

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Diploma Thesis

Feasibility study of sport center in Pardubice

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DIPLOMA THESIS ASSIGNMENT

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Economics and Management

Thesis title

Feasibility study of sport center in Pardubice

Objectives of thesis

The aim of this thesis is to create a feasibility study of a sports centre. Find conditions under which it is feasible under current market conditions in the Czech Republic. The secondary objective is to provide a comprehensive overview of the activities that precede the very foundation of sports center and set a business plan for this project.

Methodology

Aforementioned objectives will be achieved by processing specific feasibility study of sports centre in Pardubice. Theoretical background is done using methods of synthesis, extraction, abstraction, induction and deduction. There will be performed several analyses, especially the project will be based on SWOT analysis, PEST analysis and competitor analysis. There will also be used the method of questionnaire (survey method), which will serve to better understanding of the target customer and the revelation or the understanding of their needs. The questionnaire will determine the relation of the local people to the sport, their view of sport in Pardubice in general, the quality of the existing sport centers, to the lack of sports facilities, the pricing policy, required services in connection with the proposed sports complex, and more. By this way will be discovered other business opportunities. Due to the fact, that all data used for financial analysis, including calculations of cost of labor, cost of sales, fixed costs and other variable costs are predictions, methodology consists only of financial forecasting methods and calculations. Based on these analyses and surveys will be thoroughly evaluated scope of business and created marketing strategy and financial plan.

The proposed extent of the thesis

60 pages

Keywords

Feasibility study, Sports centre, Business plan, Marketing strategy, Financial plan, SWOT analysis, PEST analysis, Competitor analysis.

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Expected date of thesis defence

2015/16 SS – FEM

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Declaration

I declare that I have worked on my diploma thesis titled "Feasibility study of sport center in Pardubice" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 31.3.2016

Acknowledgement

I would like to thank Ing. Petr Procházka, Ph.D., Msc, all my family, Eva F. and other persons for their advice and support during my work on this thesis and all of my years of studies.

Studie proveditelnosti sportovního centra v Pardubicích

Souhrn

Cílem této práce je vytvořit "Studii proveditelnosti sportovního centra v Pardubicích" s názvem SportsAreUs. Základní myšlenkou je vybudovat a provozovat sportovní areál. Veškeré činnosti budou zajišťovány společností SportsAreUs, s.r.o. Komplex nabídne svým zákazníkům celou řadu sportů a doplňkových služeb pod jednou střechou. Areál je zaměřen především na tenis, badminton a plážový volejbal. Mezi další sporty, které se zde budou provozovat, patří florbal, basketbal, házená a malá kopaná. Sortiment služeb bude doplněn o restauraci s nabídkou kvalitních pokrmů, wellness centrum, posilovnu, společenskou místnost a obchod se sportovními potřebami. Uvedených cílů bude dosaženo zpracováním specifické studie proveditelnosti sportovního centra v Pardubicích. Teoretický základ je postaven na metodách syntézy, extrakce, abstrakce, indukce a dedukce. Je provedeno několik analýz, projekt je založen zejména na PEST, SWOT analýze a analýze konkurence. Také je využita metoda dotazníku s uzavřenými či polouzavřenými otázkami. Finanční plán zahrnuje vytvoření rozpočtu počátečních nákladů a výhledu na hospodaření společnosti, který obsahuje analýzu předpokládaných nákladů a výnosů ze sportovišť, předpokládaných nákladů a výnosů z obchodu, očekávaných výnosů z restaurace, dále celkový očekávaný zisk, projekci cash flow a finanční ukazatele (ROI, diskontovaná doba návratnosti, čistá současná hodnota). Následně je vytvořen harmonogram realizace a rizika projektu. V další části je uvedeno zhodnocení výsledků a doporučení týkající se jednotlivých etap fungování projektu. Důležitým bodem je shrnutí výstupů z této práce. Dále zde lze nalézt vize a cíle do budoucna. V závěru je zhodnocena životaschopnost myšlenky na zřízení a provoz sportovního centra v Pardubicích.

Klíčová slova: studie proveditelnosti, sportovní komplex, marketingový mix, finanční plán, SWOT analýza, PEST analýza, analýza konkurence.

Feasibility study of sport center in Pardubice

Summary

The aim of this thesis is to create "Feasibility study of a sport center in Pardubice" called SportsAreUs. The business idea is to build and operate a sports complex in Pardubice. All activities will be delivered by the SportsAreUs, Ltd. company. The complex will offer to its customers a variety of sports and supplementary services under one roof. Above all, the complex is focused on tennis, badminton, and beach volleyball. Among other sports, there will be floorball, basketball, handball, and small football offered. The range of services will be complemented by a restaurant, offering light, quality meals, wellness area, gym, club room, and sporting goods shop. Aforementioned objectives are achieved by processing a specific feasibility study of sport center in Pardubice. The theoretical background is done using methods of synthesis, extraction, abstraction, induction, and deduction methods. There will be a market research performed. There is also a questionnaire method with closed questions used. Other applied exploratory analyses are PEST and SWOT. In order to find out the threats of competition, there will be an analysis of competitors done. The financial plan is done by creating the budget of initial expenses and a view of the company's finances, where the analyses of projected costs and yields from the sport fields, projected costs and yields from the shop, expected yields from the restaurant, the total anticipated profit, projections of cash flow, and financial indicators (ROI, Discounted payback period, Net present value) can be found. The timetable for the implementation and the risks of the project can be found in the next chapter. The section entitled "The Evaluation of Results and Recommendations" contains the summary of outputs from this thesis. Further on, there can be recommendations, visions, and goals for the future found. In the conclusion, there is the viability of the idea of the establishment and operation of the sport center in Pardubice evaluated.

Keywords: Feasibility study, Sport complex, Marketing mix, Financial plan, SWOT analysis, PEST analysis, Competitor analysis.

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1 Introduction

Sport is a phenomenon of our time. People have begun to realize that sitting at a computer and eating meals in fast food restaurants is not quite the best form of a lifestyle. Nowadays demand for sport services is higher than ever before. The author comes from the neighbourhood of Pardubice city, which is a beautiful and very booming city, where all kinds of sport fields can be found, but in terms of quality and services they are not a top notch. So far, this city is missing such a multipurpose sports complex that would provide visitors with quality sport experience in a wide range of sports and entertainment. In addition to the sports services, customers might have the option to purchase sporting goods, have their rackets strung, and to sit in a nice restaurant. All these requirements should be satisfied by the new sport center.

Entrepreneurship is a dream of many people. In these modern times, there are many ways to start a business. On the other hand, it is necessary to count with tough competition and only small gaps in the market. The exploitation of these gaps may or may not bring success. The impetus for the decision to become an entrepreneur may be, for example, human desire to be his/her own boss, implement own idea in practice, or try something new, for example in case of losing a job. However, the very beginning of the operation and entry to market is very challenging. It requires expertise, high capital input, thorough preparation before the start of the business, and high work effort. If it is managed to overcome these obstacles, a similarly difficult phase is starting and that is running own company. To simplify the situation and to increase the probability of a successful management of a business, it is necessary to first establish a realistic and competitive feasibility study and then to use it as a base for the business decisions.

The diploma thesis topic, "Feasibility study of a sport center in Pardubice", has been chosen by the author for several reasons. First and foremost, he is also one of those people, who desire to start and build their own business. In the past, he tried business on his own, namely in the field of fitness protein products, which gave him a lot of experience and business knowledge. The second reason is his positive relationship, or even love, for sport. The third most important motive was the fact that the author is currently working on

a similar business idea in the real life, and he is gradually moving towards its realization. However, the author is missing a well prepared feasibility study, which would comprehensively address the whole issue. He will have to devote to different topics and fields in his considerations and he will need to be able to transfer all his thoughts to paper. With the help of this study, the author will be able to decide, whether his plan is viable , and possibly offer it to investors.

The main aim of this thesis is to create a feasibility study of a sports center called SportsAreUs. Present market environment in the Czech Republic, used in the feasibility study, is stated below. Another goal is to present a broad summary of the business operations that lead to the establishment of the sport center including a detailed feasibility study, describing these activities in greater detail. The stated objectives will be achieved through a specific processing of feasibility study for the establishment of a sport center in Pardubice. There will be a market research performed. There will also be a questionnaire used, which will be serve for better understanding of the target customers and revelation or understanding of their needs. The questionnaire will investigate in particular the relationship of the local people to sport, their view of sport in Pardubice in general, the quality of the existing complexes, missing sport fields, pricing policy, required services in connection with the proposed sport complex, and so on. Other business opportunities will be discovered this way. Other applied exploratory analyses are PEST and SWOT. In order to find out the threats of competition, there will be an analysis of competitors done. Based on the above mentioned analyses and surveys, the scope of the business will be thoroughly evaluated, and marketing strategy and financial plan created.

The diploma thesis is mainly based on the expertise found in literature and also acquired by the author during his studies at the University of Life Sciences, from the marketing research of the market, and also from personal professional experience of the author, gained by his own business practice. The theoretical part focuses on the research of the economic conditions in the CR. The topic of this thesis requires concentrating on sport industry. The practical part includes the creation of a specific business project for the establishment of a comprehensive sports complex in Pardubice, prepared on the basis of analysis of business opportunities, the market environment in the given category and field,

consumers, and their needs. The aim of the author is to create a realistic feasibility study of sufficient quality. In the future, this study should help to get funding for the project.

The diploma thesis is divided into several important parts. First, there are goals and methodology of the thesis set. The second part is devoted to literature review. There are first defined basic concepts like entrepreneur, enterprise, and other basic terms; next, there are legislation concerning this area, and the possible legal forms of business in the Czech Republic evaluated. In the next chapter, the founding budget and funding options of the project that should be considered prior to the establishment of company are defined. Another chapter includes business in the sport environment in the Czech Republic, specifically the historical development of sport, the current situation, and the specifics of this industry. The following part describes the definitions and methods for creating marketing analysis and strategy. At the end of the literature review, the author describes the feasibility study on a theoretical level. The subsections outline the principles for its formation, basic types of division, and last but not least, it thoroughly describes the content of the feasibility study.

Further on, the practical section follows, dealing with the processing of a specific feasibility study. That is prepared with respect to all the acquired theoretical knowledge. For the reasons of clarity, this section is divided into five chapters, named Business Idea, Market Research, Marketing and Business Strategy, Financial Plan and Time Schedule, and Risk Analysis. This section therefore presents a detailed analysis of the business opportunity. At the beginning, the scope of the business and the nature of the market are assessed. Further on, the personnel structure of the company and financial resources are also pointed out. The next chapter discusses the above mentioned market analyses that proceed from the marketing research, on which the marketing strategy is subsequently based on. The third chapter of the practical part analyses in detail the product, pricing, distribution, and promotion policy, and also the target group and a questionnaire. The penultimate chapter, Financial Plan, includes the budget of initial expenses, possible sources of funding, and expected financial results in the selected periods. The data obtained are summarized in tables, prepared and illustrated in the graphs so that the key conclusions are understandable. The last chapter of the practical part outlines the timetable of the implementation and the risks of the project.

In the next section, The Evaluation of Results and Recommendations, there is a summary of outputs from this thesis. Further on, there can be recommendations, visions, and goals for the future found. In the conclusion, the viability of the idea of the establishment and operation of the sport center in Pardubice is evaluated.

2 Objectives and Methodology

2.1 Objectives

The main aim of this thesis is to create a feasibility study of a sports center called SportsAreUs. Present market environment in the Czech Republic, used in the feasibility study, is stated below.

Another goal is to present a broad summary of the business operations that lead to the establishment of the sport center, including a detailed feasibility study, describing these activities in greater detail.

2.2 Methodology

The aims mentioned above will be achieved by processing a specific feasibility study of sports center in Pardubice. The theoretical background is done using methods of synthesis, extraction, abstraction, induction, and deduction methods. There will be a market research performed. . Other applied exploratory analyses are PEST and SWOT. In order to find out the threats of competition, there will be an analysis of competitors done.

SWOT analysis

SWOT analysis is a universal analytical technique focusing on the evaluation of internal and external factors affecting the success of an organization or a particular project (for example, a new product or service). SWOT analysis is frequently used as a situational analysis in the context of strategic management.¹

PEST analysis

PEST analysis is a useful and effective tool for understanding external processes and their effects on the macro environment and the individual entities that are in it. PEST analysis describes the facts important for the development of the external environment of the company. It is considering the way in which these factors change over time, how they

¹ *Management mania: SWOT analýza* [online]. 2013 [cit. 2016-03-28]. Available: <https://managementmania.com/cs/swot-analyza>

influence each other, the causes of the change and the consequences that arise from individual amendments. PEST analysis is quite clear tool because it divides all the factors into four basic groups which initial letters form the name of the method, and they are:²

- Political and legislative
- Economical
- Socio-demographic
- Technological

Competitor analysis

An integral part is a competition analysis which will greatly affect the company market share. Therefore, it is very important to identify the main competitors who operate on the market, their interests, methods of operation on the market, strengths and weaknesses, and other important factors that could threaten the market position of the enterprise. Within this analysis, it is also necessary to predict how the competition will react to our project, if new competitors entering the market can be expected or whether there is no emergence of substitute products.³

Knowing the competition is one of the main conditions for a successful business. Competitor analysis aims to determine the company's position in the market in relation to its competitors due to its pricing policy, communication with customers and brand awareness. The outcome of competition analysis is the definition of strengths and weaknesses, including recommending strategies to achieve better business results.⁴

Questionnaire

Understanding customer needs is one of a key component of a success of the sport center. To evaluate proper customers' needs, survey method with closed questions and semi-closed questions was used in order to accurately identify these needs and avoid bias

² BLAŽKOVÁ, Martina. *Marketingové řízení a plánování pro malé a střední firmy: Manažer: Marketing*. Grada Publishing a.s, 2007. ISBN 802471535X, 9788024715353.

³ Russell S. Winer, Ravi Dhar. *Marketing Management, 4. ilustrované vydání*. New Jersey: Pearson Education, 2001. ISBN 0136074898, 9780136074892. p.158-172

⁴ *Just result: effective marketing: Analýzy* [online]. 2015 [cit. 2016-03-28]. Available: <http://www.justresult.cz/analyzy/>

answers opposite to open questions. The questionnaire will determine the relation of the local people to the sport such as:

- willingness to do a sport in area of Pardubice,
- a quality of the existing sport centers,
- a lack of the sports facilities,
- a pricing policy,
- a required services in connection with the proposed sports complex

There will be about 300 respondents asked in the survey. Most of them will be asked in other sport centers, which include similar sports like in the SportsAreUs. This approach may discover other business opportunities as well.

