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**Czech
University
of Life Sciences
Prague**

Bachelor Thesis

Business Plan for a Chosen Business

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BACHELOR THESIS ASSIGNMENT

Azaliia Chudnovskaia

Business Administration

Thesis title

Business Plan for a Chosen Business

Objectives of thesis

The primary goal of my thesis work is to explicate all the integral steps and facts of the profitable business plan and to make it productive.

The thesis will consist of two parts. The first one will be mainly theoretical about the basic principles and items of the business plan. The second part will be regarding the business plan idea found on the first section kept up all beneficial results from researches.

Methodology

I will analyze the existing literature to collect data for my thesis. Moreover, there will be provided an interview with the manager of the hotel to discover the inner structure of the hotel management. In my work will be used market analysis, competitors research, survey of hotel guests to observe the main complaints, financial analysis which consists of industry comparison, profitability analysis of this kind businesses to assess the income capability of the hotel, SWOT and PEST methods of the future business plan to reveal its strengths and weaknesses.

The proposed extent of the thesis

40 – 60 pages

Keywords

Business plan. Business idea. Financial plan. Management plan.

Recommended information sources

Anatomy of a Business Plan. 2008 Linda Pinson. ISBN 0-944205-35-6

How to Buy and Run a Small Hotel. 2007 Ken Parker. ISBN: 978-1-84803-038-1

How to Buy and Run Your Own Hotel. 2008 Mark Lloyd. ISBN 978-1-84803-265-1

How to prepare a Business Plan. 2008 Edward Blackwell. ISBN 978-0-7494-498-0

Starting a Successful Business: Start Up and Grow Your Own Company (Business Enterprise). 2008 Michael Morris. ISBN 978-0-7494-5105-9

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Declaration

I declare that I have worked on my bachelor thesis titled "Business Plan for a Chosen Business" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on _____

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Business Plan for a Chosen Business

Abstract

The bachelor's thesis deals with the creation of effective and profitable business plan for running a hotel. The work is constructed of theoretical and practical parts to provide sufficient and relevant information to create a useful business plan.

The theoretical part of the thesis describes the foremost concepts of the business plan according to the hypothetical side, as the examination of literature sources is made. While the practical section consists of demonstrative information, using surveys and financial analyzes to finally reveal the best options for business plan preparation and present its designed parts.

Keywords: Business Plan, Financial Models, Management Plan, Hotel Industry, Financial Analysis.

Podnikatelský plán pro vybraný podnik

Abstrakt

Bakalářská práce se zabývá vytvořením efektivního a výnosného podnikatelského plánu pro provozování hotelu. Práce se skládá z teoretické a praktické části, aby poskytla dostatečné a aktuální informace pro vytvoření užitečného podnikatelského plánu.

Teoretická část práce popisuje nejdůležitější pojmy podnikatelského plánu z teoretického hlediska, k tomuto bylo použito řady literárních zdrojů. Praktická část propojuje konkrétní informace. Pomocí průzkumů a finanční analýzy nakonec jsou identifikovány nejlepší možnosti pro přípravu podnikatelského plánu a jsou představeny jeho návrhy.

Klíčová slova: Podnikatelský Plán, Finanční Modely, Plán, Hotelnictví, Finanční Analýza.

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1 Introduction

Throughout decades people were becoming more convinced in the necessity of planning on every stage and sphere of life. Economic actions pursue concrete goals and have a strategy. It does not matter if they are directed to a small enterprise or to a worldwide economy. Planning is an integral component of a modern economy which deals with the problems of efficient use of scarce resources in order to maximize the satisfaction of the material needs of society and achieve business goals. Current business area is working under incremental difficulties, uncertainty, rough dynamics of the external environment and terms of an alleged stability.

World experience shows that the majority of companies suffers from losses due to the fact that they did not anticipate possible changes in the external environment or did not fully assess their capabilities, exaggerating own facilities. Accordingly, the role of forecasting and strategic vision is soaring. Business plan is a leverage for increasing the chances of success of ideas or projects in any scope. It is a possibility to actively develop an entrepreneurship with a minimization of failures.

Nowadays there are millions of experts across the world in the specific industries. Some of businesses succeed and others fail. It is impossible to conclude that the reason of their failures is only a business plan with a wrong concept, however, it is the most common issue, which leads an entrepreneur to the false direction from a very beginning of planning a future business. Even though a person could be a pro, there is always a question of writing a winning business plan. Currently, a business plan is a mandatory document for obtaining investments, justifying the feasibility of a particular activity of enterprises, their reorganization and restructuring. Many aspects needed to be kept in mind during the formation of a business strategy. First of all, it depends on if a business plan is only for an internal use or for external, on aims of investors, as you have to make them interested in your project, on your type of business and its lifetime.

In marketing it is believed that the existence of a business plan is one of the tools for increasing the profit and protection your business against unexpected risks and losses.

The business plan has to solve strategic and tactical tasks of the business, regardless its functional orientation. Its aim is to assess the state of the business according the organizational, managerial and financial realms. It analyzes the entrepreneurship's strengths and weaknesses, discloses the potential. Business plan consists of a formation of target indexes of investment

activity for the planned period of time, specific and common details of business functioning in the market, a choice of strategy and tactics of competition, assessment of financial, material and labor resources which are necessary to achieve the company's goals.

The success of the company's activities in the market is influenced by the fact whether the management is able to direct and relocate the available resources in an appropriate way to achieve the goal and use them with a maximum efficiency. Business plan is a systematic and comprehensive planning of a business development in the market conditions which does not require financial spendings but preserves your future capital, eliminates the fact of unexpected bankruptcy due to incorrect operation of a business and provides the full variety of potential actions, steps in unforeseen situations to have a confidence on each stage of company's progress.

2 Objectives and Methodology

2.1 Objectives

The primary goal of the thesis work is to explicate all the integral steps and facts of the profitable business plan and to make it productive. It could be said that the purpose of the bachelor thesis composes of revealing factors, which assist to truly understand your business from its core, generate profits and mainly to claim investors or anyone else that the business deserves attention. The work is connected with the hotel management domain to come out with the outstanding procedure of formation the worthy business plan for a hotel.

The theoretical part intends to present the terminology regarding the business and its concepts, business plan, its use and essential goal. In this section the basics of any business and hotel management will be covered to be able to examine further presented in practical part financial analyzes and conclusions. The interview with a hotel owner will explain real difficulties and show the true experience. It is significant to provide a connection between a successful business and a well-developed business plan to understand the core. The specification of main principles is:

- 1) Brief market analysis of some businesses to figure out the issues of ineffective work or even bankruptcy and to discover the relation to initially failed business plan or its absence.

- 2) Conduction of surveys and financial analyzes of running a hotel, using PEST, SWOT methods, competitors research and profitability analysis to perceive the crucial problems and find approaches to avoid them on a first stage during the preparation of a business plan.
- 3) Make a detailed scheme of a proficient business plan for opening a hotel composed on a preliminary made research.

2.2 Methodology

The given thesis pursues an idea of development a profitable business plan for a hotel according to all fundamental principles and relying on a gathered data performed in theoretical and practical parts. The second section is based on knowledge from the first part with integral financial calculations. It means that primarily all recommended literature is explored and carefully analyzed. Essentially the explanatory technique is used in the bachelor thesis as the research was designed as gathering and understanding the information to solve the problems, perception of collected theory and application it in the future stages. In this work is used a mixed approach of both quantitative and qualitative research methods because the data from further shown interview, statistics from case studies are a part of quantitative research and analyzed literature sources which cannot be presented in a numerical data are a type of qualitative approach.

The theoretical part includes the vital concepts of management a business from the beginning, including a hotel administration realm, which is a secondary data, as it is the information gathered from previous scientific studies. It makes a contribution to eliminate the weak spots in a business plan creation. The main sources applied are specialized books regarding business and its maintaining, academic articles, scholarly online and written research about the successful business plans and corporations for the past decade as our business markets are developing and constantly modifying but the goal, to have a profitable business, stays. Despite the fact that the reports are from the accredited sources, the collected background, such as statistics and figures, is looked over to establish its truthfulness.

The practical part is made of the financial analysis section in an analytical way, which represents surveys of the hotel guests to disclose the common drawbacks and dissatisfaction. Survey is a systematic method of a data collection, which is included in a primary data, as it is an original

information that author collects to answer the research question, it is a way of a statistical analysis. It is designed myself with multiple questions and created for target population of hotels in Czechia in a web or face-to-face modes. The percentage of the satisfied and dissatisfied interviewed guests shows pluses and minuses of the hotel work. As the questioned guests are from various hotels it is possible to reveal a tendency among hotels to keep the same troubles, which are needed to be avoided in the business plan. PEST and SWOT methods to be aware of the possible frail sides and keeping the strengths in the further work are included in the thesis. SWOT analysis is an approach to identify strengths, weaknesses, opportunities and threats of a business. It is an irreplaceable way to remove disadvantages of a hotel and boost all its spheres. The performance of the chosen hotel is presented through this type of analysis, and it is used for further explanation of the successful business plan construction, as it helps to reveal business' advantages and disadvantages. It is an ordinary tool for modern companies. PEST analysis is an opportunity to examine broader the given hotel. It is used for revealing patterns and changes in the market, in my case in the hotel sphere in Europe, especially in Czech Republic, Prague. It studies political, economic, sociologic and technological fields to analyze aspects of the hotel from every possible side and evaluate their influence on it. In this chapter was found a comparison of profitability analyzes of having a hotel business in a specific geographic area of Europe, potential competitors and a real view on the upcoming problems during nowadays occurring for an owner of a hotel, which is located in Prague, as the result of the interview. The financial analysis, using ratio analysis according to the existing cash flow and balance sheet of the last year, is shown to reveal either the hotel's current problems or its successful sides. The last section consists of the elaborate steps, relying on above mentioned research, of making a worthwhile business plan for a hotel. There is a guide of modelling a valuable business plan, which will define your future business, denote pros and cons for you and will convince everyone of a forthcoming success.

2.2.1 Financial models

Financial models with multiple of metrics in each scope is one of the best ways to forecast a business performance in a real world because before starting a business there is various of questions. For constant growth and winning a market competition it is useful to have a constructed modelling, which combines finance and accounting information. Therefore, it is a

vital aspect of a business plan as it contains figures for banks, investors and owner in its turn. It is useful for decision-making in internal and external sides of the company. The projections of the future financial situation are the key to success and requires a lot of practice. The accounting fundamentals are crucial in modelling to represent a real option of upcoming outcome instead of false results.

