

This is the last section of the business plan which includes list of activities in a timetable that reveals activities necessary to do before park opening and their approximate time demands. Timetable is presented in table for better coordination and clarity of the project realization.

**Table 16 Timetable**

Activity	2014	2015						
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Company formation – Documentation, Company registration, Money deposit								
Project documentation elaboration								
Land rent negotiation with municipal authority								
Planning and construction permission issue								
Building implementer selection								
Construction realization, building operations								
Final inspection /approval – registration into land register								
Promotion, advertising campaign before park opening								
Agreement on bar operation with ext. operator								
AdrenalPark Opening ceremonial								

Source: own elaboration

Table 15 shows optimistic prospect on timetable of company’s activities before park opening in 2015. Timetable is organized to catch the beginning of July when the top season is expected to start. Considering the risks of the project there is probability of project delay which might have impact on company’s further profits. In case that delay exceeds one month, company will postpone park opening to the beginning of next season (March 2016). According to actual situation company may think through third option of partial operation, i.e. climbing section operation etc.

## Conclusion

The initial goal of the thesis was to write a detailed business plan for adrenaline and acrobatic park formation and subsequent operation based on deep theoretical knowledge and strategic analysis.

Considering the goals of the thesis, author began with theoretical topic study which was very helpful to get general picture of the business plan and its importance. Author was subsequently able to start writing business plan with strategic analysis of business environment.

SLEPTE analysis of external environment revealed that economic situation in CR is expected to be stable or slightly grow in near future. Although there are still quite long bureaucratic processes for company formation and operation, business environment reported certain improvements in this area. One of the significant changes is numbers of taxes paid by company (one third less than in 2010). Author considers technological progress in recording equipment and social networks as great opportunity for easier promotion and better athletes' engagement.

Questionnaire survey conducted as part of marketing research, revealed fundamental and very interesting findings. More than 65 % respondents showed interest in park visitation. Climbing section initially perceived as secondary service is supposed to be one of the greatest park attractions and generate substantial revenues.

Competition is one of the crucial factors for business strategy design. Porter's analysis revealed overall low competition in region considering the fact that there is only one direct competitor more than 500 km far away and only few indirect ones. On the other hand there is quite high bargaining power of customers according to low number of park visitors.

From trend analysis followed that people changed perception of sports. Nowadays sport means not only physical and psychical activity but also lifestyle, fashion and form of socialization.

Business plan showed complete project description including both product and company specification where author developed initial vision into complete and detailed form of business. Moreover author in this chapter disclosed 3D visualizations of the park. Marketing strategy follows from target group, results from analytical part and includes marketing mix description.

Financial plan is fundamental part of the document. Results showed project profitability and payback period in 5<sup>th</sup> year of operation (in realistic point of view). Each annual balance was recalculated in optimistic, realistic and pessimistic point of view to simulate weather conditions' fluctuation and dependence on customers' turnout. EBITDA forms in first year of park's operation one third of total initial investments.

SWOT analysis summarized findings from previous analysis of internal, external environment and business plan. Its evaluation referred to the strategy of strengths and opportunities of the project which is recommended to be accepted by the company. AdrenalPark should profit from its unique service, location in lucrative area and overall low competition in region. Core of the company's strategy is the goal to build strong freestyle community and become their base.

On the other hand associates should not ignore weaknesses, threats and risks of the project. It is absolutely essential to continuously monitor both adrenaline and acrobatic world trends to stay attractive for people and satisfy their changing needs. If company meets planned budget and entire plan after all, depends primarily on future success in negotiation with municipal authority and investors.

Initial goals of the thesis were successfully achieved. Author found out how to write a business plan and got the overview of the business which has nice potential. Realization of the project depends now on personal resoluteness and enthusiasm of both associates.



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## Appendices

### Appendix 1 Tables of main indicators

**Table 17 Main indicators' overview**

		2010	2011	2012	2013	2014	2015
						Current prediction	
GDP	Growth in %, constant prices	2,5	1,8	-1	-0,9	1,7	2
Household expenses	Growth in %, c.p.	0,9	0,5	-2,1	0,1	0,6	1,5
Government expenses	Growth in %, c.p.	0,2	-2,7	-1,9	1,6	0,8	0,7
Gross fixed capital creation	Growth in %, c.p.	1	0,4	-4,5	-3,5	2,7	2
Deflator GDP	Growth in %,	-1,6	-0,9	1,6	1,9	1,8	1,7
Avg. Inflation	%	1,5	1,9	3,3	1,4	1	2,3
Employment	Growth in %,	-1	0,4	0,4	1	0,2	0,2
Unemployment	Avg. in %,	7,3	6,7	7	7	6,8	6,6
Wages capacity	Growth in %, general prices	0,8	2,2	1,8	-0,9	1,8	3,5

Source: Ministerstvo financí ČR (2014)

**Table 18 Population growth**

	2010	2011	2012	2013
Total increase in population	25 957	18 714	10 680	-3 706
natural increase in population	10 309	1 825	387	-2 409
Total increase in population in MSR	-4 153	-4 092	-4 011	-4 770
natural increase in population in MSR	-194	-1 577	-1 361	-1 681

Source: ČSÚ (2014)



## Appendix 2 Competition overview

**Jumpark** (Facebook, 2014)



### **Park description:**

Park for adrenaline and acrobatic sports training, especially for freestyle skiing and snowboarding. There is also Skimboard lane built for surfing on thin layer of water.