Marketing Research

The aim of marketing research is to acquire, analyse and evaluate market information, including particularly such factors as demand, competition, customer needs and behaviour, competitive products and marketing tools.⁵ This information can be obtained both from the data which the company already has or using various researches. These are primarily demographic data on population and surveys through tests, questionnaires, observations, etc. Marketing research covers several forms of research, including⁶:

- market research focusing on market analysis and forecasts of its development
- product research dealing with the characteristics of products they should have to match customer needs
- promotion research focusing on the media used and the measurement of their effectiveness

⁵ FOTR, J., SOUČEK, I.: *Podnikatelský záměr a investiční rozhodování*, 1. vydání, Praha, Grada Publishing, a.s., 2005, ISBN: 80-247-0939-2, str. 35.

⁶ STEHLÍK, E. a kolektiv: *Základy marketingu*, 2. vydání, Praha, Vysoká škola ekonomická v Praze, Nakladatelství Oeconomica, 2003, ISBN: 80-245-0587-8, str. 63

- marketing channel research to determine the most effective methods of sale
- price research within a pricing policy

The result of marketing research can be a description of a certain state of the market, an explanation of the causes or the forecasts of future market development.

Market Research

Market research is based on a precise market definition and identification of its segments, and addresses the existing and estimated future demand, taking into account all the relevant factors affecting market development.⁷ Within the market research, the most important is to define the market precisely. This can be done in several aspects, including product, market operators, time and space. The better these factors are defined and described, the narrower is the market and the number of potential consumers. We can distinguish three types of market⁸:

- 1) Potential market – a market in which there are consumers who have or may have an interest in buying a product and this product is also available for them
- 2) Current market – which consists of current customers buying the product
- 3) Target market – a market or market segment which the company strives for

Because no market contains completely homogeneous consumers, they must be split into smaller groups – segments. The consumers are allocated to these segments under common, predetermined characteristics so as to have the same or similar needs and respond in the same or similar manner to various stimuli. At the same time, each segment must be significantly different from other segments. A segmentation process is carried out in three steps – first, implementing a description of the basic consumer characteristics; then, dividing them into small, homogeneous groups; and finally, determining the profile of each segment. Segmentation criteria may be different, although we can mention e.g.

⁷ FOTR, J., SOUČEK, I.: *Podnikatelský záměr a investiční rozhodování*, 1. vydání, Praha, Grada Publishing, a.s., 2005, ISBN: 80-247-0939-2, str. 35.

⁷ STEHLÍK, E. a kolektiv: *Základy marketingu*, 2. vydání, Praha, Vysoká škola ekonomická v Praze, Nakladatelství Oeconomica, 2003, ISBN: 80-245-0587-8, str. 90

⁸ Russell S. Winer, Ravi Dhar. *Marketing Management*, 4. ilustrované vydání. New Jersey: Pearson Education, 2001. ISBN 0136074898, 9780136074892. p. 61-66

territory, demographic characteristics, socioeconomic characteristics, behaviour characteristics and psychographic characteristics. Simultaneously, each segment must meet certain requirements, such as a sufficient size and profitability, sufficient homogeneity; it must accept the product and must be solvent. In the context of exploring potential customers, it is also necessary to anticipate their demand for the product, thus predicting their responses to various marketing stimuli. Another important step is to determine the market potential. The market potential is an indicator expressing a market capacity which is important information on the potential volume of product sold for the company. The actual determination of market potential can be done in two ways:⁹

- identifying all potential customers on a given market or its segment and estimating their potential purchases
- determining the total population on a given market and its reduction by those customers who are not interested in buying the product offered

Market research includes also the forecasting of its development. It means a constant monitoring of the effects that can cause changes, create business opportunities or threaten the business. The length of a period and detail of forecasts depends on the intended purpose. There are many methods for determining the market development forecasts. Selecting a method depends primarily on the information available, the length of time which the forecast is being processed for and on the costs.

Product Research

Given that a successful product can only be the one that somehow appeals to potential customers and will satisfy their needs, product research is also necessary. This research is usually done by a test method, the object of which may be an existing product or an idea for a new, yet undeveloped product. The respondents of these tests are potential and existing customers whose answers then govern an implementation of new or a reform of existing product.¹⁰

Promotion Research

⁹ Russell S. Winer, Ravi Dhar. *Marketing Management, 4. ilustrované vydání*. New Jersey: Pearson Education, 2001. ISBN 0136074898, 9780136074892. p.77-82

¹⁰ Russell S. Winer, Ravi Dhar. *Marketing Management, 4. ilustrované vydání*. New Jersey: Pearson Education, 2001. ISBN 0136074898, 9780136074892. p.213-220

Promotion research is mainly engaged in measuring the effectiveness of various communication channels directed at customers, especially the effect of advertising. This is especially the impact of these communication tools on consumer behaviour. The main areas monitored by the promotional research are the effectiveness of communications, media effectiveness and linkages to the communication costs. We can distinguish two basic methods for measuring the effects of advertising¹¹:

- measuring communication effects – what changes are caused by the communication in the subconscious mind, knowledge, attitudes, preferences and purchase intentions of consumers
- measuring sales events – meeting enterprise sales targets

Characteristics which are focused on measuring communication efficiency are e.g. absorption, awareness, preferences, sales, as well as exposure frequency, area, place, medium, time instant, and the like. Furthermore, it is possible to distinguish between the measurements of communication and sales effects. The methods used to measure the communication effects include:

- remembering tests
- recognition tests
- direct questioning
- tests based on measuring attitudes
- physiological testing

The methods used to measure the sales effects include controlled experiments and an analysis of sales and advertising data.

Price Research

Price affects the company performance and is also one of the main factors influencing demand and competition. Therefore, it is necessary to assess price from several

¹¹ H.Bártová, V.Bárta, J.Koudelka : *Chování spotřebitele a výzkum trhu*, 1.vydání, Praha, Vysoká škola ekonomická v Praze, Nakladatelství Oeconomica, 2002, ISBN: 80-245-0410-3, Str. 173

perspectives when analysing it: in line with long term business goals, business economics, achieving a certain market share and it must be assessed even in the context of competing products or strategies, etc. The price cannot be evaluated from only one point of view, it is necessary to cover them all. There are several methods for this purpose, although each assesses only one factor, making the price research very complex and time-consuming.¹²

Marketing Channel Research

Marketing channel research or distribution research is focused on distributors and obtaining the necessary data to determine the best methods of distribution channels and sales of the product. Two variants of research are possible – research directed at the distributors or research performed by the distributors themselves. As far as the research of distributors is concerned, two basic methods of research can be used – interviewing and observation. When it comes to market research done by a distributor, the goal of the research are the possibilities of using marketing mix tools, although a greater importance is attached to a location and company image. Generally, the basic research questions are¹³:

- whether and what kind of mediators and middlemen exist
- characterising distribution channel parts
- distributor's attitudes and evaluation in relation to the company and its products
- territorial distributor distribution
- relationships between distributors
- types of used distribution channels
- consumers' attitudes to distributors
- market requirements on distribution channel segmentation

¹² Russell S. Winer, Ravi Dhar. *Marketing Management, 4. ilustrované vydání*. New Jersey: Pearson Education, 2001. ISBN 0136074898, 9780136074892. p.247-259

¹³ H.Bártová, V.Bárta, J.Koudelka : *Chování spotřebitele a výzkum trhu*, 1.vydání, Praha, Vysoká škola ekonomická v Praze, Nakladatelství Oeconomica, 2002, ISBN: 80-245-0410-3, Str. 173

Summary of Marketing research

Information collected and analysed in the context of marketing research serve to know the market, potential customers and competitors, thus to identify the market opportunities and risks of the project based on which it is possible to devise marketing strategies and other components of the project.

Financial plan

The financial plan is done by creating the budget of initial expenses and a view of the company's finances, where we can find the analysis of the anticipated costs and yields, projected costs and yields from the sport fields, projected costs and yields from the shop, expected yields from the restaurant, the total anticipated profit, projections of cash flow, and financial indicators (ROI, NPV, Discounted payback period).

Any financial decision should be based on the financial analysis. Financial structure and asset management will be derived from the analysis above. Calculation of the financial KPIs above, the author chose net present value (NPV), discounted payback period (DPP) and the calculation of financial ratios (profitability).

“Profitability ratios compare income statement accounts and categories to show a company's ability to generate profits from its operations. Profitability ratios focus on a company's return on investment in inventory and other assets. These ratios basically show how well companies can achieve profits from their operations. Investors and creditors can use profitability ratios to judge a company's return on investment based on its relative level of resources and assets. In other words, profitability ratios can be used to judge whether companies are making enough operational profit from their assets. In this sense, profitability ratios relate to efficiency ratios because they show how well companies are using their assets to generate profits. Profitability is also important to the concept of solvency and going concern.”¹⁴

These key ratios are most used by creditors when a profitability of a company is evaluated. Below is description of indicated KPIs (Key Performance Indicators):

¹⁴ *My Accounting Course: accounting education for the rest of us* [online]. 2015 [cit. 2016-03-26]. Available: <http://www.myaccountingcourse.com/financial-ratios/profitability-ratios>

- **Return on assets (ROA)**

$$\text{ROA (Return on total assets)} = (\text{Net profit} / \text{Total assets}) \times 100$$

- **Return on equity (ROE)**

$$\text{ROE (Return on equity)} = (\text{Net Income} / \text{Equity}) \times 100$$

Return on investment (ROI), also the productivity of investment or return on invested capital is a term that refers to the total profit from the investment. It is one of the key indicators for measuring the effectiveness of investment and it is used to evaluate projects. The indicator is similar to the return on assets (ROA), the calculation is different in denominator in which is only the long-term invested capital instead of total assets.

- **Return on investment (ROI)**

$$\text{ROI (Return on investment)} = [\text{Net profit} / (\text{Total assets} - \text{Short-term borrowings})] \times 100$$

In order to evaluate feasibility and profitability of the project, following measures categories are considered:¹⁵

- Methods of non-profit character,
- Static methods,
- Dynamic methods,
- Real option valuations.

For all these methods, the basic input quantities for determining the value of investment are:

- Cash flows
- The number of periods,
- Business discount rate
- Other possible variables - costs, profit, etc.

¹⁵ *Investiční controlling: jak hodnotit investiční záměry a řídit podnikové investice : investiční proces jako základ budoucí prosperity, nástroje a metody investičního controllingu, volba financování a technologie, monitoring průběhu investice a postaudit.* 1. vyd. Praha: Grada, 2009, str.. 37-119. Prosperita firmy. ISBN 978-80-247-2952-7.

For purposes of this thesis, the author is focusing only on dynamic methods because they are the most suitable for this type of project and thus only KPIs from that group will be described.

Dynamic methods

Dynamic methods taking into account the time factor. The main difference from static methods is that in its assessments of already included the risk factor in the form of interest rate, which expresses the required profitability. Thus they include one economic rule and that is the time value of money.¹⁶

Net present value:

“Net Present Value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows. NPV is used in capital budgeting to analyze the profitability of a projected investment or project.”¹⁷

- Net present value is the basis of all dynamic methods, and it is the method most widely used and in most cases the most appropriate since it gives comprehensible results.
- The method is the sum of capital expenditures and income from investment, discounted to the level of the value of money in the year of the acquisition of the investment.

NET PRESENT VALUE

$$NPV = \sum_0^t DCF = \sum_0^t \frac{CF}{(1+r)^t}$$

Where are the:

DCF - Discounted cash flow in individual years

¹⁶ *Investiční controlling: jak hodnotit investiční záměry a řídit podnikové investice : investiční proces jako základ budoucí prosperity, nástroje a metody investičního controllingu, volba financování a technologie, monitoring průběhu investice a postaudit.* 1. vyd. Praha: Grada, 2009, str.. 41-119. Prosperita firmy. ISBN 978-80-247-2952-7.

¹⁷ *Investopedia: Net present value - NPV* [online]. 2016 [cit. 2016-03-29]. Available: <http://www.investopedia.com/terms/n/npv.asp>

t – Life span of the project

DISCOUNTED PAYBACK PERIOD

It is a comparable criterion as a simple payback period except discounted cash flow is used comparing to simple cash flow. Discounted cash flow in year t can be calculated using the following formula:

$$T_{ds} = \frac{IN}{DCF} \quad DCF = \frac{CF}{(1+r)^t}$$

Where are the:

r - Discount

t - Year for which is calculated DCF

Discounted payback period rule is that an investor will take all projects which payback period is shorter than the predetermined value.

Due to the fact, that all data are used for financial analysis, including calculations of labor cost, cost of sales, fixed costs and other variable costs are ex ante cost and yields calculations, methodology consists only of financial forecasting methods and calculations. . Evaluation of business scope, marketing strategy and financial plan will be carried out based on analyses and surveys mentioned above.

The timetable for implementation and the risks of the project can be found there. In the next section The Evaluation of Results and Recommendations is summary of outputs from this thesis. Further there can be found recommendations, visions and goals for the future. In the conclusion is evaluated the viability of the idea of the establishment and operation of the sport center in Pardubice.

3 Literature Review

3.1 Definition of an Entrepreneur and Basic Terms

Questions related to entrepreneurship are amended by the New Civil Code – Act No 89/2012 Coll. which completely replaced the 1964 Civil Code from 1 January 2014. It newly amends the definition of an entrepreneur as a person who independently carries out on their own account and responsibility a gainful employment by trade or similar means with the intention to do so consistently for a profit.¹⁸

For the purposes of consumer protection, an entrepreneur is also a person who enters into contracts related to their own business, manufacturing or similar activities or the actual performance of their profession. Furthermore, a person who acts on behalf of an entrepreneur. The entrepreneur is also a person who is registered in the Commercial Register and who has a trade license or other authorization.

An entrepreneur who does not have a business name acts legally in their business under their own name. A company name means the name under which an entrepreneur is registered in the Commercial Register. Under the new Civil Code, an entrepreneur must not have more business names. Protection of the rights to a business name belongs to the entrepreneur who has rightly used it for the first time. A person is usually entered into the Commercial Register under the business name formed by their name.¹⁹

Other definition of an enterprise defines it as a combination of production factors which help the owners of the company to achieve specific goals. A prerequisite for the fulfilment and implementation of the object of business is the existence of basic production factors, namely labour, capital, material and management.²⁰

Under the new Civil Code, three types of legal persons: corporations, foundations and institutions. A corporation is as a legal person formed by an association of persons or by a single member. Therefore, it cannot exist without members or shareholders.