2.2.1.1 Types of models

A budget is a part of a financial stability due to the efficient management of money, decided objectives, goals and strategies. *To control business operations you must know: what ought to be happening (from the budget and other plans); and what is actually happening (from your management information system)* (Morris, 2008, p. 99). Businesses create a budget to make their future enterprise's performance as perfect as it could be covering many factors including profit, sales, expenses, assets etc. The process of budgeting is the same for all companies, however, every business needs to choose the more suitable budget tactics which fits its work. The most utilized types of modelling are incremental, rolling, static, flexible and zero-base. Regarding the hotel it is a chance to look at it in details, from income to operating costs, plan further expansion or ensure that it will be viable in some decades. It surely needs a proper made market research about customers, their average staying length, frequency of visits and market competitors. For hotel management the rolling budget forecast that updates at the end of every accounting period or monthly could be the most relevant as it keeps open constantly twelve or thirteen-month strategy and it assists on being more accurate. It provides opportunity to be competitive, as it is possible and simple to make budget changes constantly. The enterprise may construct the short-term spending on the anticipated sales levels. Incremental budgeting is more ordinary for predictable cash flows that is used for small and elementary modifications which extensively influence spending and do not require detailed outline of the company's expenditures or productivity. It implies that the past experience could be the basis for future budgeting. The static model is viewed as the most common used method, it is a classic approach of budgeting. The main concept consists of the attempt to align as much as possible real financial results of the company with the created for this year expected outcomes. The flexible budget is a way to compare real outcomes with planned costs. It is probable to have various levels of sales data with numerous expenditures for matching entered sales with planned expense tiers. The last one

is zero-base model which allows to satisfy clients' needs and mainly used for service-based companies. In this case management has to set goals and be able to interpret their relation to future expenses. With a comparison with some others financial models, it is one of the most time-consumable approach.

Models differ from each other by multiple factors. By the main goals, by approaches to conduct finances, by measurements of success and priorities. Financial model has the direct impact on all company's performance. To create one of the models, it is needed to measure risks as they are part of any financial prediction, be a person with creative and critical thinking because it helps to imagine majority of all possible situations for proper predictions and determine the right approach for the enterprise.

2.2.2 Financial analysis

Financial analysis makes an assessment of company's performance and give suggestions on how to improve it. It helps an enterprise to go forward with a certainty of its further success. This analysis use accounting period and financial information to match and compare them. It evaluates key businesses' criteria to determine the level of stability, market value, suitability, profitability and liquidity.

Financial analysis involves analyzing financial ratio and cash flow measures of the operating, financing, and investing performance of a company relative to either key competitors or historical performance (Palepu & Healy, 2013, p. 9).

A financial ratio or accounting ratio is a relative extent of two chosen values taken from a company's financial statements, such as from cash flow statement or balance sheet. It is a common tool in accounting among others multiple ways of evaluation the finances of the enterprise to define its condition. Financial ratio analysis is used for future solutions of problems occurred or to avoid upcoming issues and for detailed interpretation of the financial data for external and internal users. There are different types of financial ratio analysis exist. They show the comparisons through some time and among various industries.

Important as it is to understand the economic perspectives, it is ultimately the role of the financial analyst to condense this information into an asset valuation estimate. The key question for investors is whether the market is correctly pricing the assets of an industry or of a company (Vogel, 2020, p. 35). Thanks to thorough financial analysis, it is either possible to reveal some

covered up losses from the internal and external users, which can affect the business' status on the market in an unfavorable way, or find out about hidden obligations, such as debts, liabilities or other duties under any loan document.

There are formulas for calculating different parts of financial analysis. The profitability of the business, it is the surplus of the total income compared to total expenses, can be known from the formulas of gross margin, return on total assets, operating margin ratio and return on equity, that show the operating efficiency, the company's profit after paying cost of goods sold and the use of assets and equity.

$$\text{Gross margin ratio} = \frac{\text{gross profit}}{\text{net sales}} \quad (1)$$

$$\text{Return on total assets ratio} = \frac{\text{net income}}{\text{assets}} \quad (2)$$

$$\text{Operating margin ratio} = \frac{\text{operating income}}{\text{net sales}} \quad (3)$$

$$\text{Return on equity ratio} = \frac{\text{net income}}{\text{shareholder's equity}} \quad (4)$$

For calculation of a company's liquidity, to know if the company is able to pay short-term and long-term obligations, it is needed to use these ratios:

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}} \quad (5)$$

$$\text{Cash ratios} = \frac{\text{cash+cash equivalents}}{\text{current liabilities}} \quad (6)$$

$$\text{Operating cash flow ratio} = \frac{\text{operating cash flow}}{\text{current liabilities}} \quad (7)$$

The assessment of a business' debt extents is provided through the leverage financial ratio, which evaluates the ability of a company to deal with is financial obligations:

$$\text{Debt ratio} = \frac{\text{total liabilities}}{\text{total assets}} \quad (8)$$

$$\text{Debt to equity ratio} = \frac{\text{total liabilities}}{\text{shareholder's equity}} \quad (9)$$

$$\text{Interest coverage ratio} = \frac{\text{operating income}}{\text{interest expenses}} \quad (10)$$

2.2.2.1 SWOT and PEST analysis

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. A SWOT analysis is an in-depth examination of key factors that are internal (strengths and weaknesses) and external (opportunities and threats) to a business (Pinson, 2008, p. 33). During this analysis person has to be realistic and reveal all disadvantages of the business and its strongest competencies because it could be used as a guide. It requires an examination of internal and external factors, such as brand name, employees, business assets. They stand for strengths and weaknesses, while a marketplace and its fluctuations, connected to opportunities and threats. It means that it consists of two main analytical parts out of four steps, which are gathered in the acronym. SWOT has been around for decades and could lay claim to being the most widely used strategy tool in modern times. It is used by industry, commerce, and charitable and voluntary organizations (Sarsby, 2016, p. 3). To perform this analysis, the objective has to be set and the resources which will be assessed should be gathered. The next step is to concentrate on major risks and the best ideas, the development of a strategic plan is the conclusion of SWOT analysis. PEST is presented by political, economic, social and technological factors which can possibly have an impact on the company nowadays or in the future. It evaluates markets for an exact type of business for better solutions and decisions in the further problems. It goes by steps, the first is political which examines legislative laws. Economic factors are flexible, and it is impossible to obtain some information with a guarantee, but it definitely assists with the approximate picture of a market and consumers, as it goes through inflation, recession, interest rates and unemployment. Demographic factors are looked through in the social part. It helps to realize if the business can be a worthy competitor in the market. The consumer behavior is one of the main aspects here, as the understanding of their needs is the crucial part in selling products or providing services. Population growth, lifestyle modifications, ethnic background, health, social group and education are included in this realm too. Regarding the technological factors, it makes a significant help in information and communication technologies, logistics and production. In the modern world it is precious to use all possible latest technologies because it increases profit, aware people of this business and promote it in the market area.

3 Literature review

3.1 Fundamental basics of business

A business is a legally-recognized entity which provides goods and/or services to the community. It has to be said that making a profit depends on the owner's mind as the organization could be of governmental or educational nature with a dominant purpose to be a support for people. *Forming and operating a nonprofit organization has its benefits. First and foremost, you have an opportunity to make a change in the world. Through your nonprofit, you can accomplish great things that change people's lives* (Pinson, 2008, p. 138). Non-profit companies exist without stockholder, but they have a lot in common with profit organizations. The main difference is that nonprofits pursue a goal of helping either people or the world itself. These fundamentals are the main tool for running a business. First of all, it is crucially to know how to work with data and where to apply the obtained knowledge. It is the only way to get answers with a fully certainty of their veracity and to solve emerging issues without significant losses. Even a recruitment of the employees, to rely on them in future affairs, requires a proper data analysis. To launch a business - it is essential to conduct research of a marketplace and possible competition, make a financial examination of the firms on the exact realm. Data analysis includes diagnostics, decision-making and prediction of an approaching situations. Key concepts of economics are a basis for any organization as they drive the company into the right direction. Having a realization of the commerce simplifies work of an executive and gives more chances to succeed in a chosen area of trade, as the buying and selling finished or unfinished products or services have much more hitches than it looks like. It is a common mistake to be overly confident in own skills, neglecting advice of co-workers or trainings to boost knowledge. The owner of a company has to be an executive, who is a well-qualified specialist with a thorough preparation in advance, leadership skills, strategic and creative thinking. He should be able to make an action strategy to deal with unexpected changes. Without a doubt it is important to be aware of a world market situation and the global news as everything has an impact on a business. *Furthermore, you should put emphasis on the business and financial skills of your management team: profound knowledge and professional experience in financial accounting, cost management, financing and controlling is essential* (Schwetje, 2007, p. 52). It is one of the

criteria which helps to earn customers, success and dignity among the specific market sphere. The management team shows the quality of the company, its inner performance and appears as the indicator of the further cooperation with it or not.

3.1.1 Business objectives

Some enterprises are essentially short term. Some should continue to be very profitable over a longer period. Some will be slow-growing, and their financial needs can be met out of profits. Others will have to accelerate fast, and they will need further injections of capital on a pre-planned basis (Blackwell, 2008, p. 11). When the owner decides exactly on its company acting, future objectives can be formulated. They may vary from business to business, as the goal of each enterprise is specific and it is influenced by type of an organization, its market scope and long or short-term performance.

Every aspect of a business needs objectives. From these objectives the business can produce a plan, or strategy, which sets out how the objectives will be achieved. The plan needs to be reviewed regularly to make sure that the business is on target to achieve its objectives (Fisher, et al., 2014, p. 21). The objectives of a business are the company's steps, which are set to be reached as time goes by to achieve the specific goals. It means that objectives are certain from an economic point of view, giving the exact numbers of profit or customers in a prospect, and could be based on statistics. They should be known on the stage of a business plan writing. They need to be changed after accomplishment, as the entity is expanding and new possibilities are springing up, but their existence is substantial along all company's work. Before setting the objectives - it is suggested to answer the questions to precisely conceive their purpose and keep in mind the main work of the enterprise to be not misled:

1. What specifically do you sell?
2. Who are your customers?
3. What do you want from a business?
4. Why should people buy from you?
5. How is it possible to make customers feel satisfied?
6. What stages should be passed to obtain the goal?
7. What is the exact percentage of sales do you want to achieve this year?
8. Which factors are an obstacle for the business?

9. Is it real to reach these objectives?

10. Are the set objectives appropriate to the true desires?

After giving responses it is useful to define timeframes for each of the objectives. This process helps to consciously manage the resources of the organization, to have a constant motivation of developing the business. The workers in this case would be clearly explained with their responsibilities and the business will grow without stagnation.