### **Provided service:**

Ramps: two kickers to the foam

Rails: two rails

Trampolines

Additional activities: Skimboard lane, beach volleyball,

### **Prices:**

Day                    100 – 300 CZK

## Bigair.cz Nový Hrozenkov



### **Park description** (Freeride.cz. 2014):

BigAir is Freeski/Snowboard/Skate playground for young people from all over the middle Europe who would like to progress in their hobby in peaceful atmosphere surrounded by people in a good mood. It is also said that the jump to the water for skiers and snb in the park is the best in CR.

### **Provided service:**

Ramp (kicker) - three inruns, two jumps into the water - Beginner, Advanced, Pro

Rails – Three types – Flat down box, flat box and straight rail

Chill zone – grill under the roof, sound system

Eurotramp Trampolines

Additional activities:

Skate mini ramp 7 m x 9 m x 2 m – one side two extensions

Golf course, Crocket, Slackline

Indoor board

Cottage for accommodation – sleeping bags 130 CZK, sheeting 150 CZK

Equipment rental

### **Prices:**

Ramps:

One day	350 CZK / 15€
½ day (max 2 hours)	250 CZK/ 10€
2 Days	600 CZK / 25€
10 days	3000 CZK / 125€ (valid for more people)
Seasonal ticket	5000 CZK / 210€ (just for one person)

## Acrobat Park Štítý



### **Park description** (Freeride.cz . 2014):

The biggest and the most modern park for freeskiing, snowboarding and aerials in Europe.

### **Provided service:**

Ramps: Two big ramps into water, 6 different kickers into water, for all categories from beginners to professionals

Rails: Two above water

Trampolines - Profi-trampolines - sunken

Fitness, wellness s whirlpool a sauna

Additional activities: beach volleyball, petanque Jump diving

Complete facilities - Changing rooms, WC, equipment rental, restaurant, children's playground, accommodation

### **Prices:**

Off season: Seasonal ticket 10 000 CZK

½ day 250 CZK

1 day 340 CZK

2 days 645 CZK

Top season (10th June – 22nd October)

½ day 290 CZK

1 day 390 CZK

2 days 760 CZK

Web: <http://www.acrobatpark.com/>

**Freejump:**



**Park description** (Freeride.cz . 2014):

Freestyle Park with jump to the water, trampolines and rails in location near Prague.

**Provided service:**

Ramps: One kicker into water

Rails: box, rocker box, rail

Trampoline

Bar - Free-D

Equipment Rental

**Prices:**

1 day 200 CZK

Season ticket 2000 CZK (till 2nd July) 3700 CZK

Web: <http://freejump.cz/>

## Harakiri Water Jump



### **Park description** (Freeride.cz . 2014):

Park in the mountain town called Železná Ruda on borders with Germany. Ramps are located on the ski slope in ski areal Samoty.

### **Provided service:**

Ramps: one kicker into water

Trampolines: Sunken trampolines

Pension, grill, Two pubs

Additional activities: foot tennis, tennis, 17 m slackline

Equipment rental:

### **Prices:**

1 day 150 CZK

Season ticket 2000CZK

Web page: <http://www.hgang.estranky.cz/>

## Appendix 3 Questionnaire

### Adrenalin/Acrobatic Park

**1. Pohlaví**

(Sex)

- Muž  Žena

**2. Věk:**

(Age)

**3. Nejvyšší dosažené vzdělání:**

(Education)

- |   |  |
|---|--|
| <input type="radio"/> Základní            | <input type="radio"/> Bakalářské             |
| <input type="radio"/> Střední s maturitou | <input checked="" type="radio"/> Magisterské |
| <input type="radio"/> Střední s vyučením  |  |

**4. Město bydliště:**

(Living place)

**5. Jak často se věnujete sportu (nezáleží na typu)?**

(How often do you do any sport activity?)

- |  |  |
|--|--|
| <input type="radio"/> Několikrát do týdne  | <input type="radio"/> Několikrát do roka |
| <input type="radio"/> Několikrát do měsíce | <input type="radio"/> Vůbec              |

**6. Jaké jsou vaše měsíční výdaje v oblasti sportu (Půjčení vybavy, vstupné, servis... nezohledňujte výdaje na vlastní vybavu!)?**

(How much do you spend in sport monthly (service, entrances, rents etc... excluding own equipment expenses)?)

- 0-200 Kč
- 200-500 Kč
- 500-1000 Kč
- více než 1000 Kč

**7. Které z následujících zázemí pro adrenalinové/akrobatické sporty Vám osobně v okolí (cca 40 km) nejvíce chybí?**

What adrenaline/acrobatic sport facilities do you miss the most in your surrounding (ca. 40 km)

- |   |  |
|---|--|
| <input type="checkbox"/> Trampolíny             | <input type="checkbox"/> Highline/slackline                                |
| <input type="checkbox"/> Skoky z můstku do pěny | <input type="checkbox"/> Bungee jumping                                    |
| <input type="checkbox"/> Bouldering             | <input type="checkbox"/> Umělá vlna na surf                                |
| <input type="checkbox"/> Skatepark              | <input type="checkbox"/> Lezecká stěna                                     |
| <input type="checkbox"/> Bmx, Dirtbike park     | <input type="checkbox"/> O adrenalinové ani akrobatické sporty nemám zájem |
| <input type="checkbox"/> Downhill               | <input type="checkbox"/> Vlastní odpověď: <input type="text"/>             |

**8. Měli byste zájem o návštěvu Adrenalinového centra, kde by se nacházely skoky z můstku do pěny, lezecká stěna, trampolíny či zázemí pro podobné adr. sporty?**

(Would you be interested in visitation of Adrenaline Park where jumps to the foam, climbing wall, trampolines or other similar sport facilities are?)

- Ano
- Spíše ano
- Spíše ne
- Ne