¹⁸ § 450 zákona č. 89/2012 Sb., občanský zákoník

¹⁹ § 423 zákona č. 89/2012 Sb., občanský zákoník

²⁰ § 502 zákona č. 89/2012 Sb., občanský zákoník

Associates have a share in the corporation profits or liquidation value. Corporations are dealt with and their different forms discussed by the Business Corporations Act.

A foundation is a legal person made up of the property which had been earmarked for a specific purpose. Its activity is thus tied to this purpose.²¹

Institutions are established for the purpose of operating activities socially or economically useful using their personal and financial component. If an institute operates a business or other secondary activity, the profits derived from this activity may only be used to support the activities which an institute has been established for.²²

3.2 Legislation in the Czech Republic²³

Legislation plays a very important role in all stages of the life cycle of each company. At the beginning of the business, it is mainly about choosing an appropriate legal form. It is not only a decision whether to choose doing business as a natural or legal persons, it is also necessary to determine whether to start a business from scratch, buy an existing business or a franchise, for example. In the course of doing business, it is important to follow all legislative regulations of a given country which a business is operated in. In case of bankruptcy, it is again provided by law what actions are to be made, and how the entire process of dealing with stakeholders will be held.

3.2.1 The legal environment

Like all areas of human endeavour, even entrepreneurship is regulated by a variety of legal forms which an entrepreneur must abide by. The entire legal environment underwent significant changes with the arrival of 2014, it also affected the business. The Commercial Code was adopted in 1991 and gradually developed into a coherent code which, in addition to the Civil Code, created its own and to some extent independent branch of private law. This division obviously brought complications; it was not clear in some cases what Code should the specific legal relationships follow. For many reasons, it

²¹ § 303 zákona č. 89/2012 Sb., občanský zákoník

²² § 1,2,3 zákona č. 90/2012 Sb., o obchodních korporacích

²³ Current legislation - especially: Občanský zákoník (zák. č. 89/2012 Sb.), Zákon o obchodních korporacích (zák. č. 90/2012 Sb.), Živnostenský zákon (zák. č. 455/1991 Sb.), Zákoník práce (zák. č. 262/2006 Sb.), Zákon o účetnictví (zák. č. 563/1991 Sb.).

was therefore decided within the recodification to cancel the Commercial Code and to integrate private law into the Civil Code.

The **New Civil Code** (NCC; No 89/2012 Coll.) became the centrepiece of private law. A new special act, namely the **Business Corporations Act** (BCA; No 90/2012 Coll.) was reserved only for the regulation of business corporations companies and cooperatives which is closely linked to the NCC. This act is not supposed to be a successor of the Commercial Code, but a special regulation which deals with a narrowly defined range of legal persons, namely the business corporations. All forms of business companies (a limited liability company, a public limited company, a limited partnership, a general partnership, a European company, and a European economic interest grouping) and cooperatives (a cooperative in the narrow sense, a housing cooperative, a social cooperative and a European cooperative) are included under the business corporations in the BCA. However, amending the BCA affects mainly the domestic forms of corporations as the European ones are primarily governed by specific EU regulations. The Business Corporations Act regulates the basic conditions of their operation: creation, internal body structure distribution, responsibilities of members of the various bodies, activities in a group, cancellation. Nevertheless, there is not all information found in its text. Some conditions are dealt with on a more general level under the NCC, while others more specifically under special acts (e.g. the Act on Transformations of Business Companies or the Act on Public Registers). Therefore, the BCA is significant but still only a partial article of a multilevel structure of business corporations legislation.

The Trades Act (No 455/1991 Coll.) regulates trade business. It provides a definition of trade, barriers to trade operation, and specifies who is authorized to operate a trade. It defines the types of trades and the conditions that an entrepreneur must meet for their operation (e.g. professional competence). It also refers to the trade register which all emerging trades are recorded and kept in. Among other acts directly affecting an entrepreneur's activity is the Labour Code (No 262/2006 Coll.), the Accounting Act (No 563/1991 Coll.), the Law on Income Tax (No 586/1992 Coll.), and the Law on Value Added Tax (No 235/2004 Coll.).

3.2.2 Legal forms of business²⁴

There are several statutory forms of business in the Czech Republic. Each of them has its own specifics, thus their suitability in relation to a business plan must be carefully considered. What is advantageous for one is often a disadvantage of the other and vice versa. Also, each field of activity has its own requirements; each person has different ideas about their business, about the future and the future direction of their company. Therefore, one of the given forms cannot be unequivocally recommended, the choice truly depends on each novice entrepreneur. Although the decision can be changed later, it is associated with significant complications and costs. When deciding on the type of business, it is necessary to take into account the following factors: the number of founders, the required amount of starting and future capital, tax burden, the level of legal regulation, establishment costs, control over the company, the manner and extent of the company liabilities, management assumptions and, if necessary, succession in the company. Czech legislation allows the entrepreneurship of natural and legal persons.

A natural person who wants to start a business must obtain a trade or other licences required to operate the business. General conditions for obtaining a trade license are a minimum age of 18 years, legal capacity and a clean record. An entrepreneur is liable for the obligations with their assets. Capital is not necessary to form a trade. Data on entrepreneurs are guided by trade licensing offices in the Trade Register. Trades are divided into notified and licensed. Notified trades are formed on the basis of a notification, they are further divided according to the requirements for professional competence to handicraft, which an apprenticeship certificate or graduation exam in the field is needed for; regulated, which a professional competence must be demonstrated for; and the third option is free trades that do not require any special conditions, only a determination of the activities to be operated by a trader. Licensed trades are made on the basis of an administrative decision or recommendation of a relevant government authority.

In case of the business of legal persons, it must be reckoned that starting a trade will be more difficult, and the capital would have to be provided in most cases. All types of legal persons must be entered into the Commercial Register. The law defines partnerships,

²⁴ STAŇKOVÁ, A.: *Podnikáme úspěšně s malou firmou*. 1.vyd. Praha: C.H.Beck, 2007. 199 s. ISBN 978-80-7179-926-9. str. 78-81

joint stock companies and cooperatives. In a partnership, a prerequisite is a personal participation of entrepreneur in a management of their company and generally unlimited liability of shareholders for company obligations. This group includes a general partnership and a limited partnership. Founders in the capital companies are only required to bring the deposit; their liability is either limited or none. This covers a limited liability company and a public limited company. Cooperatives are used to a minimal extent in entrepreneurship now. A limited liability company is crucial for the purpose of this thesis; therefore, it will be given more attention to. We will mostly discuss the legislative requirements of this legal form of business and the changes that occurred with the advent of new legislation in 2014.

Limited Liability Company²⁵

A limited liability company (abbreviated Ltd.; společnost s ručením omezeným – s.r.o. in Czech) is the most common type of company in the Czech Republic, is also the easiest capital company, although it contains many features of a partnership (such as the partial personal liability of shareholders, the right of shareholders to make decisions outside the general meeting, etc.). The company may have from one to fifty shareholders, both natural persons and legal persons. According to the Commercial Code in force until the end of 2013, it must have had the capital in the amount set by a memorandum (at least CZK 200,000 with a minimum shareholder deposit of CZK 20,000) at its founding; the current legislation is different (see below). Shareholders are jointly and severally liable for the obligations to the sum of the outstanding shares of all shareholders in accordance with the status of registration in the Commercial Register. This means that claims can be collected from any of them, despite having their share already paid. Business company s.r.o. is the name under which it is entered in the Commercial Register. To establish the company, a memorandum is necessary, a memorandum in case of a single founder; a notarial deed form is required in both cases. The content requirements include the company name and address, field of business, executives and ways of their signing, determination of shareholders, their shares and the amount of subscribed and paid shares when the company is being established.

²⁵ BUSINESS CENTER.CZ: *Společnost s ručením omezeným*. [online]. [cit. 21. 2. 2016]. Dostupný z: <http://business.center.cz/business/pravo/formypodn/sro/shrnuti.aspx>

This legal form of business has an executive director or directors and a general meeting as an obligatory body, a supervisory board as an optional body. Its establishment is decided by partners in a partnership agreement or memorandum of association. Therefore, a statutory body is one or more executive directors bearing full legal responsibility for running the company, bookkeeping, obligations towards the authorities etc. There is a competition ban valid for the executives that cannot be mitigated, but it is often violated in practice. The general meeting of shareholders is the company highest body. The scope of its decision-making includes the essential facts such as the appointment and removal of executive directors, changes to the memorandum and articles and the approval of financial statements. The general meeting appoints the members of supervisory board if established. The advantage of s.r.o. is a limited liability for the obligations, a relatively low value of the minimum capital and small administrative demands. A partial disadvantage for beginner entrepreneurs is the need for a double-entry bookkeeping system and more demanding negotiations with authorities.

The new legislation of a limited liability company is effective from January 2014; it primarily aims to enable a simpler and more flexible operation. Probably the most prominent manifestation of this effort is releasing the legislation of a share. Compared to the current situation, for example, one person will be allowed to own more than one share (§ 135 paragraph 2 of the BCA). Transferring a share to another person will be easier as well, especially if the memorandum determines that the share is embodied in a so-called counterfoil, a security on order (§ 137 of the BCA). The transfer of shares will occur only on the basis of an oral contract by a handover of the counterfoil with the appropriate endorsement. The shares will be more variable regarding even the rights that are associated with them (§ 135 of the BCA). The memorandum will now be able to accept that a certain type of shares will have special rights, such as a greater weight of the votes on certain issues or priority right to the repayment of profits. The extension of cases which a shareholder of the company can unilaterally secede from is related to the overall releasing; it is a situation when a partner disagreed with some of the selected decisions of the general meeting (e.g. the nature of a company business or on optional duties), or if a partner was unjustifiably denied a consent for a transfer of their share.²⁶

²⁶ Zákon č. 90/2012 Sb., o obchodních korporacích

The important difference is waiving reliance on capital. The existing law supposed that s.r.o. is obliged to create capital in the amount of CZK 200,000 and repay it within 5 years. The impression was that a creditor protection is guaranteed. In fact, the law did not force the company to maintain such cash, or to have the assets at this value. Thus, the capital became a mere book entry with very little importance in protecting the creditors. The fact is emphasized by the BCA stipulating that the capital may be only CZK 1 (§ 142 of the BCA). Although it subsequently indicates that the creditor protection is provided by the provisions for managing the company assets and responsibilities as well as the rules on insolvency test which prohibit certain transactions if they would cause the bankruptcy (§ 40 of the BCA). Therefore, the creditors get more secure protection not relied on fictitious funds in the accounts, but based on the real state of the company assets and liabilities of executive directors.²⁷

It is obvious that a large number of changes occurred, only time will tell whether these were the steps in the right direction or not. Changes in legislation are essential to monitor during the entire duration of business, so as to prevent the entrepreneur, albeit unknowingly, to come into conflict with the law. In addition to the above mentioned acts, even the decrees of ministries, government regulations, regulations or other legal norms that bind to specific operated businesses must be taken into account.²⁸

3.3 Founding budget

Processing a founding budget is often underestimated with small business owners, which is a mistake. The purpose of the processing is a specification of resources required for business and a quantification of sources that must be put into the company before it starts being profitable. It is mainly about the costs associated with the establishment of the company, an inventory of tangible and intangible assets used in starting the company, current assets needed in the start-up phase and the total amount of funds needed until the company begins to generate money. It is essential to find answers to these questions: How much will the company establishment cost? How high is the required capital and when it

²⁷ Zákon č. 90/2012 Sb., o obchodních korporacích

²⁸ BUSINESS INFO.CZ, Oficiální portál pro podnikání a export: *Speciál – změny pro podnikatele od roku 2014*. [online]. [cit. 23. 2. 2016]. Dostupný z: <http://www.businessinfo.cz/cs/clanky/zmeny-pro-podnikatele-od-roku-2014-43432.html>

must be provided? How much property and of what structure will be needed when starting the business? How much raw material do we need in stock before starting the business? How much employees will the company have and what will be the amount of their wages, health and social insurance paid by the employer? Will the rent be paid in advance and in what amount?

When creating a founding budget, the entrepreneur takes in the following steps.

1. Drawing up a list of planned expenditures related to starting the business and running the company. In both parts, unforeseen expenses must be reckoned with and a reserve for them created. The duration of the first phase is affected by the time of premises construction or reconstruction. The length of the operating phase for the needs of the founding budget should take a minimum of one month and a maximum of one year.
 - Incorporation and investment stage – establishing place of business and business premises, reconstructing the premises, acquiring assets, machinery, equipment and required supplies such as business license fees, remuneration for advisory services, etc.
 - Operating phase – purchasing operating assets and inventory, wages and social security and health insurance, energy, advertising, insurance, phone service, surveillance, etc.
2. Comparing the total planned expenditure with own financial resources at their disposal and which are to be put into the business.
3. If the sum of the initial expenditure is higher than the available funds, it is necessary to seek funding with other sources (family, friends, bank loans, business angels, grant programmes, etc.). Other source of property coverage then generates additional expenditure, notably payments of principal, interest and fees. The total amount of necessary expenditure indicates the needed amount of start-up capital.
4. Drawing up the opening balance sheet, accompanied by other key statements describing the planned result after the first year if necessary (balance sheet, profit and loss statement, cash flow statement). For the purposes of preparing these

statements, it is need to be able to estimate the expected revenues, i.e. the number of customers in each month, the number of products sold and the profit margin.

3.3.1 Funding²⁹

Even the best business plan and the enthusiasm of its creators can fail because of a fundamental problem – insufficient financial resources. It is important to respect the key rules; especially the long term net assets must be financed by long-term resources, while the short-term, instantly consumed assets can be financed by resources with shorter maturities. Particularly long term funds are required within the business plan; own resources, bank loan, leasing, business angels, venture capital, initial issue of securities and subsidies can be taken into account. When the company works and prospers, the safest and most widely used method of financing is internal capital which includes retained earnings from previous years, revenue reserves and depreciation. However, it may not be sufficient again in case of a company expansion. The company once again faces the task to prepare a business plan and convince the creditors about the return on investment of the proposed project. The following text briefly outlines other sources of funding.³⁰

A **bank loan** is the most common way of external financing of enterprises and may occur in the form of long-term and short-term bank loans. Long-term bank loans are provided in the form of term loans, either as a mortgage (liability permitted only by immovable property) or investment loan (liability with fixed assets). A bank loan is characterized by an obligation of repaying the loan, usually gradually at regular intervals, by interest rates or the price paid to the bank for lending the money, and by ensuring a return on the loan at the time of an occurrence of unforeseeable circumstances. The banks generally require a liability in the amount of credit granted. To obtain a loan, the bank must be convinced of the vitality and return of a project which can be proved only by a high-quality and realistic business plan.