3.1.2 Vision, mission and goals

The vital concept of mission, vision and goals is to set strategy development of a business, define its goals and objectives, inform stakeholders about the performance of a company and its purpose. Before writing a business plan, it is useful to define the strategic direction of the company at first.

Without a doubt, vision has to be attainable and needs to represent a future of the company to know where to direct the actions. It is a future aspiration of a business, based on the mission. *A vision describes the future picture of your enterprise. The vision must be desirable, challenging, but also attainable, otherwise, rather than strengthen creativity within your enterprise, it will cause frustration* (Schwetje, 2007, p. 34). A vision statement should be clear, brief or even could be a tag line to provide its intention to the world in the most understandable way and encourage the creativity of the organization workers. It should inspire not only employees, but even customers and stakeholders. It is a good way to create a team which share the views of the company, as it increases productivity, has a positive impact on profit, improves company's performance in a market and gives advantages over business competitors. *Without visions enterprises, as a rule, fail at the slightest signs of change, or they decline into destructive compromises* (Schwetje, 2007, p. 34). A sense of vision leads to the successful maintenance of a company and minimizes future problems.

A mission states the company's purpose and a reason for being. The role of the business and its motives for existence are explained by mission. The absence of an adequate purpose of the company is a widespread reason of failure. Especially nowadays, when the world is changing, many businesses are under pressure, but everyone still wants to make money, it is needed to set a decent strategy, as it will work in the future by assisting the entrepreneur. An organization mission is based on the past and present, it identifies business and its values, strategies. *Apart*

from the description of the original business purpose and the strategic direction, you should also formulate your company values. They give an insight into your enterprise culture and show how you intend to work together with those who are interested in your company (Schwetje, 2007, p. 35). A mission statements are longer than vision statements because there should be described organization's values. Values are the beliefs of a business which are pursued along all the way from the start. Mission statement also explains the role of a business in a company and tend to make stakeholders to support it.

Together, mission and vision guide strategy development, help communicate the organization's purpose to stakeholders, and inform the goals and objectives set to determine whether the strategy is on track (Publishing, 2010). However, there is one more important point – goals. They could vary from profit, company growth, finding investors to product design adjustments, production efficiency but goals always will be something, that the company would like to achieve. On every layer in company, everything becomes clearer with goals. Specific goals explain actions or roles, rather than direction. While aggressive goals present challenges to the organization and it can set them because of their difficulty to prove its capability. Realistic goals are those, which achievement can be real and feasible. Time-bounded goals helps to make a structure of a work time, they motivate people because through deadlines.

They are all integral parts of a business plan because they simplify the structure of the company performance due to its clarity of business direction and goals.

3.1.3 Value of a business plan

A business plan, in principle, can be seen as a document that commercializes your business idea as a whole towards potential investors and stakeholders. A business plan is successful if you succeed in conveying to the reader the most significant opportunities and growth capacities of your company realistically (Schwetje, 2007, p. 1). It could be added that a business plan can be used as a source to profit for a new or for already existing company which must win competition usually among hundreds of other offers. It should be understandable for readers; the simple language has to be used to describe business as a whole. Due to that, a business plan ought to show a clear idea of the business, its logically constructed future development, briefly explained possible upcoming obstacles because it has to be a realistic picture of a company.

The business plan can be used on several occasions, for example, it is probable either to obtain investors for a new product' marketing or for the development of it. There should be clearly written time frames for achieving the short-term and long-term objectives according to the real world's conditions. One more crucial aspect is numbers, everything in a plan should be reinforced by figures to show more precisely future incomes, losses and profit or even approximately, based on the previous years or similar to that enterprise forecasts. *Every lender wants to know how you will maintain your cash flow and repay the loan (with interest) on a timely basis. Every investor also wants to know also how his investment will improve the overall net worth of the company and help him to achieve his desired return on investment* (Pinson, 2008, p. 2).

The business plan will assist the owner of a company to anticipate possible issues, to not hold false hopes on this business. It is a type of a guarantee which assures that the enterprise will be profitable, however, there is always a chance of bankruptcy, and a risk is an integral part of every business, each person should realize it. *Take the time to write a clear, concise and winning business plan. The success of your business depends on it! One of the principal reasons for business failure is lack of planning* (Pinson, 2008, p. 2).

3.2 Introduction to the hotel industry

The hospitality industry, which belongs to the larger business group called the travel and tourism industry, is found within the services sector (Chibili, 2016). It deals with the travelers' accommodation through payment, providing quality place to stay away from home, although locals may use them too. This realm is consistently growing and surely recovering after the pandemic. As it is known, hotel is a complicated system with numerous layers of workers from housekeepers to executives. They need to work harmoniously with each other, creating a high-quality structure.

It is evident that the hotel industry is one of the highest incomes for the majority of countries, the same applies to Czechia. *The travel industry is worth around \$1.6 trillion globally and accounts for one-tenth of the world's GDP* (Ferries, 2022). It boosts economy in various ways and have more pluses than minuses. Furthermore, it could be a source for employment, and it is full of investments. Hotels help the domestic wealth and contribute to the nation's economic growth. Local businesses get promotions through hotel sphere. Due to that, the government and

the public sectors cooperate in fostering this kind of businesses. Enhancement of roads and transportation services in tourism-oriented areas become an obligatory measure from a government side to improve infrastructure and attract more tourists.

Over time, the hospitality industry has continuously grown in line with the overall growth in world economies, but more specifically with the rapid expansion of global tourism. This expansion in travel is expected to continue in the future and may be influenced by certain tendencies (Chibili, 2016). Nevertheless, due to pandemic situation and further economic decline the hotel sector was under the hardest hit among other sectors in the globe. *Following continuous growth from 2009 until 2019, tourism in the EU was among the most affected sectors by the Covid-19 pandemic in 2020. The number of nights spent in EU tourist accommodation establishments in 2020 fell to half compared with 2019* (Eurostat, 2021).

3.2.1 Hospitality sector

According to (Eurostat, 2021) *the hospitality represents about 5% of the European GDP. If it is seen together with a tourism sector, then it is the third largest socio-economic activity in the European Union.* There is a difference between hospitality and hotel sectors which has to be known. The hospitality industry is a broad scope which includes a lot of different sectors and is mainly concerned with leisure. *The hospitality industry includes the service organisations that cater to people's needs for food, drinks, and accommodations, as well as recreation, travel and entertainment* (Chibili, 2016, p. 17). All of these fields are customer-oriented and provide various services, as it is any business operating within the service industry. While hotel sphere is solely concerned with the guest accommodation facilities and related services, as was mentioned above. Hotel industry adds much value to the developing hospitality sector, as for tourism too.

3.2.2 Types of hotels

A hotel is a business with its own products and markets, technology and methods, which does not lend itself to easy analysis. It offers several distinct products in varying combinations for sale to many markets (Ingram, 2007, p. 6). Nowadays there are millions of options and variations of hotels to stay in. The variety depends on the world destination and your budget. The most common classifications of hotels will be presented according to (Campbell, 2021). The cheapest option for travelers is hostels. In the most cases they are the dormitory style accommodated

rooms with or without division for men and women. The second known for everyone option is a motel. It has a role to provide a place to stop overnight during the long way trips. One of the popular hotel types are chain hotels which is a combination of dozens or thousands of hotels over the globe. Hilton could be the best example, as it has multiple sole brands, including “Homewood Suites”, “Hampton”, “Embassy Suites” etc. They are similar to inns which are much smaller even than standard hotels. These types of hotels may be managed by a family or an individual, they often have a trend to be a cozy place for their guests, using specific styles. Gaining tendency in the modern world boutique hotels can offer incredible landscapes, as they are always located in the unique locations. Resorts are likely to be all-inclusive, offering everything a person can desire. The last common hotels are convention or conference. The vital goal of them is to provide possibility for large events and meetings.

3.2.3 Czechia hotel sector

The Czech Republic is one of the major tourist destinations because of its numerous castles, chateaus, mansions and historical towns. This country has affordable prices, charm atmosphere and central location in Europe. The capital city is famous for all world due to its architecture and multiple monuments.

Unfortunately, according to (Office, n.d.) the Czech hotels and motel sector had a revenue of around \$1.1 billion in 2020, which is less amount comparing to the previous years. Fewer than 11 million of tourists visited Czech Republic in the pandemic year, it was a fall for approximate 13 million overnight stays. It is 50% loss, if compared to 2019, according to the Czech Statistical Office. Prague was influenced by pandemic in the worst way among the country and Europe. The tourism was 73% and the accommodation numbers are not better at all.

However, it is seen that Czechia is welcoming more and more tourists. The demand for hotels increased and the market is full of competitiveness.

3.2.4 Market analysis of hotels in Prague

The hotel sector in the world has been greatly modified due to new technologies and easy transportation possibilities. *The increasing number of tourists emerged through the last decade in Prague, accordingly, reached nearly 2,4 million visitors in 2021, and it is only from the Czech Republic itself, and 11,4 million is a total number of tourists* (Tourism, 2021). However, it is a disastrous indicator comparing to the last years. It is known that the tourist season has the direct

impact on the hotel sector. The summer and Christmas are the most visited periods during the year in Prague, it means that the spread of tourists is not equal through the year, and these are the most profitable months there. Hotels in Prague are mainly concentrated in the city center, in the Old Town. It is not surprising that offers of hotels are super flexible with various options of services, prices and locations. The variation of the price is fully understandable, as hotels have to ensure their guests with the needed operation and they employ staff to provide services, such as 24-hour reception, regular cleaning or cooking. Moreover, the safety is guaranteed by hotels.

3.3 Structure of a business plan

Despite the fact that there are a lot of types of business plans and each company belongs to specific market, there is a clear structure for any kind of business plans. The description of services, products, business models, the production and corresponding markets should be overlooked. There are several phases of writing a successful business plan.

3.3.1 Cover sheet

The first page of the business plan is a cover sheet. It seems to be the first detail which readers see. Therefore, the extent of its quality, appearance and colors used might be an important detail for interested parties. *The Cover Sheet of your business plan is like the cover of a book. It provides the first impression to the reader of your business plan* (Pinson, 2008). The following material can be assessed on the perception gained from the first page. It shows the company's name, address, phone number, web address (if exists), logo (if the business has it), information about the owners or corporate officers, the issuance of a plan, name of the preparer should be mentioned, number of the copy and the confidentiality statement is optional, as it is used for protective legal measures, it can prevent others from exposing this business plan without permit. The date when the plan was issued verifies that it is up-to-date information inside, otherwise, if the date of the written business plan is about half a year ago, then it could be suggested to rewrite it according to the current situation. It affects primarily the financial data and figures. The logo has to be well seen but not be a distraction from other information. It should better be tied with the company's main goal and easy to remember. There are preferences that the plan should be written by at least one of the owners of the company, otherwise, lenders or investors will not be sure that this business is run by them.