Leasing is an alternative form of financing long-term assets which allows the company to use the property without using their own financial resources. The user charges

²⁹ SRPOVÁ, J. a kol.: *Podnikatelský plán a strategie*. 1. vyd. Praha: Grada Publishing, 2011. 194 s. ISBN 978-80-247-4103-1. str. 144-158

³⁰ KORÁB, V., PETERKA, J., REŽŇÁKOVÁ, M.: *Podnikatelský plán*. 1.vyd. Brno: Computer Press, 2007. 216 s. ISBN 978-80-251-1605-0. str. 183-191

of thus financed property are tax deductible. The property of a leasing company remains a subject of leasing and the company uses it according to the agreed terms. Leasing is in the form of operating (the subject remains the property of a lessor) and financial leasing (a leaseholder purchases the assets after the lease term ends). Leasing companies are more flexible in financing arrangements and do not require liabilities in the same extent as banks.

Another option is to **obtain an investor to capital** who becomes a shareholder, carries a business risk and, of course, requires adequate compensation for the risk incurred. The invested funds will return back by selling owned shares on the market at the appropriate time, usually within 3–5 years. Thus, a professional investor joins the company to evaluate their investment and requires certain guarantees, such as a share ownership, participation in supervisory or administrative bodies, guarantees for the opportunity to sell their share when leaving the company or concluding management contracts. A crucial step here is to determine the market value of the business, and to determine the appropriate share for the investor based on it. Ideal investors for small and medium-sized enterprises in particular are **business angels** (natural persons, successful entrepreneurs and managers who are interested in helping businesses with their financial resources and experience with a company management, thereby increasing the value of their capital), **venture capital** and **private equity** (venture capital funds managed by professional investors, i.e. pension funds, banks, insurance companies, investment companies investing in the capital of start-up and fast growing companies with a vision of the best possible return on capital employed).

State support programmes with their main aim to ensure a long-term economic growth, strengthen the competitiveness of enterprises abroad, support the underdeveloped regions of the country, develop small and medium enterprises, and promote education and employment. Providing support has various forms from free advice and training to financial assistance. Subsidies are allocated mainly from the European Union and the state budget in the Czech Republic. Support from the EU can be e.g. in the form of grants from the structural funds, but there are many other options on how to draw national or European funding. Detailed information on each programme can be found on their respective websites, or it is advisable to check with the specialized agencies (see the subchapter

business support). A financial aid request is necessary to be prepared completely precisely according to the required structure, or on pre-printed forms. Its submission requires adding mandatory and specific attachments that are required for a particular programme. Probably the best solution for small and medium-sized enterprises is a consulting firm which processes everything flawlessly and quickly. However, the processing of a request for grant support is associated with relatively high start-up costs.

3.4 Business in the Sports Environment

Each person comes into contact with sports almost daily in their lives, whether actively as a sportsman, or passively as a viewer. Sports are used to improve physical fitness as well as to develop one's personality. It is also an integral part of a healthy lifestyle, which is a phenomenon of our time, and has enormous potential for the future. Nowadays, sports are understood as a specific area of the national economy, it is included in the so-called 'leisure industry'. It has a significant share in the national economy and population's consumption in developed countries. Thus, the sports are one of many ways to do business. These include selling healthy food and sports equipment, operating sports centres and, last but not least, organizing sports events of various sizes. Each of these areas has its own characteristics and specificities, particularly concerning a product, customer, market and market conditions.

3.4.1 Sport in Modern Society

Sport is perceived as any physical activity in leisure time today. The slogan 'Sports for Everyone' is spreading through the world to emphasize the primordial concept of sport where competing is primarily focused on overcoming various degrees of fitness of an individual. Everyone is already aware of the lack of movement of people in modern society, with the associated higher incidence of lifestyle diseases and the resulting need of sport as a form of active rest. There is an effort to find a new lifestyle for a post-industrial society which a movement and physical strain of daily work is largely eliminated in. Physical activity should become a form of leisure and regeneration. Moreover, the sports promote the positive qualities of people, such as loyalty, perseverance, teamwork, a sense

of fair play, respect for others, respect for rules and discipline. From this perspective, the role of sports is very important in shaping civil society.

Sport has various functions; it is primarily an economic, social (educational, military service), political and ethical function. Studying the sport in more detail, we find that it is in economic terms in most cases mixed or public goods producing positive (disease prevention, recovery, socialization and cultivation of human behaviour) and negative (environmental damage, crime, vandalism) externalities. Thus, there is a need for external intervention of the country eliminating the mentioned market failures. A public sector role is crucial in this sector as well as e.g. in education or health care. Most European countries financially support sport both at the level of central government and through regional and local governments. This support is usually provided in the form of grants. The phenomenon of sport is in turn closely linked with the growing production of sports equipment, building specialized sports facilities and organizing a large number of sporting events. On the contrary, the aforementioned activities are predominantly commercial in their nature, thus being a part of the private sector.

According to the level, the sports can be classified as mass and recreation sports, performance, and professional. A distinction between institutionalized and non-institutionalized (unorganized, voluntary, informal) sport that is a large part of the private sector, namely domestic economy, is also important. The third key division distinguishes two main groups in sports, namely participants or active participants and spectators or passive participants.³¹

As can be understood from the foregoing points, the sport is a very broad and complicated term; therefore, this work cannot encompass everything what is covered by it. However, we can say with certainty that the sport today strongly influences modern society and has become an integral part of public life.

3.4.2 Historical Development of Sports in the Czech Republic

Modern sport as a social phenomenon began to assert itself in the world in the late 19th century. It was then done almost exclusively at the amateur level and mainly in

³¹ NOVOTNÝ, J. a kol.: *Sport v ekonomice*. Praha: Wolters Kluwer Česká republika, 2011. 512 s. ISBN 978-80-7357-666-0. str. 19-35

facilities that were not well equipped for this purpose. Sports facilities, as we know them today, did not exist. The sport was gradually ceasing to be a privilege of nobility and spread among broad classes of the population. The former organization of sports was relatively undemanding regarding human and economic resources. Orthopaedic and medical institutions originated simultaneously in Prague, where the exercise was done for money. A major milestone was the establishment of the Prague Gymnastic Association (later Sokol Prague) in 1862, which was the first economically independent sports organization that played an important role in the emancipatory-nationalist movement in shaping the Czech nation within the Austro-Hungarian Empire. There were also other sports organizations being formed, linked to political parties and movements (DTJ, Orel). It is estimated that there were around two million of members organized in sports institutions before the First World War. The era of communism led to the unification of the entire physical education movement into a single umbrella organization called the Czechoslovak Sports Association (CSSA). This principle of a single volunteer sports organization collapsed with the advent of the new regime in 1989, and there was a renewal of a multiparty system. The CSSA split to a number of successor organizations, although it remained the largest umbrella sports organizations in the Czech Republic with nearly 1.5 million members.³²

As far as business in sports is concerned, there was a radical turn in the functioning of Czech sports federations, clubs and sports facilities operation due to a political and social change in 1990s. In the interest of self-preservation, all these subjects had to respond to the changes. It concerned a question of financing the activities of sports clubs, providing new services to satisfy the various needs of modern society and constructing new sports complexes. Insufficient legislation in this area which would have addressed the relations between the state authorities, amateur and professional sports sector was also problematic. Sports industry was broadly split to two separate units coexisting and providing sports products and services, and those are companies and non-profit organizations. Their purpose and functioning is entirely different. The EU's commitment that every citizen has the right to do sports which derives from the Treaty of Lisbon meant another challenge for politicians – how to optimally allocate economic resources in sports. In general terms, it is

³² NOVOTNÝ, J. a kol.: *Sport v ekonomice*. Praha: Wolters Kluwer Česká republika, 2011. 512 s. ISBN 978-80-7357-666-0. str. 19-45

the question of whether to invest more into publicly accessible sports infrastructure, and support sports of a broad class of population, or to co-finance private projects, and strive to develop commercial sport which is much more efficient and beneficial to the national economy.

3.4.3 Specifics

There are many factors affecting business in a sports environment which must be taken into account. These effects are largely different from those that occur in the normal course of business. Neglecting these specifics may adversely affect the results of doing business. Below are the most important of them when focusing on the operation of sports centres.

Sports product is a very broad concept; however, it is different from any other product on the market in most cases. Sport includes emotions, thus the experience associated with it is much stronger. It is also almost exclusively a voluntary activity, operated in free time. On the other hand, it is an expense that can be fairly easily abjured, for example, in situations of financial distress. Sports services are often offered in a long time horizon which significantly affects the price that is often segmented at a higher cost per one unit of service and a lower amount for reuse. Generally, the **price of sports products and services** is complicated. The price can be subsidized from public funds for selected types of sports or designated customer groups, while others must be paid in full. Typical for this industry is a relatively narrow but steady clientele, it means it is relatively expensive and time consuming to obtain athletes and inspire them for your product, but once that happens, it will most likely be a business relationship spanning through many years. Considerable traits are exhibited by professional athletes who are not clients in the true sense of the word anymore, but rather on the border between a customer and a product. Another atypical example of a **customer in the sports environment** is a fan who is trying to satisfy other needs than the actual athlete. Success of business may depend to some extent on the results of matches, team ranking and the popularity of specific athletes.

Like doing business in other sectors, a **construction and operation of a sports centre** is affected by a number of internal and external factors. It can be established by a natural or legal person who owns a business license, these may be for example sports

associations and clubs, public limited companies or limited liability companies as well as communities, schools, church groups and others. Maintaining a comprehensive sports centre falls under several trades. The basic free trades connected to this business are the following.

- Operating sports facilities and organizing sports activities – ensuring the operation of sports facilities, their renting for immediate use to consumers for a sports activity, regeneration and recovery. This category also includes organizing competitions, events and carrying out activities to promote the sport.
- Wholesale and retail – activities associated with buying and selling goods to a direct consumer (nutritional supplements, sports and fitness clothing, tools).
- Advisory and consultancy, preparation of expert studies and reports – consultancy on maintaining physical fitness (a nutrition specialist, a make-up artist).
- Lease and rental of movables – sports equipment, tools, clothing.³³

In addition to these activities, there are others which it is needed to demonstrate a certain competence for. This is essentially a work of personal trainers, instructors and trainers, as well as a tanning salon operation or providing massage services. These activities fall under the so-called regulated trades.

- Providing physical training and sports services – teaching skills in the particular sports sector, and the associated organization of sports activities for individuals and groups. The list of businesses classified under this trade can be found on the website of the Ministry of Education, Youth and Sports. Professional requirements are university or higher professional education in the field focusing on physical culture, physical education and sports, or a completion of educational or retraining course and obtaining a certificate, a certificate of professional competence, or a diploma. On the basis of fulfilled conditions, an applicant obtains a trade license for the particular business (e.g. a class II tennis coach, a fitness/aerobics instructor).

³³ Current legislation - especially: Občanský zákoník (zák. č. 89/2012 Sb.), Zákon o obchodních korporacích (zák. č. 90/2012 Sb.), Živnostenský zákon (zák. č. 455/1991 Sb.).

- Operating a tanning salon – operating and maintaining the tanning salon equipment for an immediate use by consumers so as to avoid any damage to human health while using it.
- Massage, fitness and regeneration services – providing sports, fitness and regeneration massages (on healthy subjects, excluding some techniques, such as reflex massage and special treatments, like paraffin wraps).

Before starting a business, it is important to choose a suitable location for the sports facilities. Whether the choice is associated with purchasing an existing building or deciding solely on the place where it is to be built. An entrepreneur must consider whether it is an attractive place and is a catchment area for their target clientele. Moreover, it is necessary to assess whether a place has a good road access and service frequency. In most cases, the athletes look for the sports activity as well as more services together, especially dining, cultural activities, purchasing sports equipment and relaxation and regeneration is also a popular feature. The starting entrepreneur must consider whether they are able to offer all these services at their centre, or whether their use is available in the vicinity. The choice of location is obviously related to the previous analysis, or examining the destination and evaluating its potential to establish a sports centre.

Economic situation is the first of the external (exogenous) factors that significantly influence entrepreneurial activity in the sports environment. This industry is more than any other sensitive to the economic development of the country. If there is an expansion, welfare and purchasing power of the population generally grows as well. Thus, potential customers have more funds that they can use for their leisure time, namely the sports activities. Conversely, during a recession, their attention and preference relocate to satisfy the basic needs of life. Regarding the internal factors affecting the business results, employees are perhaps the most important in the field of providing sports services. Their treatment of customers is crucial as it could affect whether the athletes gladly return or recommend the sports centre to other potential clients. Their communication as well as expertise in the field is essential.³⁴

³⁴ NOVOTNÝ, J. a kol.: *Ekonomika sportu: vybrané kapitoly III*. Praha: Oeconomica, 2010. 194 s. ISBN 978-80-245-1713-1. str. 115-139

If the entrepreneurs want to eliminate the negative impact of these factors on their business, or if they are interested in making use of positive situations, they must draw up a quality business plan and develop a marketing strategy in advance, constantly monitor changes and update the plans if necessary as in other sectors.

The end of this chapter briefly describes an important particularity of sports environment, namely the non-profit sector. In addition to business companies, also civic associations (the New Civil Code calls them by a traditional designation ‘associations’) may establish and operate a sports centre. Funding these associations is mainly based on the income from membership fees, governmental subsidies, regional and municipal budgets. They are formed based on the law on citizens’ associations, which means that their principal purpose is not making profit but fulfilling the purpose which they were established for. The mission of most sports associations is to organize sports activities, educate young athletes, defend the interests of their members, etc. It can also be enshrined in the statutes that an association can be engaged in any gainful activity (within the ancillary activities) to fulfil its main purpose. This is primarily due to avoid sports associations being entirely dependent on external types of income. Therefore, they can operate a variety of sports facilities, rent premises, charge for tickets to sporting events, and organize tours, tournaments or other activities. These activities must fulfil all the characteristics of a business, namely the continuity, making a profit as the business purpose and meeting the conditions of the Trades Act. Regarding the question of the civic association or association as a tax entity, these NGOs have to file a tax return, thus being payers of corporate income tax. However, the law on income tax give preferential treatment to these organizations in many ways.