3.3.2 Table of contents

A table of contents will help your prospective lender understand the material you are presenting and also make a statement about you (Hazelgren, 2005, p. 20). The table of contents is an introduction of a business to investors or other users. This part will be fully finished when the business plan itself is done, as an overview of a work. *It needs to be well-organized so that the reader can quickly find information on any aspect of your business* (Pinson, 2008). The main criterion here, is that headings should clearly explain the following paragraph. Looking at the table of content, a reader should quickly and without any effort find the needed section, its page and understand the structure of your business plan by parts. It is possible to use headings from the business plan to construct the table of contents, they can be the same. The size of it and the complexity of headings depend on the business, as if it is a startup company, then it takes in the most cases only one page. However, existing companies have more information to include in the plan, hence, it will be definitely larger.

3.3.3 Executive summary

The Executive Summary is the thesis statement of your business plan. It summarizes the content and purpose of your finished business plan, covering all of the key points. It specifies who you are, what your company does, where your company is going, why it is going where it is going, and how it will get there (Pinson, 2008, p. 22). The executive summary stands for a brief presentation of the business plan, including description of the target market, problems which it solves. It can specify the goal of funding and it assures readers, such as lenders and investors, that this business is financially feasible. This part has to grab attention of the readers no matter what. The executive summary is mainly needed if the plan is written for external purposes. It can be in a format of a Lean Model, as it has not to be specifically long. It can take one or two pages, explaining the vital concepts of the business, its future goals and past performance. As it summarizes the plan, it should be constructed after writing the full work to present well-developed points. The beginning of an executive summary should be started from introductory overview where the main information regarding the company and its goals presented. The next paragraph will be about market opportunity. It can be connected to SWOT analysis data and market research made before to show real future prospects. *Here, you will write the key takeaways that show that you have the potential to grow the business because there are*

consumers in the market for it (Sember, et al., 2022). After that the capital requirements' part is needed only in case of looking for funding to mention details and figures. The same applies for breakdown of use of funds and loan repayment. *The mission statement is a concise description of how you want your company to be viewed by its customers. It also states your company's vision as to future directions toward which it intends to move* (Pinson, 2008, p. 25). The next step is the description of owners which specifies their experience on the exact market spheres, it is called management. Then the mention of the vital competitors of the business, their pros and cons and the related section about company's strong sides, its advantages.

3.3.4 Organizational plan

Organizational planning is the process of defining a company's reason for existing, setting goals aimed at realizing full potential, and creating increasingly discrete tasks to meet those goals (Anon., 2020). It starts with the history of the business, its unique criteria and the specialties of its services or products. The vision, which was mentioned in the previous chapter, should be understood by this moment, as there will be a reference to it in organizational plan. Mission will be a part of this section presenting short statement about the company's purpose. The business model will explain the approaches that company will use to make profit, beginning from offering products to the market, selling them, and terminating by expected revenue streams. The strategy part includes short-term and long-term objectives. The conclusion in a presentation of the business is a SWOT analysis.

The second section in the organizational plan is about products and services. The description of them is the important and integral part, production equipment and all other assets primarily related to the product. A timeline has to be pointed out to explain each process more detailed, such as order of the raw materials, time possibility of storage inventory, shipping etc. Data about manufacturers, distributors and suppliers or service, supplies, depending on the kind of business, ought to be given for readers.

The third part is the administrative plan. *This section of the Organizational Plan will show how your business is put together administratively. It will help you to setup your business so that it will function in an efficient and cost-effective manner* (Pinson, 2008, p. 37). Legal structure, chosen location, management, personnel, accounting, insurance, security and intellectual

property (patents, trademarks, copyright) have to be explained and an external user should have a clear view and understanding of these aspects after this section.

3.3.5 Marketing plan

A marketing plan is an operational document that outlines an advertising strategy that an organization will implement to generate leads and reach its target market (Chen, 2022). First of all, to identify target markets which are created in the frames of demographics, psychographics and niche markets. *Demographics refers to the statistical data of a population, including average age, income, and education. Psychographics uses demographics to determine the attitudes and tastes of a particular segment of a population. Niche markets are a small segment of the population that shares common characteristics, interests, spending habits, etc (Pinson, 2008, p. 47).* The analysis of industry and target market trends help to understand the needs of customers, to be closer to them and adjust products in this case to be more suitable and desirable for clients. *Market research can prevent your company from making erroneous decisions that result in expensive design mistakes in new products, marketing campaigns, and more. Market research has traditionally been conducted through techniques such as questionnaires, polls, surveys, and focus groups (Pinson, 2008).* The next step is to analyze competitors, using special websites and search engine. It is crucial to examine their businesses from the core, starting from the products or services they suggest, ending by their cash flow and income statements from the previous year to look at the financial side. In case of advertisement, it is needed to explore this scope in more details, to reveal business' promoters, ways and platforms which it uses to present their commodities or services.

In marketing plan should be described thoroughly options of gathering customers. Websites' structure, payment and security questions, their maintenance have to be presented. Advertisement strategy plays important role, as the branding, prices' policy, sales approach, including direct sales, direct mail, email, affiliate, reciprocal, viral marketing and promotions. *An advertising strategy is an action plan designed to increase sales of certain products or services, attract new customers, and invite existing ones to make multiple purchases (Cardona, 2021).* One more point is to describe company's presence to public, like providing events, regular press releases and appearance online. This part of the business plan outlines marketing budget, helps to stick to the given strategy.

3.3.6 Financial documents

Business plan financials is the section of your business plan that outlines your past, current and projected financial state. This section includes all the numbers and hard data you'll need to plan for your business's future, and to make your case to potential investors (Fallon-O'Leary, 2021). The main help to run a business comes from financials which take into account cash flow, profit or loss statements, balance sheet and tax returns. It tracks whether the company is profitable, which items are generators of the most profit and otherwise. *Financial statements provide the most widely available data on public corporations' economic activities; investors and other stakeholders rely on them to assess the plans and performance of firms and corporate managers* (Palepu & Healy, 2013, p. 33). In the same extent the owner of a business ought to be aware of its accounting data to regulate its work, productivity and effectiveness. In some cases, this paragraph can tell more than other written chapters due to its reliability, as figured show the reality the company has. It is a numeric summary of the previous two sections in the business plan.

3.4 The relationship between business plan and future success

To that particular moment, the basics and core of the business has been revealed, as well as construction of a business plan and the hotel sector analysis.

The business plan is a guide for the performance of the company, it highlights upcoming possible or unforeseen problems and solutions to them. *A well-thought-out business plan helps you to step back and think objectively about the key elements of your business and informs your decision making as you move forward* (Administration, 2018). It provides information about strengths and weaknesses, which can assist with eliminating gaps on the way to profitable business. The analysis of the competitors gives an opportunity to be on the step above the potential rival and be the best on the market. Additionally, it is the only way to find an investor or lender, to make a partnership or joint ventures because the business plan communicates the main idea of the company, its goals and finances.

To be mentioned, the business plan cannot make the company successful without the efforts of the crew, the owner and permanent observation of each sphere, however, it could guarantee confidence, saving of time and money in the future and facilitating the work process.

4 Practical part

This section of the thesis presents the application of mentioned above approaches to reach a successful business by constructing worthy business plan with all gained knowledge. There will be survey of people who have ever visited any hotel in Czechia, SWOT and PEST analysis of a “Taurus” hotel, first person interview about this hotel and developed parts of a real business plan. The business plan parts for gathering investments will be made for a four-star hotel ‘Olšanka’ in Prague.

4.1 Survey of hotel guests

The provided survey answers the main questions about advantages and disadvantages of multiple hotels among Czechia, which criteria hotel guests would like to improve, which weaknesses are typical for European hotels by their opinion and what are the most consequential suggestions of hotels’ improvement nowadays. The preferences of the customers help to understand their desires and behavior and boost the appropriate parts in hotels accordingly. The following survey includes self-administrated questionnaire, which is related to market research, presents usable, reliable outcomes, that is analyzed and interpreted after the conduction of it by author. The language of the questionnaire presented to targeted group is English, Russian and Czech and it was verified and thoroughly checked by native speakers and back translation. Its answers are analyzed through Excel by the author of the thesis. All data gathered is secured and complied with GDPR (the general data protection regulation) to maintain the confidentiality of materials. Respondents of 115 people in a group were asked to answer the questions regarding their hotel experiences’ stays during the last 3-4 years mainly in Czech Republic and their age was within 20-45 years. The background and sex were not considered, as it did not influence the survey results.

This information is required to analyze the “Olšanka” hotel management, service and other facilities according to a target group discontents to conduct further SWOT and PEST analysis more precisely. The questions were constructed the way that it depends on the answer of Likert scale, if the subcategory will follow to reveal more detailed information on some issue and gather qualitative data. From all categories of the hotels and various price range there were selected ones that are similar to the “Taurus” hotel in price per night, which is 1,499 CZK according to (Booking, 2022), approximate facilities, location etc.

In the following graph the questioned categories and respondents' answers are shown. There are eleven domains in hotels which are evaluated by hotel guests and five possible answers: very satisfied, satisfied, neutral, dissatisfied, very dissatisfied. As it is seen from the graph, the majority of people are mostly 'very satisfied' with the facilities of hotels and in this section exterior appearance of the hotel is the most satisfying criterion (by 88 guests), then goes the security services (82 respondents), the third place is rooms (78 people). In the category of 'dissatisfied' there are 34 people who have complaints about wellness center and 29 disappointed with entertainment in a hotel. While in 'very dissatisfied' section there are again 31 unsatisfied guests with entertainment and 9 persons argued with relation of price and quality, however, it is an insignificant amount from 115 respondents. 15 people are unsatisfied with personnel which is relatively good number comparing to the sample.

It can be concluded that hotels which have spa center have to pay attention to its maintenance, most of the hotels ought to work on their entertainment program, such as evening animation for kids and adults, live music, concerts and even games and on improvement of services. Food and beverage sector is assessed quite well, meaning that it does not require special enhancement. The supervision of a staff is an integral step, as it is the key to success, it has to be improved everywhere, as there is always something to work on.