3.5 Marketing Strategy

Even a project with a great prerequisite for success may fail on an incorrect determination of customer segment or incorrectly selected marketing instruments. Therefore, a market and customer analysis, demand analysis, marketing strategy and determining used marketing tools, i.e. a marketing mix, is the most important for a

successful implementation of the project. This all should be included in a feasibility study, with a calculation of project costs and revenues.³⁵

3.5.1 Marketing Mix

Marketing mix is a set of marketing tools used by an organization to achieve their market goals. Since it contains four basic elements beginning with the letter P, it is also referred to as the '4P' method.³⁶ These elements are:

- Product
- Price
- Place
- Promotion

When creating the marketing mix, the links between the elements and the level of their representation or combination should be considered. It all depends on what customers the organization wants to approach. A wrong combination of elements, their excessive aggression or attention to a single component are the situations that certainly do not guarantee a successful outcome. The quality of the marketing mix elements should always match the quality of the product provided.

3.5.1.1 Product and Product Mix

A product is generally what is used to satisfy human needs and what can be described as items of exchange or sales. These are both tangible and intangible objects, such as services or ideas. Within the product mix, it is then decided about what product will be provided as well as what will be its properties. Because it is important to remember that the customer perceives the product and notes its packaging, design, brand, producer

³⁵ NOVOTNÝ, J. a kol.: *Sport v ekonomice*. Praha: Wolters Kluwer Česká republika, 2011. 512 s. ISBN 978-80-7357-666-0. str. 70-85

³⁶ Paul Russell Smith, Jonathan Taylor. *Marketing Communications: An Integrated Approach*. London: Kogan Page Publishers, 2004. ISBN 0749442654, 9780749442651. p.7-20

image and other factors such as provided services, guarantees, etc. These are the factors that customers consider in terms of satisfying their own needs.³⁷

3.5.1.2 Price and Price Mix

Price means what we demand on the market for the offered product, and expresses its exchange value. Correct price setting may generate revenues in the long term and also consolidate or improve its market position and position in terms of competition. This is why this part of the marketing mix is very important. Pricing must respect at what stage of the life cycle is the product provided or what customer segment it is intended for. The price mix contains providing discounts, establishing payment and credit terms, etc.³⁸

3.5.1.3 Distribution and Distribution Mix

Distribution can be understood as a transfer from a point of origin to a point of sale, and also as a process which purpose is to provide products in place, time and amount that the customer requires. The marketing concept includes the physical transfer of the distribution of products as well as a change of ownership, including the use of other supporting activities, such as the marketing research, ensuring the promotion of products or consulting services. Distribution can be divided into direct and indirect. Direct distribution does not use the intermediaries. There is a direct contact between a manufacturer and an end user which provides customer feedback as one of the significant advantages. On the other hand, indirect distribution uses one or more intermediaries, thus losing the contact with a customer and the control over their product. The advantage may be, for example, serving a larger number of customers by making use of the distribution capabilities of any intermediary.³⁹

³⁷ Richard Stutely . *The Definitive Business Plan* . London: Pearson UK, 2013. ISBN 9780273762904. p.146

³⁸ Michael Kemmer, Antje Boden. *“Price” as one Parameter in the Marketing Mix*. München: GRIN Verlag, 2012. ISBN 3656231257, 9783656231257. p. 20-27

³⁹ Russell S. Winer, Ravi Dhar. *Marketing Management, 4. ilustrované vydání*. New Jersey: Pearson Education, 2001. ISBN 0136074898, 9780136074892. p.341-365

3.5.1.4 Promotion and Communication Mix

‘Through the promotion, an enterprise provides its customers, business partners and key stakeholders especially with information about their products, their prices and points of sale.’ The most famous form of promotion is advertising, but other tools can be used within the communication mix, such as sales promotion, public relations, personal sale and direct marketing. Advertising can be described as a paid, impersonal and one-way communication to customers and other entities that use different media. Its objective is to draw attention of the greatest number of potential customers to the product. Sales promotion is any promotional activity which aims to increase sales, make the product attractive and more accessible to consumers. It is usually costly so it can only be used for short periods. This marketing tool is mainly used in the phase of market introduction or the phase of decline. There are namely various discounts, 2+1 free packages, competitions or samples. Sales promotion is used in relation to sales intermediaries as well. Besides the above, other forms of promotion are used in this area, such as material or financial donations, work parties, etc. Public relations are a continual building and maintaining of good public relations and building goodwill. However, it is used even for the so-called internal communications when it aims to strengthen workers’ loyalty towards a given organization. Personal sale is the so-called ‘face to face’ sale the biggest advantage of which is a direct communication with a customer, thus gaining immediate feedback. This method of sale is exercised primarily when selling specific products, such as beauty products, kitchen ware, etc. The advantage of direct marketing is its deliberate focus, addressing only those potential customers who may be interested in the offer. It also permits to monitor the success of a campaign since it is very easy to evaluate the number of customers responding to the offer. Direct marketing uses e.g. leaflets, telemarketing, catalogues sent to mailboxes, etc. Use of the individual components of the communication mix depends on e.g. a market size, a number and location of existing and potential customers, product nature, etc.⁴⁰

⁴⁰ Kenneth E. Clow, Donald Baack. *Integrated Advertising, Promotion, and Marketing Communications*. New Jersey: Pearson Education, Inc., 2010. ISBN 978-0-13-607942-2, p.90-92

3.6 Feasibility study

3.6.1 The basic feasibility study

Feasibility Study, sometimes known as technical-economic studies, is a document that describes an investment plan with high level overview of all important aspects. Its purpose is to assess all implementation alternatives, evaluate the practicability of the investment project and also provide all documents for the actual investment decisions.⁴¹

The study is made in the preparation, namely pre-investment stage of the project. On the one hand through detailed plan of the investment project it plays the role of material leading to investment decisions of the owner of the project, if necessary the decision of a potential creditor of the loan. On the other hand, it is a material used as a basic tool for project management at a later stage investment, respectively operational phase (usually in an updated form).⁴²

Despite the fact feasibility study is usually required in specific cases such as eligible costs exceed given threshold, it is recommended to prepare and hand-over the study in case of applying for a grant.

The study is based on data from the project explained above and other relevant information sources. The processing of the study should be in any case systematic, as the whole project itself.⁴³

Diverse projects require well diversified structures of the feasibility study. Although there is a general structure of the feasibility study, it cannot be mindlessly kept step by step and it cannot determine the scope of each chapter or of the entire study feasibility. The important thing is to adapt its structure and scope of the project for which it is done and reach the best expression of the situation.

It is important that study is well described, variously addressed, optimized and evaluating investment project, with all the ensuing specifics.⁴⁴

⁴¹ MATĚJKA V., MOKRÝ J., RAMPULA P., LACKO L., FICEK P., *Management projektu spojených s výstavbou*, 1. vydání, ČKAIT 2001, ISBN 80-86364-56-9

⁴² SIEBER, P., *Studie proveditelnosti – (Feasibility Study) - metodická příručka*, MMR ČR 2004 - 05, 43 s. Available: <http://www.businessinfo.cz/files/file3442.pdf>

⁴³ SYNEK A KOL., *Manažerská ekonomika*, Grada Publishing, s.r.o. 2003, ISBN 802470515X

Scope of the study should be relevant not only to the nature of the project, but also to the economic status of the applicant.⁴⁵

Subject of the feasibility study⁴⁶

- Contents

- Preliminary information – information about the reasons that led to compose the study. There should be stated a purpose for which the project is being processed and till which date, identification data of a sponsor and an author of the study, including relevant contact of people.

- A brief description of the nature of the project and its phases - in this chapter a company specifies issues of the region, the objectives to be realized by the project, describes the focus of the project, its history and current status. It also provides indicators for measuring project results. The chapter may contain a description of the company promoters of the project.

- A brief description of the nature of the project and its phases - in this chapter a company specifies the problems of the region, the objectives to be realized by the project, describes the focus of the project, its history and current status. Then it provides indicators for measuring project results. Chapter shall also contain a description of the company promoters of the project.

- Market analysis and marketing concept - This section discusses the market research where the outputs of the project should be applied. The aim of market analysis is to determine the volume of the product or service in the market and its market price at present and in the near future to ensure a return on investment. Analysis of supply determines whether the product or service is given in a sufficient capacity on the market. Demand analysis determines interest from the demand for the product or offered service. The analysis also demonstrates the ability to secure the future operator satisfy the demand for the product.

⁴⁴ SIEBER, P., Studie proveditelnosti – (Feasibility Study)- metodická příručka, MMR ČR 2004 - 05, 43 s. Available: <http://www.businessinfo.cz/files/file3442.pdf>

⁴⁵ SYNEK A KOL., Manažerská ekonomika, Grada Publishing, s.r.o. 2003, ISBN 802470515X

⁴⁶ SIEBER, P., Studie proveditelnosti – (Feasibility Study)- metodická příručka, MMR ČR 2004 - 05, 43 s. Available: <http://www.businessinfo.cz/files/file3442.pdf>

- Project management and human resource management (owners and employees) - the content of this chapter describes organization structure of labour, legal relationship of employees and owner and costs of labour. Project management techniques used are explained in the chapter as well.

- Technical and technological project - This chapter discusses the technical project and creates space for determining of the first estimate of capital and operating costs. Operational program and the range of activities - what technical means the project will require, if they are available on the domestic market, or whether it is necessary to import it from any EU country. The investment should match the future demand. Too much investment = waste of financial resources; low economic and financial return. Too little investment = lack of product or service; not filled with development activities.

- Locality of the project and the environment – describes the place of the project realisation. It analyzes the social and economic environment, evaluates the existing infrastructure of construction projects in the area, describes the location for development and summarizes the cost of land and building equipment. The assessment of the project's impact on the environment is significant in terms of the meaningfulness of the project and influences its evaluation mainly on the overall socio-economic impact, which is then used and converted into monetary terms in Cost benefit analysis.

- Ensuring long-term assets - define the structure of fixed assets, to determine the amount of investment costs, the issue of service conditions and possible retrieval, amortization scheme and the like. It is necessary to define clearly and completely the structure of the acquired fixed assets and at the same time to recognize, write and calculate all the essential materials and commodity supplies and identify the amount thus forced supplies essential for smooth and economical operation of the project.

- Control of working capital (current assets) - information about material inputs required for the operation of the investments (production or providing of services). It includes requirements for the quantity and quality of information about their availability and prices. This chapter also contains summarization of the cost of material inputs during the life of the project.

- Financial plan and project analysis - the financial analysis of the project is to demonstrate the viability of the project in the long term. Its outcome is also important for the provider's decision on the allocation of aid. Inputs to this analysis are the results of the chapters relating to direct and overhead costs and returns of investments in its implementation and operational phases.

- Evaluation of the efficiency and sustainability of the project - project evaluation from criteria using indicators calculated from cash flows (i.e. Costs, revenues), as such NPV, IRR, return on investment, profitability index and financial analysis of the project.

- Risk management - risk analysis resulting from the individual chapters of the study and a description of method how it is possible to face those risks, and whether it is possible to eliminate them or at least eliminate their negative impact to an acceptable level.

- Schedule of project realisation - a timetable of activities from the first decision to implement the investment until the first revenues from its implementation. There is a space for the establishment of a transparent and effective means to monitor and check the current status during the preparation and implementation of the project.

- Final summary of the project - each feasibility study must include a comprehensive and sophisticated conclusion, which includes the final assessment of the project under consideration of all viewpoints and opinions on the feasibility and financial profitability of the project. It is important not to forget on the unambiguous statement that the project is feasible or not, and specify the basic conditions of this statement. In case of possible variant processing of the project this conclusion is necessary to be done separately for each variation, but also to be defined evaluation that considers the project as a complex of all the options available. In this comprehensive assessment should be clear which variant is attributed to the importance and why.

3.6.2 Simplified feasibility study

Simplified feasibility study is utilized for smaller scale projects. It has the same structure as the basic feasibility study, but it differs in scope and detail of each chapter. Simplified processing feasibility study is thus less demanding.

The content of the simplified feasibility study is the theme of the project strategy, technical and technological solutions, marketing concepts, localization and size (capacity of project operations, as well as staffing and organizational structure of a brief timetable for implementation). All these often alternative solutions and their economic impacts are already on this course level quantified into cash flows. Based on this study, the investor should decide whether to release additional financial and other resources to the completion of a detailed feasibility study or whether the preparatory work on the project will stop.⁴⁷

The decision whether use basic or simplified feasibility study depends on the scope of the project and the required level of detail of its processing.

⁴⁷ SIEBER, P., Studie proveditelnosti – (Feasibility Study)- metodická příručka, MMR ČR 2004 - 05, 43 s. Available: <http://www.businessinfo.cz/files/file3442.pdf>

4 Practical part

There will be developed the specific feasibility study in the practical part. Currently, the author attends to a similar project in his real life. To protect the business idea, he will use fictional names. However, the content of the plan will be completely realistic because it will be based on the actual market situation. Because of the project's feasibility, the author dares to assume in the financial plan that portion of the funds for business start up he has from family (i.e. own) resources. It also reflects the reality.

4.1 Business idea: the establishment of a sport center

The purpose of this document is to provide investors with assurances that the submitted project will ensure a high return on invested funds. Competitiveness of plan for a sports center is well-supported by arguments based on extensive market research, the author's experience and thorough development of the business idea.

4.1.1 Executive Summary

The business plan is to build and subsequently operate a sports complex in Pardubice. All activities will be delivered by company called SportsAreUs Ltd., which will be founded by two partners directly for this purpose. The center will offer to its customers a variety of sports and supplementary services under one roof. Above all, the area is focused on tennis, badminton, table tennis and beach volleyball. Among the other sports there will be operated floorball, basketball, handball and small football. Range of services will be complemented by restaurant offering light quality meals, wellness area, gym, clubhouse and a shop with sports equipment. Important attributes are spacious dressing rooms, pleasant atmosphere and clean environment throughout the complex. Another added value is the interconnection of the various parts of SportsAreUs and the ability to constantly monitor what is happening on the sports fields. The layout of objects is shown in a study in Appendix 1. Location of the center in the city district Polabiny - Cihelna is also very convenient because within 2 km lives almost 20,000 people. Poor civic amenities can be found on the whole suburb. Connected with that, there is shortage of leisure

activities for residents. Sport and healthy lifestyle are a phenomenon of nowadays. People are thrilled when they can spend their free time playing sports and they are willing to pay for these services a lot of money. Sport fields have become important places to meet with friends and to establish new relations. Sport therefore inevitably belongs to the social life. All the above mentioned attributes and current trends are playing for the benefit to the upcoming sports complex. Another important element is the long-term unsatisfied demand of people for quality sports services in Pardubice. This applies especially to tennis, badminton and beach volleyball. Athletes are forced to commute for their favourite activity into more or less distant cities (especially Hradec Kralove, Nymburk, Kolín and Prague) and that is quite uncomfortable in the case of regular practice of sport. Existing sports facilities in this region are inadequate, both in terms of the number of courts, as well as from the viewpoint of quality of services offered. An essential prerequisite for success is also high purchasing power of the residents of this city. Purchasing power of Pardubice is moving around the top in the whole Czech Republic. Support of city representatives is also crucial from author's perspective. Representatives not only approved the project but they also offered a helping hand on issues such as the provision of land for construction of the complex. The gap in the market is enormous at the moment and therefore owner believes that right now is the best moment to build a comprehensive complex and thus satisfy the needs of athletes in Pardubice. The greatest competitive advantage is in the uniqueness and multifunctionality of SportsAreUs and in the high quality of services offered.

For the construction, beginning of operations and initial operation of the sports center is a necessary investment in the amount of over 39,000,000 CZK. The company will be largely financed from its own resources but it asks the bank for a loan in the amount of 15,000,000 CZK with a maturity of 10 years, representing approximately 37.8% of the total investment. The company will generate profit from the first year already which will increase gradually in the following years. Positive results are expected due to prerequisite of a high number of visitors immediately after the ceremonial opening of the center SportAreUs because it will be a unique facility in the entire region and information about its opening will quickly get out. Due to the high excess of demand for sport services over the supply reasonably firm expects rapid growth of number of visitors. Period of return on own deposited funds with capital appreciation of 10% is a maximum of 13 years. Based on the forecast of cash flow can be said that the company will not have liquidity problems at

any moment of pursuing its activities. Construction of the complex should begin in August 2017 and be completed in June 2018. Start of operations is scheduled for 1. 9. 2018. Target groups are recreational sportsmen who appreciate the quality of services offered and in second row professional players who require perfect conditions for their development. The marketing strategy is based on a wide range of services but also on an individual approach to customers. Prices are slightly above average but crucial role is played by price advantages in the case of subscription for season or purchase of club membership. Further needs and wishes are detected through questionnaire and extensive market research. The company's vision for the future is to increase the capacity of the tennis courts for the winter season in the horizon of three years, followed by expansion of the wellness center, creation of exercise room and in the long time horizon possibly to build a sport hotel.

4.1.2 Description of business opportunity

Company SportAreUs wants to offer new possibilities in sport and active recreation to its potential clients in the Pardubice region. The aim of this project is to build a comprehensive sports center that will provide to its visitors many activities in one centralized location. Sports grounds and facilities will be open to people of all ages, both recreational and professional athletes. For the little ones there is a playground with lots of attractions. After sports performance there should not be missed regeneration and relaxation which visitors can enjoy actively in the gym or relax in the wellness zone. For a pleasant stay with good food or coffee and watching sports, there will be a restaurant with a terrace, lounge, children's corner and the possibility to monitor events running on sport fields. The main competitive advantage of the plan is the absence of a similar facility in a wide area (about 50 km). There can be found just older and not very functional sports facilities in Pardubice (more in the competition analysis). According to market research the main target group of customers will be people between 30 and 55 years old from middle and higher income groups. Of course their entire families with children will be company's goal as well. Company's services will benefit even the most demanding clients due to its high quality and a lot of great possibilities for sport activities which will be available for them. Potential customers are also going to be attracted by well-adjusted pricing policy. The manager wants to reach them with targeted advertising placed near the complex and

with various promotional events that will be organized during the opening of the sports center.

Services and customer benefits

- It is a comprehensive sports complex in Pardubice, only one of its kind in this area. Mainly focused on tennis, badminton and beach volleyball and with the possibility of other additional sports (basketball, streetball, soccer, floorball, etc.) on multipurpose playground.
- Among the additional activities belong a gym with cardio zone and a wellness room with sauna, hot tub and space for relaxation.
- An important element in the overall complexity of the area is a fine restaurant offering a light and healthy meal for athletes. Steak bar offering different kinds of meat, pasta, salads and other food perfectly meets these requirements.
- The complex will also include a store with service (sales of clothing, equipment, special food, service and stringing of rackets, testing center). The offered range should cover all activities that can be found in the complex. This shop should also have protein snacks for athletes. Along with the store, there will be operated online sales which are not as much capital challenging and it is able to cover a wider range.

Trends in the sports sector

Interest in physical activities in a free time has becoming more and more massive matter in recent years. This is seen across all age groups and different social classes. Said trend is observed primarily in big cities where people are more interested in a healthy lifestyle and an associated active physical movement that is constantly pushing upward in the value chain of the society. Regular exercise is again slowly becoming subconscious need of humans and it is expected that this trend will escalate in the years ahead. Another change occurred in the attitude of people in regard to leisure physical activities. Individual approach is becoming stronger competition to organized sport. Nowadays it can be seen a departure from the objective to excel in one specialized sector with a focus on maximum performance and replaces it with objective new, which is largely similar to the basic ideas of Sokol, such as health, good feeling and contact with like-minded people and adds the

important attributes of today – like to have fun and to be "cool". Preference is given to multi-functional areas, which offers a wide range of sports, relaxation and leisure activities. Social interest is to expand the circle of people who will regularly deal with physical education and sport. These people require ensure of appropriate and attractive environment.

4.1.3 General description of the company



- Name of organization: SportsAreUs, Ltd.
- Field of business: Operation of the sport center, organization of sport events of smaller scale and providing additional specialized services
- Scope of business: Production, business and services not specified in annexes 1 to 3 of the Trade Act
- Fields of activities: Operation of physical education and sport facilities and organizing of sport activities; Wholesale and retail; Lease and lending of movable assets; Providing of physical training and sport services
- Headquarters of the organization: Kunětická, Polabiny, 530 09 Pardubice
- Contact Person: Tomáš Beneš
- Phone: +420 602 321 654
- Web: www.SportsAreUs.cz
- Email: SportsAreUs@gmail.com

Legal aspects of the company

After considering the most important factors, advantages and disadvantages of various forms of business, the owner decided to establish a limited liability company. It is the optimum form, both in terms of clarity, the number of shareholders, method of obtaining investments or opportunities to make a profit. Equally important is also access to foreign capital, especially to bank credit, and manager's good knowledge of the rules and obligations for a given type of business. During the subsequent development of the center, managers have plans to establish association which has various advantages over Ltd., such as the ability to draw various subsidies to which capital companies does not have access. By that it will be possible, thanks to additional finance, to organize interesting events for

the selected part of the clientele. Thus center could enhance the utilization of the facilities or make it available to a wider spectrum of people. In terms of property rights relations, there will be deposited into the company owner's own funds, which cover 65% of expenditure for the project, and the remaining 35% will be provided in the form of bank loans that will be applied on the basis of the business plan.

Mission, Vision and Goals of the company

SportAreUs Company Ltd. is a legal entity which is formed on the initiative of author and his brother in law and that means two passionate athletes and lovers of sport. This opportunity came to them when they confided to the people around them with their dreams and plans and then they were, based on their experience, references and personal ties, approached by the investor, whether they would like to implement this intention with investor's help. Both founders will actively participate in the management and the development of the company and to become a thriving business with an excellent local reputation. Company mission is to promote healthy and active lifestyles of people under the motto "play sports with us and you will be like in heaven" (in the Czech language it rhymes). Their vision is a continuous development of the company, based mainly on detailed knowledge of the needs of customers and on mutual long-term relationships. Managers want to become the most popular and highest-rated sports area in eastern Bohemia. They would like to fulfill the basic idea that every customer must leave the center SportAreUs happy and excited about the next visit. Their aim is to quickly penetrate the market, within three months get into the subconscious of most inhabitants of Pardubice and the wider area and over one year to build an excellent reputation and reach 65% capacity utilization of the complex. This position, they want to keep mostly with highly set quality services and individual approach to the clients. After the first three years the company counts with 85% utilization of the sports center and with the achievement of regular rates of return on equity at 18%.

4.1.4 Key personnel and organizational structure

The company SportsAreUs is established like Ltd. with two partners with equal shares, namely by author (Tomáš Beneš) and his brother in law (Jan Čapoun). Since they have extensive experience with work in the sports sector, organization of various events

and operation the sports facilities not only in the Czech Republic, but also abroad, they will be also equally and actively involved in running the complex. The author will be the sole director of the company therefore he will ensure the functioning of the company itself. During his work or leisure stay in sports centers, he had the perfect opportunity to be inspired by different ideas and at this moment he would like to apply gained experience in his own business. Of course he is going to be personally present and therefore employed full-time in this center. He will be there to act as manager (operation of the company, marketing, communication with customers, negotiating with suppliers, staff recruitment) and due to his economic education he will also take care for accounting. Another key person in this business is his brother in law, colleague and long-time professional tennis player Jan Čapoun, who will be responsible for all sporting activities (to ensure correct operation of sports facilities, organizing tennis / badminton / beach volleyball school, organizing sporting and social events, recruiting coaches and their coordination, management of information base of the company including e-commerce). After launching of a company it is counted with establishing partnerships with specialists in represented sports (already pre-negotiated), who will gradually manage the preschool and organization of the sport themselves and Mr. Čapoun will devote himself to coordination of these activities and the expansion of the club base. Essential employees are also the receptionist, who will be responsible for all paperwork and the complex administrator, who will also take care of store, service of rackets and cleaning of the premises. Both of these positions are calculated on double shifts basis, initially it will be needed to hire a total of 4 employees. In the case of growth of the company, naturally, there will be distribution of activities and competencies and acceptance of new workers. Organizational structure is clear from these staffing requirements and it is a very simple.

The important fact is that founders of the project will rent the restaurant. The main reason is that managers have minimal experience in this field and they also have a lack of time that they could spend on restaurants operation. After a thorough analysis of the market situation and internal calculations, they concluded that this option would be the most cost-effective in the early years of the company (see the financial plan). Managers had several meetings about the possibility of renting the restaurant. They have a very specific idea of how restaurant and kitchen should look like and they managed to find a person with experience in managing a Steak bar and negotiate on the terms of cooperation.

4.2 Market research and Competition Analysis

Sports facilities form not very large market in Pardubice and at selected sports, there is only a limited capacity of sports fields. New sports halls, stadiums and other premises arise only rarely. It is therefore a mature market with little growth dynamics. If there is focus on tennis, badminton and beach volleyball, it can be concluded that for these sports there is insufficient capacity in Pardubice and despite the strong growth in popularity of these sports, there are still not many possibilities for expansion. There is a big gap in the market which needs to be filled. Tennis is steadily popular sport among middle and upper class of population. Badminton and beach volleyball nowadays are booming and their attractiveness is hugely increasing and financial demand is relatively low. Customers require development of new products and services of higher quality in long-term period. Existing offer satisfies the basic needs of athletes but it does not fulfil their ideas of modern sports facilities. The variability of the environment is very small and therefore, there are no expectations of significant changes in client preferences in the future. The potential is significant in this area because the market is not saturated. Substantial barriers to entry (like the high cost of property acquisition and long payback period) are making such projects unattractive for investors, which are interested just in quick and easy valorization of invested funds.

4.2.1 PEST Analysis

Political - legislative factors

Consumer protection has a significant impact on the intended purpose from political-legal factors and that in several respects. From a political point of view there is Czech saying "Our customer, our master" and so the attention of founder should be focused mainly on the customer, his/her comfort, safety, clarity of business conditions and price list. Important in the sports sector is do not deceive clients in any way because there are often concerned health issues. Other influences, whether political or legal, that could jeopardize or limit the implementation and operation of the complex are environmental protection, for example when choosing a place or manner of implementation of energy security and the like. Further crucial point is a tax policy that could complicate financing,

return on investment, or even the operation of the center or labor law for determining expenditure on staffing.

Economic factors

Economic factors include crucial effect of the economic cycle. Still lingering impacts of the economic crisis are connected with that. Secondary symptoms are high unemployment, the growth of inflation, decline in purchasing power of people caused by the change of wages, whether the average nominal or real. In the shadow of these events it is important to monitor all the indicators that could cause a decline in the purchasing power of main customers. These include for example increasing energy prices, difficult availability of credit, massive layoffs of employees, and so on. The risk for the company lies primarily in limiting expenditures for leisure activities and concentrating on basic needs. This can lead to a decrease in demand for SportsAreUs services.

Socio-cultural factors

This is a group of factors that does not exhibit large fluctuations and therefore discussed business is not fundamentally affected by them. Society in the catchment area is socially stable, there is no reason to worry about significant demographic changes, massive migration, turnover in lifestyle or a sharp reduction in leisure time for workers. Positive changes we can be expected in terms of influence of the modern concepts of leisure or setting lifestyle towards a healthier and full of movement. Aging of population is also not a major problem because nowadays even people at an advanced age are very active and they utilize similar centers for their leisure activities.

Technological factors

This area affects sports complex in a very little way because main business is sport which itself remains unchanged for decades (with few exceptions). Technology in sport has its place but there is no reason to assume a significant change even if we take into account the fact that technological advances were very important in recent times to other sectors. Influence could be an improvement of infrastructure, especially a transport which would cause better accessibility to the center for wider area but it would also increase the competition because they would be closer to SportsAreUs.

4.2.2 Competitor Analysis

The most important competitors are at this moment H-centrum which is commercial center for higher income category and LTC Pardubice which have a functioning tennis schools and a relatively high membership base. Less important competitors in Pardubice are tennis club TESLA PARDUBICE which is one of the largest in number of courts but because of poor management of the club almost dysfunctional. Furthermore ACTIVE SPORT CLUB which provides badminton courts but with high prices and also offers a wellness but that is all from the same services. The other is relatively new complex TCV Pardubice which operates a lot of same activities but they are reluctant in developing professional base for the young athletes. . Among the competition it can be also included sports and relaxation complexes in Hradec Kralove but that is too far away. As was said it could also be taken into account some sports fields in Kolín, Chlumec nad Cidlinou, Trutnov or even in other cities, but due to the reluctance of people to travel for sport more than 15 minutes away by car, these options are considered only when there is no other chance and there is no free capacity of the desired sport in Pardubice. So it is definitely not the preferred option of the customer and therefore this distanced competition will not be analyzed in detail.