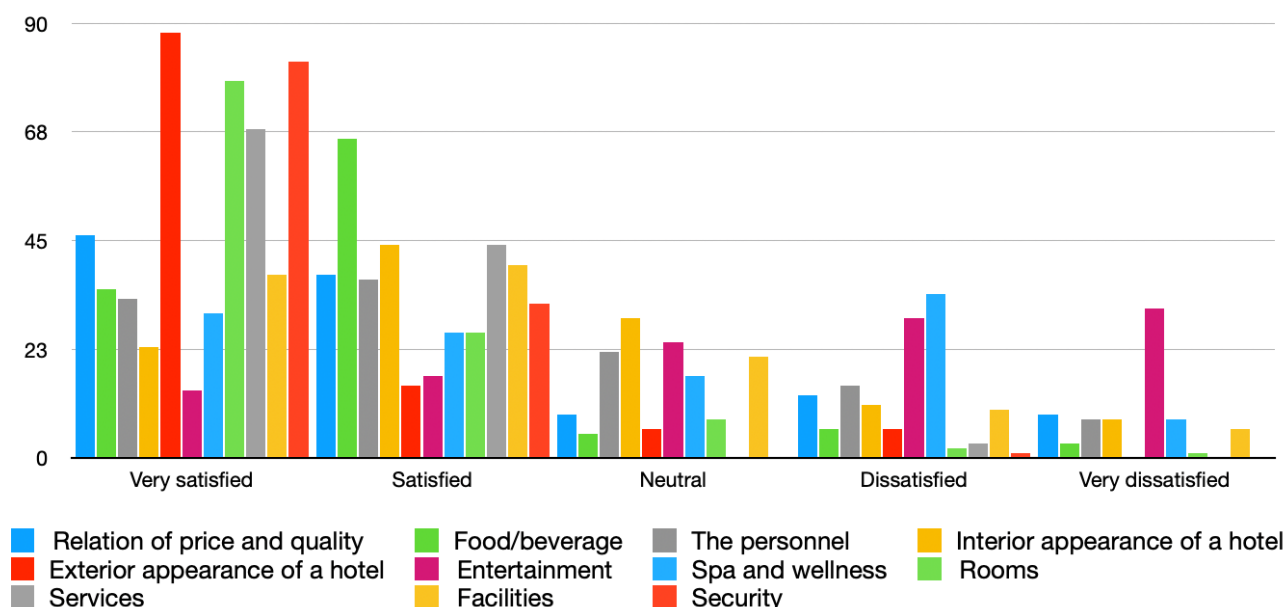


Figure 1. Graphical representation of guests' satisfaction with hotel spheres.
Source: Own creation

4.2 The interview

In the interview of the manager, Jan, of a “Taurus” hotel, there are questions regarding hotel industry and hotel management. The entire interview was conducted in English language in person. In the course of the interview the author presents the main issues and ways of solutions. Regarding the competitiveness in Prague among hotels, Jan gave an expected answer that “it is impossible to avoid the competition when you speak about any kind of business, especially considering the hotel industry, which prevails in every country nowadays” (Jan, 2022). During the conversation it was understandable that competitiveness exists but does not play the vital role in running the hotel, as if the hotel provides the high-quality accommodation, services and pay attention to each guest, then it will definitely succeed and form its own base of regular customers. As it was seen, it is important to monitor thoroughly the maintenance of own hotel, rather than following others, however, it is an obligation to keep constant track of nearby hotels not to fall behind the competition.

Jan said that there are different accountants in administration department who do the bookkeeping, but they do not publish yearly financial statements because it is the small hotel. “Overall, here are about 25 persons working in the personnel, despite cleaning services and waiters, as their quantity changes in accordance with occupancy rates and special occasions” (Jan, 2022) was told by Jan.

He mentioned that there are some frequently complaints about rooms and given facilities, but the personnel and management “try to do their best and please guests to keep the status of the hotel in Prague” (Jan, 2022). He explained a lot of dislikes from people, as they want to have everything included in the highest possible level, even though guests paid and stayed in the four-star hotel, which has moderate prices, provides all real, up-to-date information on the website for people’s awareness. However, the location of the hotel is close to the city center, four stars is a sign of quality and guests can be understood, as they made payment for comfort, to sleep without noise and in the clean area, these drawbacks definitely have to be excluded.

As Jan told me - “we do not have any valid business plan at the moment, as there is no need for it. Hotel does not require any investment or improvements today or at least the owner does not think so” (Jan, 2022).

I was surprised by his thought that business plan is needed only in case of investments during the existing business, while some parts of it could bring benefits to deal with complaints of the guests and even analysis of the current state of the hotel is required to be successful and advancing. I can assume that due to the size of the hotel, that it is not a luxury option, and it is not a part of a hotel chain, the control is not so strict, as it could be and this hotel existence and revenue suit the owner, that is why it is useful to be at the middle level without further development. But in case of improvement, this hotel can be one of the best in Prague, as its location is quite satisfying, metro station in 4 minutes, meals are available at the property, groceries and a shopping center nearby, and prices are affordable for the majority of people.

4.3 Executive summary

The concept of the hotel “Olšanka” located in Prague is mainly concentrated on wellness amenities and congress meetings, it is in the group of convention or conference hotels. Its main role to have glad guests and stay in constant demand, to be a unique place among hotels and attract visitors. The development of infrastructure and multiple improvements are seen throughout all years of existing. It provides comfortable accommodation from 1,092 CZK per room according to (Anon., n.d.)

It is possible to have meals at the hotel, conduct meetings at the congress rooms, relax at the wellness center and have multiple exercises in the sport center. The detailed information can be found on the website of the hotel.

The date of a foundation is 14th of December 2000. The start of the company’s activity is 1st February 2001. During these years multiple upgrades have been made. There are 253 rooms, from standard to luxury and family apartments. Restaurants and terrace are available for hotel and other guests during the whole year. Congress halls and meeting rooms take 3500m², while may contain about 1300 delegates in 16 places altogether and up to 600 delegates in one room. A city center is located in 10 minutes ride. The tram and metro stations are within a walking distance.

Regarding the market opportunity, the advantage of the “Olšanka” hotel is a concentration of all facilities in one place, including wellness and sport centers. Furthermore, the relation of price and quality is on the highest level, and it surpasses other hotels.

The competition is getting stronger due to higher demand on hotel accommodation after Covid-19 pandemic, as people began to travel with resumed desire to see the world, and 2022 events, when people across the globe started to need housing.

The improvement of the main restaurant “Symfonie” together with high-quality advertisements and internet promotion of the hotel, using marketing tools, can give a win-win opportunity. It will be the primary goals of making a business plan for implementation these ideas.

The amount of expected costs, including purchase of material, equipment, salaries of workers, utilities and advertisement is 5,185,000 CZK. The owner will cover total costs during the next 6 years by paying a monthly 7% (approximately 90,965 CZK) interest rate from a profit directly to the investor on the agreed conditions. Within a year investor receives 1,091,580 CZK, in a five-year period the investment will be fully covered and in the next two years the investor will gain 2,183,160 CZK. The approximate profit from a restaurant according to the previous months was 11,139 thousand of CZK, according to calculations it has to be increased by 40% from profit of the main restaurant and make 15,594.6 thousand of CZK within twelve months. The expected profit will be increased in the following months by gathering popularity and trust among people, which will give a chance to fill up all the capacity of the hotel.

The restaurant after modernization will be a place for eating and the first site for kitchen shows in Prague and further events. The data stated by financial report of 2021 (Anon., 2021), shows that the contribution of the restaurant was 13.99% to the total revenue of the hotel even in the pandemic conditions, which means that it will be increased and will become almost a quarter of the total income.

The repayments will begin from the third month from taking money from an investor, as this period of time has to be enough to make improvements in the hotel and start gathering first profit to cover investments.

Temporary workers for renovation of the restaurant appearance and modernization for 2.5 months, permanent personnel to work during the longer shifts, and invited celebrities twice per month, as a popular chief or musician to carry an event, have to be hired. The current marketing manager will employ an SMM-team for promotion of the hotel on a permanent base.

4.4 Vision, mission and goal

“To be the best memorable experience for guests” – it is the mission statement of the hotel “Olšanka”, which explains the stable motivation and desire to succeed and be the best on the market. The employees share this will and the guests prove the reliability of these words, as the staff maintains the quality of each sphere from gym to restaurant on the high-level, due to their qualifications. We get feedback and appreciate every customer.

The vision statement is “Be a place number one for people to stay in and rest”. That is why the restaurant is needed to be improved, as the world is changing, and we have to be on the same pace. By modernizing this area, the hotel will get to a new stage.

The goal is to satisfy the guests and customers by constant development, modernization and increasing the qualification of workers hand in hand with rising revenue.

4.5 Representation of a business idea

4.5.1 Description of the business

The hotel “Olšanka” is a profitable business with an opportunity to significantly increase its revenues and raise number of guests and their satisfaction by proposing new activities.

The hotel is suitable for business purposes, special events, dinners, relaxation and sports. It attracts business guests and mainly middle-aged people at the current time, but it will be popular for youngsters and for others to have entertainments here. The restaurant provides multinational cuisine for every taste during 17-24pm time period, wine bar and beer terrace, lobby bar and cafeteria give a chance to choose from. The entrance to the facilities, including spa center, conference rooms and restaurants, is free. It means that Prague citizens, who do not live there, can use hotel’ resources.

The goal is to expand the target audience and it will be inherent for each part of the hotel separately, from sportsmen in the sports center to art societies in the restaurant “Symfonie”, where different events will be conducted. The main point is to take the hotel to a new level. The modern design of the restaurant including the open view kitchen, new dishes from a chef and regularly seasonal changes in menu, special offers, conduction of culinary shows and art events few times per month will move “Symfonie” on a new stage and will attract visitors to the restaurant, increasing the revenue of the hotel itself.

4.5.2 Competitor analysis

The demand for accommodation is increasing every year, it is the reason to succeed among other hotels in Prague. By assessment of accommodation options, it is concluded that entertainment activities are not provided in Prague at all. The spa and sports centers are rarely found too. The second priority will be obtained to be the first hotel on the market.

The “Olšanka” is the biggest Czech hotel in the district “Praha 3”, the only one providing variety of facilities and opened for not hotel guests. The possible competitors nearby are “Courtyard by Marriott” in 630 meters and “Hotel Carlton” in 350 meters. Others are small boutique hotels that cannot be compared.

“Courtyard by Marriott” is a four-star chain hotel, popular by its name and quality. The prices start from 2,100 CZK per room. There is no wellness center. There is one conference center for 182 persons and a small fitness center. Meals are possible in one small restaurant, and it is always for additional costs, which cannot be a part of a room price. The entrance for using facilities of the hotel is possible only for hotel guests. The tram and metro station are in 3 min walk. The website is only in English or Czech languages, while “Olšanka” proposes also Russian, Dutch and Polish.