H-Centrum⁴⁸

Staré Hradiště 197, 533 52

www.hcentrum.net/cs

- There are 3 tennis courts (of which in summer 2 are exposed), 3 badminton courts, space for table tennis, volleyball court, floorball playground, a climbing wall and bouldering, fitness, exercise rooms (Spinning, Pilates, Bosu, Totem box , Power yoga, dances), 2 bowling alleys, wellness center (Finnish and steam sauna, infrared sauna, solarium, whirlpool massage tubs, massages), sport and relaxation bar, conference room + lounge with large-screen projection, supervised children's play corner.
- Opening hours: Mon - Fri: 7am - 10pm, Sat - Sun: 8am - 10pm

⁴⁸ *H centrum* [online]. 2014-2016 [cit. 2016-03-28]. Available: www.hcentrum.net/cs

- Prices of services: 3 variants of using the services
 - one-time fee - the price list is very extensive and quite complicated;
 - Tennis - winter season
 - 360 CZK / hour (Mon-Fri: 7am-2pm), 350 CZK / hour (Sat-Sun: 8am-2pm)
 - 430 CZK / hour (Mon-Fri: 2pm-9pm), 400 CZK / hour (Sat-Sun: 2pm-10pm)
 - Tennis - summer season
 - 160 CZK / hour (Mon - Sun: 7am-2pm)
 - 190 CZK / hour (Mon - Sun: 2pm-10pm)
 - Badminton
 - 220 CZK / hour (Monday - Friday: 7am-2pm)
 - 270 CZK / hour (Monday - Friday: 2pm-9pm), 260 CZK / hour (Sat - Sun: 8am-10pm)
 - Deposit membership - deposit of the cash on the deposit card, the appropriate discount depends on the previous amount, card is transferable and can be used on all payments, advantage is that the deposit and the club membership allows to the holder to reserve services in the long term;
 - Club membership - different kinds of club membership, depending on what services customer wants to use primarily (sport, wellness, fitness), within the membership can be used free chosen services, on the others is granted a substantial discount (up to 67%), further members are provided with a towel service and discounts at events organized by the H-centrum.

H-centrum offers sport, relaxation and supplementary activities for different groups of people. It is a purely commercial facility that provides services at a high level. Prices are relatively high compare to the competition but there are extra benefits for club members. The pricing policy is much elaborated and for the classical customer may at times be too complicated even confusing. There is not a club, just trainers offering services in selected

sports. A positive aspect is the professional management of the complex and the main disadvantage is certainly a long distance from Pardubice (5 km).

TESLA PARDUBICE⁴⁹

Address: Tennis team TJ TESLA Pardubice, K Vinici 1901, 530 02 Pardubice,

<http://www.teslapcetenis.cz/>

- There are 11 clay tennis courts - Sibera System; 6 of them are covered in winter by pressurized halls ESA; tennis-shop and tennis-service (stringing tennis rackets); locker rooms, showers and refreshments at the reception.
- Opening hours: Mon - Fri: 07 am - 21 pm, Sat - Sun: 08 am -19 pm
- Prices of services:
 - o Winter season – price of tennis courts
 - 300 CZK / hour (Mon - Sun: 7am-1pm, 8am-9pm)
 - 350 CZK / hour (Mon - Sun: 1pm-8pm)
 - o Summer season - price of tennis and beach volleyball courts
 - 120 CZK / hour (Mon - Sun: 7am-1pm, 8pm-9pm)
 - 220 CZK / hour (Mon - Sun: 1pm-8pm)
 - o Individual training sessions - coaching job, balls
 - 300 CZK / hour
- TESLA Pardubice organize:
 - o a tennis club, tennis school, courses of Minitennis and Babytennis;
 - o year-round preparation of tennis players - club trainings, sparring matches;
 - o competition for mixed teams - championship matches - 10 teams, tournaments ČTS;
 - o preparatory training workshops, training stays and camps;
 - o social, corporate and VIP tournaments

TESLA Pardubice is in the ownership of town. In charge of this complex is a non-profit organization. It is a properly functioning tennis center in Pardubice. Compared with

⁴⁹ *TO TESLA Pardubice* [online]. 2016 [cit. 2016-03-28]. Available: <http://www.teslapcetenis.cz/>

the competition prices are rather low, there are benefits for club members or subscribers for the entire season. Unlike well elaborated system of the tennis school, there is absence of commercial tennis oriented on adults and recreational players, which is becoming increasingly popular. The resort offers only clay courts and inflatable pressurized hall, in other words dirty and uncomfortable environment. Background of showers, changing rooms and toilets are inadequate and hinders the development of the club. A big minus is the lack of restaurant, which replaces only a small buffet offering unhealthy meals. Tennis center has been operating for many years but in the ownership of town, and therefore the complex lacks the continual development of the club, also they stopped supporting existing members and their actions cause dissatisfaction among the majority of clients and employees. Result of that was departure of a significant number of recreational players and even a few from the ranks of tennis school.

Tennis complex LTC PARDUBICE⁵⁰

Address: Labská 15, Pardubice, 53002

<http://www.ltcpardubice.cz/>

- There are 11 clay tennis courts, 1 court with artificial turf (Decoturf) in the all year hall, in winter no inflatable pressurized halls, there is a problem with the Heritage Institute.
- Opening hours: Mon - Fri: 9am - 8pm, Sat: 9am -2pm, Sun: 9am – 7pm
- Membership fees in 2016:
 - o Adult players over 18 years - 3500 CZK
 - o Recreational players (the game on weekdays till 3pm, on Saturdays and Sundays without limitation) - 2500 CZK
 - o Youth under 18 years - 1650 CZK
 - o Youth and students aged 18-25 years - 2200 CZK
 - o Pensioners (the game on weekdays till 15.00, on Saturdays and Sundays without limitation) - the age of 62-69 - 1,650 CZK, over 70 years - 1150 CZK
 - o Entrance fee to the club - 4400 CZK

⁵⁰ *LTC Pardubice* [online]. 2014 [cit. 2016-03-28]. Available: <http://www.ltcpardubice.cz/>

- Maintenance fee - 1100 CZK
- Club season ticket in 2016:
 - Recreational players over 18 years - 4300 CZK
 - Youth under 18 and students under 25 years - 2500 CZK
- The duty of every member of the LTC Pardubice is to pay the aforementioned fees in cash at the headquarters of LTC or by the bank transfer for year 2016 till 31 December 2015. In the case of failure to pay till 15.1.2016, members are obligated to pay a handling fee of 200 CZK.

LTC Pardubice tennis club is one of the most prestigious tennis clubs in the East Bohemian region. It is also the only one who plays top team competition of adults in the East Bohemian region and Pardubice (Extra League). In the team competitions of youth, they are traditionally the best in the region. Every year there is organized the famous "Juniorka" (the national championship of juniors). It hosts club nights and other social events. These are the courts with a long tradition, which are set in the beautiful surroundings of the Pardubice Castle but there is no possibility to build inflatable pressurized halls for the winter. So the major deficiency is almost zero winter operation, where players must find other areas to be able to operate year-round tennis.

TCV Pardubice⁵¹

Address: TCV Pardubice s.r.o, Brožíkova 550, Polabiny IV, Pardubice 53009

<http://www.tcv.cz/?page=uvod>

- Tennis - The complex consists of two inflatable pressurized halls (5 courts with artificial turf). In the summer months there are three courts in the open space and two remain hidden, which can be used in case of inclement weather.
- Beach volleyball - players can use 4 courts for beach volleyball or beach tennis, in winter it is covered with an inflatable pressurized hall.
- Badminton - badminton hall is reconstructing at the moment.

⁵¹ *TCV Pardubice: Sportovní klub TCV* [online]. 2011 [cit. 2016-03-28]. Available: <http://www.tcv.cz/?page=uvod>

- They offer organization of tournaments or events according to the customer requirements. There is also a building with possibility of accommodation and food.
- At the end of 2015, construction of winter garden was completed for greater comfort of their clients. There is also possible to connect to the internet through an open Wi-Fi network.
- Opening hours:
 - Summer opening hours (May to September)
 - Mon-Fri 8am to 9pm
 - Sat-Sun 9am to 8pm
 - Winter opening hours (October to April)
 - Mon-Fri 8am – 10pm
 - Sat-Sun 9am to 9pm
- Price list:
 - Tennis Summer (outdoor courts), artificial surface
 - Morning (until 14:00)
 - 150 CZK / hour – single entry
 - 130 CZK / hour- subscription
 - Afternoon (from 14:00)
 - 200 CZK / hour – single entry
 - 180 CZK / hour – subscription
 - Tennis winter (indoor arena), artificial surface
 - Morning (until 14: 00) *
 - 320 CZK / hour – single entry
 - 290 CZK / hour – subscription
 - Afternoon (from 14: 00)
 - 430 CZK / hour – single entry
 - 400 CZK / hour – subscription
 - Saturday and Sunday (all day)
 - 380 CZK / hour – single entry
 - 350 CZK / hour – subscription
 - * Pensioners + students play for a special price of 250 CZK.

- Badminton
 - Morning (until 14:00)
 - 150 CZK / hour – single entry
 - 135 CZK / hour - Price upon application of season ticket *
 - Afternoon (from about 14: 00)
 - 250 CZK / hour – single entry
 - 225 CZK / hour - Price upon application of season ticket *
 - Saturday and Sunday (all day)
 - 220 CZK / hour – single entry
 - 200 CZK / hour Price upon application of season ticket *
 - * Season ticket can be purchased at the bar in the value of 2000 CZK to 5000 CZK. Adequate amount will be deducted from the season ticket according to the table.
- Beach tennis
 - 160 CZK - 1 hour including racquets and balls
 - 50 CZK - refundable deposit for 1 racquet
 - 50 CZK - refundable deposit for 8 balls
- Beach volleyball
 - 160 CZK - 1 hour including ball
 - 50 CZK - refundable deposit for ball
- Accommodations
 - Rooms for 2, 3 and 4 people.
- TCV Pardubice organize:
 - Tennis school, beach volleyball school (not within the ranks of the club)
 - Contests, tournaments, preparatory workshops, training stays (for amateur players)

TCV Pardubice is a young club which tries to reach with its services a wide clientele. Above all, they are succeeding in recreational athletes. The big advantages are pleasant and clean environment, excellent accessibility by car and public transport. It is

also one of the few areas in the vicinity where you can play badminton and beach volleyball in the winter but clients are complaining about too high prices in winter and too low temperature in the hall. Another minus is that there does not place great emphasis on the development of the club and professional athletes.

ACTIVE SPORT CLUB⁵²

Address: Active Sport Club Ltd., Chrudimská 2830, Pardubice 530 02

<http://www.activesportclub.cz>

- Unchanging activities:
 - Badminton - 5 courts with regulated temperature and venting, also with artificial lighting without natural daylight and contrasting walls.
 - Ping Pong / Black Pong - professional table Cornilleau Competition 740 ITTF, basic and carbon rackets, available black UV light.
 - Local cryotherapy - a device able to support the regeneration of the body, for example after an injury.
 - Lymphatic drainage pants
 - Bar - a selection of snacks, for example Pepsi, Nutrend, coffee, energy drinks, dried meat.
- Activities available for a long time:
 - K2 Hiking (with the assistance of instructor)
 - Bodyform (with the assistance of instructor)
 - Health exercise (with the assistance of instructor)
 - Slim Box (with the assistance of instructor)
 - Cardio zone (free exercise machines, without assistance, without stress)
- Opening hours:
 - Monday to Sunday - 9am - 9pm
- Price list:
 - Badminton - 180 CZK (Mon to Fri 9am-2pm) 270 CZK (Mon to Friday 2pm-9pm) 260 CZK (Sat to Sun 9am-9pm)
 - Ping Pong - 100 CZK (Mon to Fri 9am-9pm)

⁵² ACS [online]. 2015 [cit. 2016-03-28]. Available: <http://www.activesportclub.cz>

- K2 Hiking - 80 CZK (for 1 person for one lesson)
- Slimbox - 70 CZK (for 1 person for one lesson)
- Health exercise - 70 CZK (for 1 person for one lesson)
- Bodyform - 75 CZK (for 1 person for one lesson)
- Bodystyling - 70 CZK (for 1 person for one lesson)
- Gym for hire - 330 CZK (1 hour use)

Active Sport Club is a modern complex which offers sports and leisure activities for the whole family. Under one roof, the customers will find a variety of services from sport activities, wellness and relaxation to possibility of eating. Prices are rather high compared to similar areas in other cities, there are advantages for subscribers. From the company's competitive sports is included only badminton. The problem here is the lack of any organized activities such as club, badminton school, tournaments and other events. The downside is the location of the complex on the outskirts of Pardubice on the other side benefit is that there are no similar sports facilities in this area.

The following table is a comparison of important properties of the major competitors. The individual factors are analyzed verbally, then in parentheses is the number of points which would be earned by the complex during the evaluation process on a scale of 1 to 5 (1 = best, 5 = worst). On the basis of calculated points it is arising approximate order of competitors who may possibly most threaten to manager's intention.

Table no.1: Comparison of competition

Factor	Tesla	LTC	TCV	Active	Hcentrum
Location - Pardubice	YES (2)	YES (1)	YES (2)	YES (3)	NO (4)
Focus - tennis, badminton	YES (3)	YES (3)	YES (1)	YES (3)	YES (2)
Additional services	NO (5)	YES (2)	YES (1)	YES (2)	YES (1)
Satisfying opening hours	NO (4)	NO (4)	YES (3)	YES (2)	YES (1)
Adequate prices of services	YES (1)	YES (1)	YES (2)	YES (3)	YES (2)
Existence of the club	YES (1)	YES (1)	YES (3)	NO (4)	YES (3)
Offer of commercial sport	YES (3)	YES (2)	YES (1)	YES (1)	YES (1)
High quality of services	YES (3)	YES (2)	YES (2)	YES (1)	YES (1)
Good image of sport center	YES (2)	YES (1)	YES (2)	YES (3)	YES (1)
TOTAL	24	17	18	22	16
ORDER	5.	2.	3.	4.	1.

Source: author (author's own processing of the data identified in the market survey)

The table shows that the biggest competitor is the H-centrum. It offers high quality services on a commercial basis. The advantage of the object is certainly its multifunctionality and sophisticated organizational system. Among the negative aspects it can be included mainly locality. More specifically the location is placed 5 km from Pardubice. For a significant competition it can also be seen LTC Pardubice. This resort offers a large number of clay courts, the possibility of booking the whole summer season and coach services. One positive is also a well guided tennis school there, which is formed from more than a dozen professional teams in children's and youth categories. On the contrary big disadvantage is uncomfortable facilities, absence of some additional services and most importantly no possibility of playing during the winter. However, LTC Pardubice can be classified as functional. The third competitor in the order is TCV Pardubice, which provides recreational activities for the whole family. They are very focused on the recreational players but players are complaining a lot about their high prices. Another minus is that there does not place great emphasis on the development of the club and professional athletes. Therefore we do not consider them to be a direct competitor. The other two sports facilities are in poor condition, both in terms of quality of services offered as well as the issue of management of the company. People are using them mainly for the reason that in Pardubice is insufficient capacity and another opportunity to play the specific sport is not here. Mentioned characteristics can be observed on the score evaluation. Based on this competitor analysis author can afford to summarize the greatest competitive advantages and business opportunities for SportsAreUs. They are in particular the excellent location of the sports center, multi-functionality of the complex with plenty of additional services, high quality facilities, well chosen marketing strategy and professional management of sports club and the whole company.