The second competitor is “Hotel Carlton”, a four-star accommodation, the prices go from 1,700 CZK per room. The website can be explored only in Czech or English languages. There are 49 rooms, lobby bar, restaurant for breakfasts, conference room and business corner. The hotel itself is not notable from outside, it is not a hotel chain, and the advertisement is not satisfied. Wellness center and gym are absent. The tram and metro stations are within a walking distance. All hotels above are non-smoking and have the same number of stars. The reviews on the internet are quite the same. They can provide food to guests, exchange office, cleaning and 24/7 reception support, but only “Olšanka” hotel can surprise visitors by offering meals during all day and in various places. It is the only hotel opened for Prague residents. There is a variety of the conference rooms for events and meetings to select from. In the search engine, by looking for an accommodation in this part of the city, from the list of three hotels mentioned, “Courtyard by Marriott” is the first given, the second is “Olšanka” and the last one is “Hotel Carlton”.

To sum up, the only winning part in “Courtyard by Marriott” is its brand, however, it is not surprising, as it is an international chain, and it cannot be changed. To be reasonable, “Olšanka”

is the best hotel at least in Žižkov district and can be more successful and profitable by improving food sector, providing entertainment and special events. The online and media presence will be stronger after the application of marketing strategies.

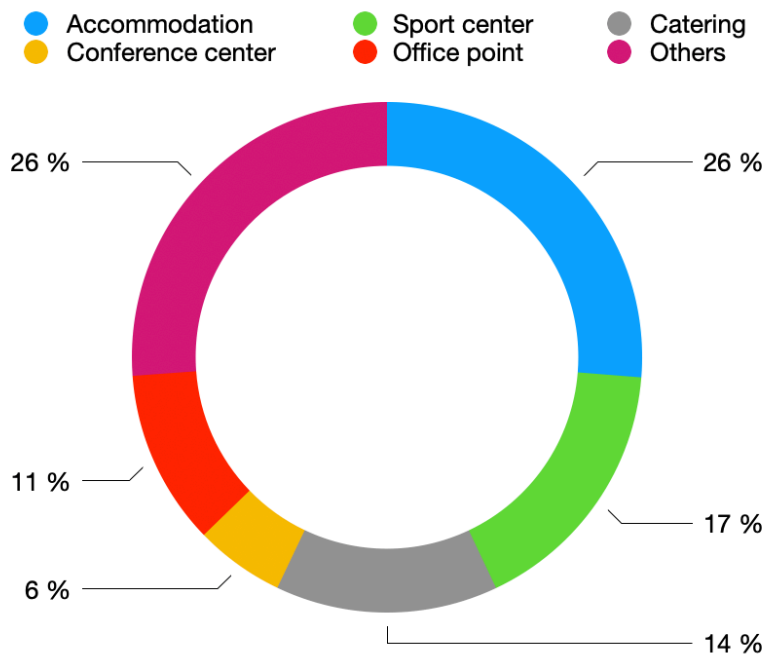


Figure 2. Shares of revenue from each sector.
Source: Own creation

The shares of areas to company’s revenue in 2021 can be found in the graph. The accommodation and other services, such as exchange office, phones and parking, brought the main revenue. The revenue after improvements will be much higher in each sector and it will be reached by development of the restaurant. The revenue will be by 1/3 higher and during the next three years the revenue has to be increasing due to popularity among Prague.

4.6 Market analysis

4.6.1 SWOT analysis

SWOT analysis consists of four main categories: strengths, weaknesses, opportunities and threats. This model is presented as quadrants with information inside to assess internal and external factors, which can influence the restaurant success.

Strengths	Weaknesses
1.High quality staff and cook	1.Not a big place
2.Tasty dishes	2.Short working hours
3.Menu on Czech, English and Russian languages	3.Constant menu (absence of seasonal dishes)
4.Great team spirit	4.Not attractive internal and external appearance
5.Affordable prices	5.Absence of delivery
6.English and Czech speaking staff	6.Sometimes too crowded
7.Good location	7.Existing competitors
8.Local value offering	8.Poor online presence
9.High level of customer loyalty	9.No brand awareness
10.High ratings on the internet	
Opportunities	Threats
1.Start online ordering	1.Loss of good suppliers
2.Make a brand popular	2.Rising fixed costs
3.Be presented on social media	3.Loss of high-qualified chef
4.Add seasonal dishes	4.Delivery options
5.Provide special offers	5.Inflation in Czechia. People eat at home
6.Add monthly dishes from chef	6.Competitors will decrease number of customers
7.Improve design inside and outside the restaurant	7.Bad performance on social media

Figure 3. SWOT analysis of the restaurant.

Source: Own creation

To conclude the given below data, the uncertain economic environment and world changes can play a role of threats, as we have known now. However, the opportunities are inspiring and motivational. The weak sides will be excluded in the following twelve months within the development of the restaurant, the online presence has to be achieved in the same time frame. Competitors will be bypassed due to specialties in the restaurants, such as shows, new menu, design, live music. Finally, the strengths show that the place surpasses a lot of restaurants in Prague. There is already a close-knit team of workers and permanent clients, which facilitates the goal to be known and succeed.

4.6.2 PEST analysis

PEST analysis is used by restaurant management to evaluate factors, which can cause a growth and flourishing of a business or aggravate, ruin the restaurant. This analysis identifies political, economic, social and technological areas to realize their impact on the business.

To sum up, the created PEST analysis shows that restaurant will be influenced by tax, trade, labor, health and safety policies. The restaurant has to be flexible to adapt to those changes. The government stability is a key to success of many businesses. Finances has to be accurately planned according to taxation in Czechia. Hygiene norms play the vital role in the restaurant and have to be cared out during cleaning, cooking, delivering etc.

The tendency to eat outside the home and growing disposable income helps restaurants to be profitable. Economic factors, such as increasing inflation, have an influence on customers, as well. Some restaurants can find it unprofitable to obtain such business due to raised labor costs. Social factors are changing from day to day. Appearance of new lifestyles and tendencies on special food, such as gluten-free or otherwise fast-food, can be a problem for restaurants. As we live in the technological environment, technology rules restaurants and its trends.

Political	Economic
1.High political stability	1.Rising inflation rate
2.Comfortable taxation policies	2.High prices on energy
3.Favourable health and safety-related policies	3.Low unemployment rate 2.1% (in December 2022)
4.Favourable trade agreement	4.Relatively stable exchange rate
5.Low levels of corruption	5.likely changes in the economic environment
6.Rare changes in the political regulation, which can influence restaurant sector	6.Impact of globalisation
7.Favourable labour policies	7.Economic recovery after Covid-19
	8.Growing labour costs
Social	Technological
1.Healthy lifestyle of people	1.Robotic cooking, robotised kitchen
2.Rise of vegeteranian eating	2.QR menus
3.People are spending more time at work	3.Robotised delivery of food
4.Increasing of popularity of ready-made food	4.Automation in industry
5.Population health	5.Rising popularity of social media
6.Growth of population and its demand	6.Online businesses
	7.Constant technological progress (QR payments or through the phones, cryptocurrency payments)

Figure 4. PEST analysis.

Source: Own creation

4.6.3 Marketing plan

First of all, it is needed to consider about a target market of the future modernized restaurant “Symfonie”. According to demographics, it is people from 18 to 55 years old; sex, education and race do not matter in this case. However, religion can play a role, as the restaurant will not provide halal meat and we cannot attract those customers. Vegetarians are not in the target too. The main targeted group are people who live in Praha 3 district. Business meetings, shows, simple dinners or celebrations are relevant to the restaurant. By analyzing habits of people from Žižkov, it can be concluded that after meals they go to the bars and it is possible option on the hotel territory, as the next door is wine bar and beer terrace. Meaning that the exact location of the restaurant is preferable.

Regarding the competitors' marketing strategies, the main ways of promotion the restaurants in Prague are developing their websites, using radio advertisements and more rarely they are found on the social media. The nearby restaurants in Praha 3 district use only the websites.

To reach clients for the restaurant in the hotel "Olšanka" will be used several strategies. The main emphasis will be on social media, our marketing team, with the social media manager at the top, will be constantly developing Instagram, Facebook and even TikTok accounts. There will be a blog with recipes, cooking tutorials and cuisine ideas. Influencers will be the useful help to boost social media in a short time. Nowadays the popularity is gained through the internet. However, radio advertisement will attract the older segment of customers and will be an integral part of promotion. The next step will be search engine optimization, in a long-run perspective it will bring a lot of visitors. Email marketing and occasionally podcasts on popular Czech channels with our chef will be benefits too.

The first results, after full reconstruction of the restaurant, will be seen within the next three months. In a year the marketing team will attract more than 45% of the total clients and there will be permanent visitors in 12 months.

The total budget of marketing strategies is 480,500 CZK per month. Costs are presented below. Marketing team consists of social media manager, marketing manager, photographer, copywriter and assistant. Prices of radio ads are taken from "Radio 1 CZ". Podcasts costs are from "Český rozhlas". Influencer payments depend on number of followers of a person on social media, it is an average price of a blogger with at least 100,000 followers. Ads on social media have stable prices. Numbers are already presented in their final amount of CZK.

	Costs	Timeframe	Number of times needed
Marketing team salary	175 000	Per month	Permanent base
Social media advertisement	15 000	Per month	12 months
Radio advertisement	232 500	Per month	3 months
Influencers' payments	30 000	Per 1 time	During 3 months (6 influencers)
Podcasts releases	28 000	Per 1 time	During 8 months (3 releases)

Figure 5. Marketing strategies budget.
Source: Own creation

4.7 Financial analysis

The capability of a future restaurant development depends directly on the profitability of a hotel, which can be evaluated by financial analysis. It reveals its strong and weak sides and helps to direct investments in the right areas. The finances of the company can tell more than other data. All figures will be presented in thousands of Czech Crowns. The data is taken from 2021 year with a comparison of 2020 year.

4.7.1 Type of the organization

The restaurant is in a food and drink category within the hospitality industry in the form of sole ownership, individual. The “Olšanka” is an independent hotel, as it is not a chain and there is not any connection or tie-up with other hotels, such as financial obligations, policies or other procedures. One person owns it with total control over it.

4.7.2 Budget model

	2020	2021
Total Revenue	68 072	79 636
Total Expenses	71 593	77 094
Net Profit	-3 521	2 542

Figure 6. Budget model.
Source: Own creation

The performance of the hotel from the financial side is assessed to understand the current situation by using a budget model. The following model represents ratio of revenues, expenses and net profit by comparing financial performance in 2020 and 2021, all numbers are in thousands of CZK. The pandemic situation aggravated the finances of the hotel, but it is visibly recovering. Difference in revenues is 11,564 CZK thousand, in expenses is 5,501 CZK and in net profit is 6,063 CZK.

The graphical representation of the budget model shows unsatisfying situation, which will be strongly improved by development of “Symfonie” and attracting new clients to the food sector and hotel itself, for example, to spend a weekend doing sports and relaxing in the wellness center after massage, enjoying delicious food.

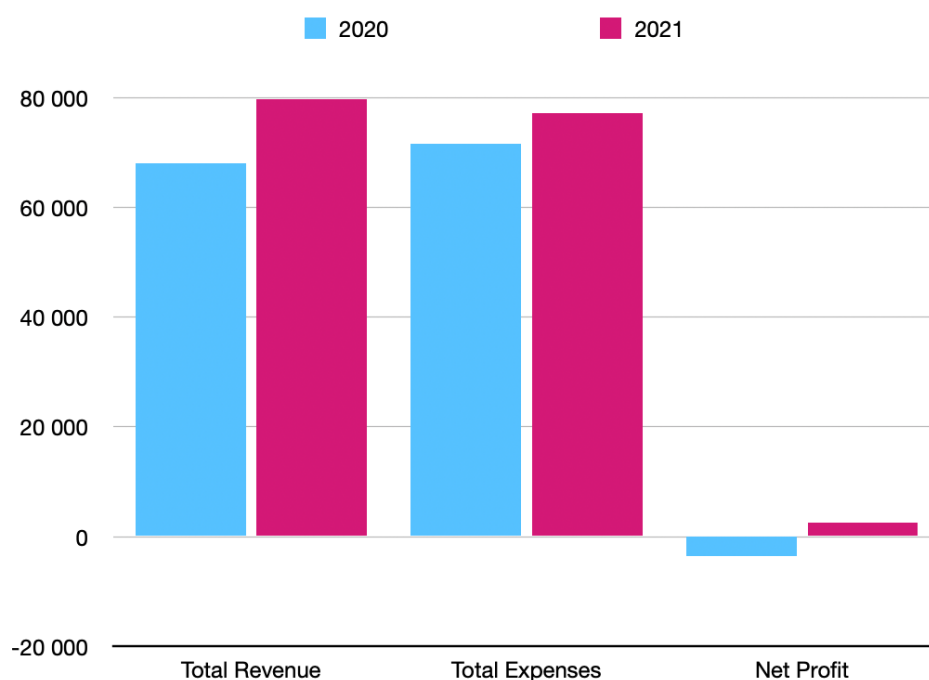


Figure 7. Graphical representation of a budget model.

Source: Own creation

4.7.3 Profitability of a business

Presented analysis below will help to assess the company profitability and there will be some ways of improving the situation. Each method is commented and explained by the author of the thesis. Here is used the financial statement of the hotel “Olšanka” (Anon., 2021).

4.7.3.1 Gross margin ratio

Gross margin ratio is an analysis to compare gross revenues of a hotel with the costs of making, delivering the products and services, called as the costs of goods sold (COGS). This ratio can be a good or bad indicator.

The calculation is made by the following formula, where gross profit is the revenue after subtracting COGS and net sales is the total sales of the hotel minus all sales returns, discounts and allowances:

$$\text{Gross margin ratio} = \frac{\text{gross profit}}{\text{net sales}} \quad (1)$$

The result is:

$$\text{Gross margin ratio} = \frac{79637 - 40674}{75076} = 0,52$$

It means that the gross margin of the hotel is more than 50%. Therefore, it is concluded that it is in a good position to get significant earnings. It is percentage of how much the hotel keeps from each Czech crown, it is 0.52 cents from every Czech crown.

To increase the gross margin ratio, it is possible to raise prices of the hotel rooms and meals in cafes, especially after renovation of the restaurant, slightly increase the payments of spa and fitness centers, as their prices are going up at the moment among Prague, taking into account the raise of public utilities. Regarding the quantity of sales, there is no urgent need to increase their number. In general, it gives the restaurant a benefit to be located in such hotel.

4.7.3.2 Return on assets

The profitability of a company in regards of the hotel assets can be measured by ROA (return on assets). It shows the efficient or non-efficient use of assets to generate some profit. Total assets are liabilities and shareholder equity. Net income is the hotel income with subtracted cost of goods sold, expenses, depreciation and taxes.

$$\text{Return on total assets ratio} = \frac{\text{net income}}{\text{assets}} \quad (2)$$

$$\text{Return on total assets ratio} = \frac{2541}{28570} = 0,0889$$

As it is seen, ROA is 8.9%, which his almost 9%. The ROA will be increased, as the hotel is planning to get more profit from each Czech crown it owns in assets. It is better to compare ROA within the next years, however, the 9% is considered good indicator, taking into consideration that 2021 was the first year after Covid-19. If we compare the ROA of “Olšanka” to other hotels, it is seen that in this industry it is quite good figure. The hotel efficiently generates profits.

4.7.3.3 Operating margin ratio

To have a look at how much profit the hotel has on a Czech crown of sales before payments of taxes and interest, but after variable costs, it is needed to calculate operating margin ratio.

$$\text{Operating margin ratio} = \frac{\text{operating income}}{\text{net sales}} \quad (3)$$

$$\text{Operating margin ratio} = \frac{19313}{75076} = 0.257$$

The hotel is efficient at generating profits from sales because the final number is 25.7%. It is the proportion of revenues, which the hotel has to cover non-operating costs. It is possible to increase this indicator by future marketing strategies, fixing prices, as it was said before, and management control has to be improved as well. For example, the reduction of prices from suppliers of some products will make the situation better.

4.7.3.4 Return on equity

The efficient use of the money from shareholders by the hotel is seen through ROE (return on equity) ratio. It is a measurement of a profitability in relation to stockholders' equity.

$$\text{Return on equity ratio} = \frac{\text{net income}}{\text{shareholder's equity}} \quad (4)$$

$$\text{Return on equity ratio} = \frac{2541}{11081} = 0.229$$

The great indicator is between 15% to 20%. The hotel has 22.9%, which says it efficiently uses the capital invested by shareholders. The hotel "Olšanka" restaurant can be a good investment. The main difference between ROA and ROE is that the first tells us about hotel debts and the second one measures the return on a hotel's equity. ROE will rise in case of more debts.

4.7.3.5 Current ratio

To understand if the hotel may pay its debts and liabilities within twelve months or less, if it has enough cash flow, the current ratio calculation is conducted. The good indicator is between 1.5 and 2.

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}} \quad (5)$$

$$\text{Current ratio} = \frac{36271}{25190} = 1.44$$

The following current ratio is 1.44. After the pandemic it was a great result. The hotel can pay its short-term obligations. It follows that company quite efficiently use its current assets but to improve the indicator it is possible to repay the debts, change payment cycles, sell unnecessary assets or take careful control of overhead expenses.

4.7.3.6 Cash ratio

The liquidity of a company, the capability of a hotel to pay for short-term debts with cash or cash equivalents, is measured by cash ratio. It considers the hotel's most liquid resources.

$$\text{Cash ratios} = \frac{\text{cash} + \text{cash equivalents}}{\text{current liabilities}} \quad (6)$$

$$\text{Cash ratios} = \frac{16563}{25190} = 0.6575$$

The cash ratio equals to 0.66, there is no exact perfect number, but the good indicator is located between 0.5 and 1. If the company has more than 1 in cash ratio, it means that it will have some money left even in case of all repayments. So, the hotel could repay short-term debts but will be in need of cash after that.

As it is seen from the income statement, the hotel made multiple renovations during 2021, such as changing of the elevators, and it could lead to current situation. To increase the cash ratio, it is suggested to try to have more cash on hand to cover short-term debts, for instance, it is possible to minimize holdings in inventory, avoid prepaying of expenses and more rapidly turn over the inventory.

4.7.3.7 Operating cash flow

The ability of the hotel to pay for its current liabilities from operating cash flow is measured by operating cash flow ratio.

$$\text{Operating cash flow ratio} = \frac{\text{operating cash flow}}{\text{current liabilities}} \quad (7)$$

$$\text{Operating cash flow ratio} = \frac{18767}{25190} = 0.745$$

The result is 0.75. It can be said that there are less cash and cash equivalents than current liabilities. The indicator is not far from 1, meaning that situation could get better without a problem. By contributing into technical services in 2021 and modernizing some parts of the hotel to get more capital in the future and stay competitive, the hotel "Olšanka" may have aggravated the situation.

The solutions can be raising of prices per rooms or per visiting spa, per rent of offices, which was already taken into account, create additional revenue streams, such as providing presentations with speakers in conference rooms or organizing other events, and try to reduce

spending in some of the facilities in the hotel. Offering some discounts for quick payments can be a benefit.

4.7.3.8 Debt ratio

A debt ratio is a calculation of the extent of the hotel financial leverage. The proportion of the hotel's assets which are funded by debt.

$$\text{Debt ratio} = \frac{\text{total liabilities}}{\text{total assets}} \quad (8)$$

$$\text{Debt ratio} = \frac{25190}{36271} = 0.695$$

A result is 0.695 which is equals 0.7. It means that the most part of the hotel assets is financed by debt, rather than by equity. It has more liabilities than assets. For a hotel industry it is normal to have 70% of debt ratio, as it depends on the domain the company is located in.

The situation is acceptable but to improve it, it is needed to manage the inventory more efficiently and increase profitability of a hotel. To raise profitability there are numerous options, such as application of dynamic pricing on the room rates, make some special offers in lobby bar and cafeteria, offer of room upgrades for special occasions etc. the most effective tools, like marketing ways to target the segment of the hotel, increasing of rent prices, promote social media and website, improve cuisine – they were all considered above and they are the best variants for the hotel.

4.7.3.9 Debt-to-equity ratio

To know the extent to which the hotel is funding its operations with debt, the debt-to-equity ratio is applied. It is a measure of financial leverage, seen a debt as a percentage of total equity.

$$\text{Debt to equity ratio} = \frac{\text{total liabilities}}{\text{shareholder's equity}} \quad (9)$$

$$\text{Debt to equity ratio} = \frac{25190}{11081} = 2.27$$

It can be concluded that the hotel is uses debts to finance its further growth, for hotel industry it often happens. It cannot be a bad indicator; however, we can change the situation by using the methods mentioned above.

4.7.4 Hotel revenue calculations

The measurements of some KPIs (key performance indicators) are used for calculation of the hotel revenue. The significant ones are ADR, RevPAR and GOPPAR.

4.7.4.1 Average daily rate

To know the average daily revenue from rooms sold in the hotel, it is needed to use ADR (average daily rate). It includes only revenue generating rooms, without empty or given for free guestrooms.

Type of room	Price per room in CZK	Number of rooms occupied	Total revenue per day
Single room	1 092	46	50 232
Double room	1 326	74	98 124
Triple room	1 890	16	30 240
Family room	2 450	28	68 600
Lux Double with terrace	2 000	20	40 000
Art Deco Double room superior	2 900	18	52 200
In total		202	339 396

Figure 8. Hotel occupancy data.
Source: Own creation

$$\text{Average daily rate} = \frac{\text{room revenue}}{\text{number of sold rooms}} \quad (10)$$

$$\text{Average daily rate} = \frac{339396}{202} = 1680.18$$

It means that the average rate that the hotel gets from all occupied rooms is 1680.18 Czech crowns. In the table below can be found the quantity of rooms and prices used in the formula of ADR within one day period. Total number of occupied rooms is 202 from 253 available in the hotel “Olšanka” and the total revenue is 339,396 Czech crowns per day.

4.7.4.2 Revenue per available room

To measure revenue per available room, it is first needed to calculate the total revenue the hotel generates for all occupied rooms in the exact time period, it is TRR (total room revenue) with the following formula.

$$\text{Total room revenue} = \text{number of sold rooms} * \text{ADR} \quad (11)$$

$$\text{Total room revenue} = 202 * 1680,18 = 339,396$$

The next step is to calculate daily RevPAR.

$$\text{RevPAR} = \frac{\text{total room revenue}}{\text{number of available rooms}} \quad (12)$$

$$\text{RevPAR} = \frac{339396}{253} = 1341.49$$

RevPAR formula uses the total number of rooms in the hotel. It helps to define the occupancy rate. It is a key point to measure a profitability of the hotel “Olšanka”. It can be calculated within different period of time, here is an example of a day RevPAR.

4.7.4.3 Gross Operating Profit per Available Room

The representation of the revenue after dealing with the expenses, like utilities, taxes and insurance, is given by GOPPAR (Gross Operating Profit per Available Room). The extent of the revenue-generating capability of the hotel is the following.

$$\text{GOPPAR} = \frac{\text{gross operating profit}}{\text{number of available rooms}} \quad (13)$$

$$\text{GOPPAR} = \frac{239548,73}{51} = 4697.04$$

The GOPPAR of the hotel is 4697 Czech crowns. It can be improved by the increase of room prices and savings on utilities, where it is possible. For example, using smart tech climate control in the rooms, energy-efficient lightbulbs and explain to guests the sustainability practices.

4.7.4.4 Average length of stay

ALOS (average length of stay) gives data about the average number of days the guests stay at a hotel during a month.

$$\text{ALOS} = \frac{\text{total occupied room nights}}{\text{number of bookings}} \quad (14)$$

$$ALOS = \frac{5880}{840} = 7$$

The information about occupied nights and bookings is average and is taken from the hotel “Olšanka” manager in January 2023. The indicator is 7, meaning that during January clients stayed for seven days in average, making 840 reservations. It is quite good result, which can vary depending on the season of the year.

4.7.4.5 Revenue per available seat hour

RevPASH (revenue per available seat hour) is related to food sector. To know the revenue that the restaurant “Symfonie” has generated per seat in an hour, it is needed to have a look at the calculation below.

$$RevPASH = \frac{\text{total outlet revenue}}{\text{number of seats} * \text{opening hours}} \quad (14)$$

$$RevPASH = \frac{55695}{70 * 7} = 113.7$$

The RevPash is an average of 113,7 Czech crown income from each seat available in an hour. Due to pandemic restrictions the restaurant was closed for few months and lost numerous clients after that because people decided to avoid public places.

The approximate hourly RevPASH indicators are the following:

Time of the day	Total sales	Seats	RevPASH
17-18pm	7 400	70	106
18-19pm	8 650	70	124
19-20pm	9 545	70	136
20-21pm	8 950	70	128
21-22pm	8 000	70	114
22-23pm	6 900	70	99
23-24pm	6 250	70	89

Figure 9. RevPASH indicators.

Source: Own creation

The total number of seats in the restaurant is 70. The average total sales are given in Czech crowns. As it is calculated, the most profitable hours are 19-20pm with 136 Czech crown indicator and 20-21pm with the result of 128.

It means that the best options to increase the revenue is to raise number of customers in the hours with multiple free tables, suggesting special menu or discounts, and waiters can stay back from promoting desserts at the peak dining hours from 7 to 21pm to give possibility for people from a waiting line to seat and make an order.

4.7.4.6 Expected revenue

The first-year revenue increase has to be the largest. Some clients will discover the restaurant for the first time, others will be curious of changes, people will be interested in shows and new menu. By advertisement and other marketing tools there will be a flow of new guests. During the second year there will be permanent visitors and the majority of people in Prague will be aware of this place, that is why the increase in clients will go down. The same situation is applied to the third year, but the revenue will have an opportunity to grow, as the prices with a demand will go up. The restaurant will boost the hotel rate and it will follow the increase of prices per restaurant shows and events. The figures in thousands of CZK can be found below:

	1st year	2nd year	3d year
Revenue	15 595	17 934	19 727
% increase	40	15	10
CZK increase	4 456	2 339	1 794

Figure 10. Expected revenue for the next three years.
Source: Own creation

Even with the possible increasing of utilities and labor costs, the restaurant will stay profitable and will gain popularity due to new idea and great location. The number of clients will be raised, the team of professionals will be able to keep them all.

4.8 Evaluation of analyzes and summing up

To sum up, it has to be said that the economic background and worldwide situation will never give a full confidence and protection of the business. However, the stable development of the hotel “Olšanka” even after Covid-19, which survived the hardest time at the pandemic and still

stays profitable and functioning, assures and makes everyone believe in its further growth. It says a lot about its qualified and experienced management, who knows everything about success and profit.

According to calculations, the restaurant was damaged by pandemic, but it is recovering confidently. The rational management and marketing will put the hotel on the highest positions in Prague. It has lots of advantages over other accommodation options. The restaurant located on that territory will be successful because of nearby activities and available parking spots.

The investment in the restaurant “Symfonie” will be beneficial for both investor and hotel. It will enrich them and will be the first place in Prague, offering such shows and cuisine, which will be an example for the future copying of its theme and it will attract visitors, as well.

In a few years the hotel has to become the favorite place for travelers to stay in and for residents to spend a weekend in, enjoying spa with dinner and a culinary show.

5 Conclusion

Nowadays the competitiveness in the market is increasing, and the businesses are affected by technological progress. During the thesis work, it is discovered and confirmed that to generate a revenue and be a competitive company, it is needed to have a business plan created, which helps to track financial situation at the current moment and follow the changes throughout some periods of time. It saves business from many risks, and it is a possibility for the company to grow, by attracting investors or taking a loan.

As it is known, the hotel industry is constantly growing. Even after the collapse in this sector, caused by pandemic in 2020, the number of hoteliers is increasing rapidly. During the analyzes of the hotels in Prague, questionnaire to gather reviews from guests and conducted interview, it is revealed that guests can be unsatisfied by multiple things and the goal of each hotel is to please everyone. It is the number one reason to improve and modernize facilities, to be in demand.

The chosen hotel “Olšanka” is specialized on both health and business. Surprisingly, it succeeds in each sector and has all chances to become the best. It was decided to propose the relevant business idea of possible increasing of the revenues, by promoting the hotel and making improvements in the main restaurant. To make those changes without investments is impossible and it can cause a lot of damages to the hotel.

A company has to be able to cover all its expenses, to correctly manage the investments and to pay them back to investor, to have sufficient amount of cash and try to have more assets than liabilities. As it goes from the financial analysis above, it can be stated that this hotel is a trustworthy investment.

According to calculations, the investment is 5,185,000 Czech crowns and the beneficial part for an investor is that the interest rate is 7% from the monthly profit, which is definitely be increasing based on financial analyzes, and compose on the average minimum 90,965 CZK. All costs from repairing the restaurant and advertisement to caring of the events will be covered by this amount and will start to bring the increased revenue in 3 months.

The hotel ROA of 22.9% and ROE of 9%, as well as gross margin of 52% and other indicators, will become better due to development of the restaurant. The total revenue of the hotel, 79,621,158 CZK, will be increased by 7% and will make 85,194,639 CZK in 12 months. In terms of absence of covid restrictions, the revenue will be higher during the next years, as the financial report was made in 2021. The number of visitors of the restaurant will positively influence the quantity of guests in the hotel. Average daily rate will be higher than 1680.18 CZK and it will also have an impact of the attendance of spa and fitness centers, lobby and wine bars. It is obvious that the promotion of the restaurant will bring benefits to each sector of the hotel. The following business plan can be effective and helpful for the hotel and restaurant.

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Appendix 1. Questionnaire form for hotel visitors

How satisfied are you with each of the following criteria regarding the hotel stays during the past 4 years in Czechia?

<i>Tick the needed cell</i>	Relation of price and quality	Food/ beverage	The personnel	Interior appearance of a hotel	Exterior appearance of a hotel	Spa and wellness	Entertainment	Rooms	Services	Facilities	Security
Very satisfied											
Satisfied											
Neutral											
Dissatisfied											
Very dissatisfied											

Jak jste spokojen s každým kritériem ohledně pobytu v hotelech v Česku za poslední 4 roky?

<i>Označte požadovanou buňku</i>	Poměr ceny a kvality	Jídlo/pití	Personál	Pohled uvnitř hotelu	Vzhled hotelu	Lázně a wellness centrum	Zábavy	Pokoje	Služby	Příslušenství	Bezpečnost
Velmi spokojený											
Spokojený											
Neutrální											
Nespokojený											
Velmi nespokojený											

Насколько Вы удовлетворены каждым критерием относительно пребывания в отелях Чехии за последние 4 года?

<i>Отметьте нужную ячейку</i>	Соотношение цены и качества	Еда/ напитки	Персонал	Вид внутри отеля	Внешний вид отеля	Спа и оздоровительный центр	Развлечения	Номера	Сервис	Удобства	Безопасность
Очень удовлетворен											
Удовлетворен											
Нейтрально											
Неудовлетворен											
Очень неудовлетворен											

Appendix 1. Questionnaire forms for hotel visitors.

Source: Own creation

Appendix 2. Interview questions

Interview questions

Does the hotel "Taurus" have a valid business plan now?
Is it less profitable to have a hotel business today in comparison with 2019?
Is there a strong competition in Prague?
How many guests are in the hotel per day?
Are there frequent cases of unsatisfied guests? What are their most frequent complaints about?
Do you use financial analysis to predict the future situations regarding finances and to minimise expenses?
Which financial analyzes are used by accountant?
Which sector in the hotel does contribute the most revenue?
Is it allowed to external visitors to have a meal in the cafe?

Appendix 2. Interview questions.
Source: Own creation