4.2.3 Identification of the Territory

Land area of interest is located in the northern part of Pardubice. The land is located approximately 200 meters from the outdoor swimming pool Cihelna, 500m from the University of Pardubice, 700m from the castle Pardubice and 1000m from the city center. This place is surrounded by beautiful scenery with closely situated river Elbe. The land falls within the cadastral area of Polabiny with its location. Accessibility by car is about 3 minutes from the city center. In close proximity to the location of interest is public

transport station. This area has a huge population density. For about 20,000 residents is walking distance only 10 to 15 minutes. Across the land do not lead significant engineering networks (just on its outskirts), linear or other structures that could negatively affect the usability of the land in terms of necessary relocations, protection zones, easements etc. In terms of the existing Spatial plan the land is situated in the yellow zone (Sporting and recreational areas). It is therefore suitable for this purpose. Location and surroundings are shown in Appendix no. 2.

4.3 Marketing and Business Strategy

The purpose of the sport center is to provide a pleasant environment for visitors who appreciate the quality of offered services and who fully utilize sports fields available in the sport center (see below). One of the main priorities is to work with young people and provide a professional assistance to members of the sport club. Another objective is to create conditions for the development of healthy lifestyles of amateur athletes and the organization of sporting and social events. The main marketing goal is to enter the market, get a large number of loyal customers, achieve general knowledge of the center SportsAreUs and ultimately increase the share of the company in the market of sports activities in Pardubice. As a part of the marketing strategy the company will try to compete especially by the quality of services offered and by the right focus on the chosen market segment. Formulations of marketing and business strategies are mainly based on a detailed market survey mentioned in the previous section, which consisted of a thorough situational analysis and questionnaire (see Appendix no. 3).

4.3.1 Results of the questionnaire

The answers showed that athletes in Pardubice are not too happy with existing services (78%). According to the respondents the biggest problem is directly missing or insufficient sports fields particularly for badminton, tennis, beach volleyball (including indoor courts), American football, rugby, kiting, climbing, trampolines, yoga and more. Beside lack of proper sport facilities there are other reasons such as financial, time consuming demands and distance constraints. People negatively evaluated also the absence of sports complexes with a restaurant and other additional services. According to the

survey, following factors are the most important when choosing a sports field, the most emphasized were quality of services offered (sports grounds, background facilities, changing rooms, showers), pricing policy and the possibilities of club membership. Other important attributes were identified in preferential terms and discounts for frequent visits to the sports center, as well as accessibility of the area and the goodwill of staff. Less significant than expected are promotions and, the image of a sports complex and the opportunity to participate in club events. Among the key elements that were not mentioned, but were mentioned frequently by respondents are overall atmosphere in a sports center, other athletes visiting the area, sufficient parking, online booking system, services of trainers and physiotherapists. Existing sports facilities focusing on tennis, badminton and beach volleyball were in terms of pricing policy and utilization of sports fields evaluated negatively and in terms of quality, range and accessibility of services were rated mostly by average.

The worst results were in tennis in terms of price policy in comparison with the other sports. In badminton were in terms of occupancy and beach volleyball was strongly behind in the availability of courts. About a third of respondents (29%) stated that they have children. Of these, the majority were actively engaged in sports (74%). The most common examples for girls were different types of exercises and dancing, for boys mainly floorball, football and hockey. Both genders often chose/play tennis, volleyball, badminton, golf and swimming. Nearly half of these parents (46%) are playing sports with their children. Typically, it is a sport of a different nature than the children play on a competitive level themselves. Often following sports such as skiing, cycling or rollerblading, running, swimming or golf, volleyball and tennis were mentioned. Respondents, who are members of a club (21%), have most complaining about the chaos in the organization, bad or misleading management of the property. On the other hand, discounts and opportunities to use certain benefits (club training for free, participation in events, use of premium services) were appreciated.

Total of 84% of respondents would welcome the opening of a new complex sports facility in Pardubice, which would include the following sports and services under the one roof: tennis, badminton, table tennis, beach volleyball, restaurant, fitness, wellness (sauna + hot tub) and sporting goods store. In addition to the list above, they would ask for

integration of an outdoor swimming pool with a bar, a climbing wall, playground for floorball and volleyball, a small gym equipped for individual training, facilities for trampolines, crossfit or pole dance. From the perspective of the area, most preferred are the city center (34%), followed by Polabiny area (29%) and Studánka (15%).

79% of the respondents would be interested in a club membership of the club. The majority (64%) would also like to participate in organized club events, especially amateur tournaments, camps, sport weekends with diversified content of activities and of other sports and social events for both children and adults. "Ideal sport center" is explained in various ways by respondents of the questionnaire. The most mentioned opinion was that such a complex should include pleasant facilities and attentive staff, high quality sports equipment, favourable prices, great selection of activities and other services (various sports grounds, fitness, wellness, restaurant and shop). It should also offer the services of trained and experienced trainers and physiotherapists. Another important thing for most people is nice atmosphere and good mood in the area and decent behaviour of other athletes. Last but not least, the sport facility should be located in an reachable place (public transport, bicycle paths, sufficient parking).

As the main results of the questionnaire the company considers the following:

- Athletes in Pardubice are not satisfied with existing services;
- The greatest shortage is in adequate capacity of existing sports grounds and lack of a comprehensive sports complex;
- An offered quality of services is critical for respondents, as well the price policy, the availability and the overall atmosphere in the club;
- The majority of the respondents would welcome the opening of a new sports center and they would be interested in club membership;
- In addition to these sports, people would have asked for an outdoor pool with a bar, a climbing wall, playground for floorball and volleyball or facilities for trampolines and other kinds of exercises;
- The most preferred location would be the city followed Polabiny area.

Based on the above mention findings of the questionnaire and author's market research, there will be defined marketing strategy, primarily it will be created by

determining of target customers, as well as defining the product and setting of price, distribution and promotion policy.

4.3.2 Target Group

As a part of a marketing strategy, the owner focuses on three main target groups that will most benefit from the offered services, and to which the promotion will be directed. Sports complex SportsAreUs should provide primarily quality services to amateur athletes on a purely commercial level and secondarily it should offer discounted services for professional players, especially for children and youth.

Professional players - children and youth up to 18 years

One of the main priorities is to work with youth and support professional activities of members in represented sports. In tennis and badminton, the company would focus on the recruitment of children of different ages. Preschool children would go to preschool of minitenis and babytennis. Children of school age will be in another large group that the center will focus on. The company would like to educate professional players and allow them to participate in team competitions in all age categories. Another point is also organizing summer and suburban camps and organization of tournaments for professional players from all over the region. Owner's strategy is slightly different in beach volleyball. Beach volleyball school, tournaments and camps will be offered to older children, from the age of approximately 10 years, for those who have already acquired at least basic volleyball habits. Moreover, the sport center counts with the participation in tournaments and training lessons of adult players in all sports. Its programs for children and youth should be affordable even for families with lower income.

Amateur and hobby players – adults

Another objective is to create conditions for the development of healthy lifestyle of amateur athletes and the organization of sports and social events. An important aspect is the club membership and participation in the club activities such as a club nights with sport and buffet dinner, all-day events with sport, refreshments, evening entertainment and music and so on. The idea behind is that the sport complex should provide its not only a sport but also social life and they should be happy to spend their leisure time in

SportsAreUs. In terms of age, they are either childless young people around 30 years old with a good job or older athletes with already grown children. This clientele tends to be found in middle income range.

Families with children, no sport practicing visitors

This group includes primarily families with children that are in this area to spend one weekend day, play their favourite sport, relax in the hot tub, sit in the restaurant, savour some of light meals in Steak bar and in the end meet with their friends. Children are on the playground and parents chat over a glass of wine. Further here the author can count on business partners, friends or couples who come only on a particular occasion but they will spend quite a long time and a larger amount of money at once. They usually also play a sport but a longer time they spend in the restaurant or in the wellness area. Last but not least this category includes accompaniment of children to training, tournaments or just random viewers who will bring profits primarily to the restaurant. This group is very diverse and is characterized by above average income.

4.3.3 The product - a multifunctional sports facility

SportsAreUs will offer customers all year round sports, relaxation and gastronomic services under the one roof. SportsAreUs should provide fields for both outdoor and indoor sports. For indoor activities there is planned fixed hall with three tennis courts with artificial surface, five badminton courts, gym, sauna, jacuzzi, restaurant and accessories. For outdoor sports there is planned construction of six clay tennis courts, four beach volleyball courts, multipurpose playground (rather a complement to the previous sports facilities), children playground, etc. Facilities will be linked to the tennis hall, the building will be two-storey on the built-up area of 320 square meters. The capacity of the facility is estimated for approximately 100 people. There will be also wheelchair access and enough parking slots. The construction will have no negative impact on the environment. It will not harm the character of the surrounding landscape or restrict neighbouring buildings and land.

Tennis

There are several tennis facilities in Pardubice, but most of them offer inadequate equipment and capacity, especially during a winter season. SportsAreUs offers three quality indoor courts with artificial surface in a clean, perfectly lighted hall with a constant temperature. In the summer season there will be six clay courts that meet all the requirements for professional and recreational players. Tennis school for children will be built for training of the youth and also there will be organized tournaments for all ages and skill levels.

Badminton

There will be five courts with the possibility of extension. If necessary, it is possible to utilize mobile badminton carpet and stretch it to the existing artificial tennis courts. An interesting element will also be movable stands, which will serve the viewers at the time of the badminton tournaments. Visitors will also have a possibility of monitoring of events in the hall from the restaurant through a glass display case. Especially parents appreciate this opportunity, because they will be able to watch their children in the comfort of the restaurant.

Beach volleyball

This increasingly popular sport does not have much support in this city in contrast to the classic volleyball. There is no facility with bigger amount of courts that would be suitable for systematic work with beach volleyball players. Therefore, there will be built at least four courts for beach volleyball, also there will be operated beach volleyball school. There would also be organized tournaments for amateur and professional players and by all of that it would contribute to the development of this sport.

Other Sports

Inclusion of multifunctional playground will contribute to the overall complexity of the SportsAreUs and thus honour the basic idea that there is something for everyone in this center. There will be possibility to play floorball, basketball (streetball), volleyball, small football and other sports. There will be available sports miniarena for young athletes, where children will practice basic skills with the ball and prepare for a real tennis game.

There will be children's playground with an extensive system of climbing frames, slides and other exciting attractions for entertainment for little ones.

Fitness

Gym will serve to guests of the sports complex, not only as a supplement for the aforementioned sports but also as a full gym. There will not be missed the classic strengthening and fitness equipment, cardio zone and access to the services of a professional coach. In the future, SportsAreUs should start cooperation with nutritional counsellors and development of various fitness programs.

Wellness

SportsAreUs will offer clients full comfort not only in a sport area, but also the quality of regeneration and relaxation. For this purpose the sports center will have Finnish sauna, jacuzzi, relaxation room and more options to regenerate the whole body. At predetermined days, there will be themed sauna ceremonies, where visitors will be able to try the honey or herb cream and salt or sugar scrubs. Author believes that this sets him apart from wellness studios, where visitors can find only sauna and steam without other elements. Company also plan to hire a masseur and a physiotherapist, who inherently belongs to modern sport.

Sports events, tournaments and camps

Tennis, badminton and beach volleyball school for children are an important component of the project. Training will be specialized for professional and hobby players. There will be organized tournaments at amateur and professional level, also summer and winter camps for children and adults, suburban camps and other events. SportsAreUs seek not only to increase the physical fitness of its customers, but also to develop their personalities, improvement of interpersonal relationships and finding new friends. To build a large membership club is very important in this regard.

Restaurant

Comfortable seating in the club restaurant, where guests will enjoy local specialties, while being able to watch sports events in SportsAreUs is an integral part of the complex.

In the summer, they will be invited to a sunny terrace overlooking the sports fields. The restaurant also offers the possibility of watching sports events on the big screen, as well as private events (weddings, birthdays, corporate parties, etc.). There will also be a children's corner. Due to the character of the whole object the restaurant will be entirely non-smoking. Kitchens should be oriented on the quality and healthy food. Steak bar seems to be ideal for centre's purpose. It offers traditional steaks (beef, pork, chicken, salmon), pastas, salads and other food. Another bonus for visitors, especially for members of the club, there will be club room adjacent to the restaurant, where it will be possible to pleasantly and quietly spend time between sports or fill the waiting time for the children until they are finished with training.

Store with a sporting goods and nutrition

Sports store offers a wide range of equipment for sports and leisure time. Specialized personnel will assist customers in the selection of products. Owner plans to establish close cooperation with the specialized popular brands like Babolat, Wilson or Head, and he would like to offer complete range at internet prices. Test days with rackets, stringing tennis and badminton rackets on high-quality machines and e-commerce are other attributes that should improve the level of service for customers of the complex.

4.3.4 Pricing policy

The pricing policy is set to correspond with offered products, the selected target group and the intended image of the complex. Prices are average in the Pardubice region. Full charge for services without any benefits are higher than the competition while prices for club members and season subscribers are lower. In the following text there can be found the most important principles based on which the pricing policy is created.

- The main revenues derive from tennis, badminton, beach volleyball and renting the restaurant within the complex.
- The year is divided into summer and winter season.
- The company offers several variants of utilization of services for customers - club fee and from that ensuing benefits, a subscription for the whole season,

system of rechargeable credits with the possibility of using the discounts on services, full hourly rate for random customers (single entry).

- STANDARD membership – 3,000 CZK / year, entrance to gym and wellness center for free (only during the opening hours for the public), the lowest possible prices of courts (subscription prices) throughout the year, priority reservations for the winter and summer season, 10% discount in the restaurant, 10% discount at the store, the possibility to use the clubhouse all day long, every week organized club nights with a coach for free (in summer), every month organized club event (in winter), regular information about news and events in the club and the preferential option to login to these events, electronic club card, towel available for free of charge.
 - VIP membership – 7,000 CZK / year, all the above mentioned, plus courts in summer season for free but with limited possibility of long term bookings in attractive hours (i.e. 4pm – 9pm reservation for the whole season max. 2x1h weekly, in the other times without limitation).
 - Subscriptions for the entire season (summer and winter) means at least one hour each week. Undrawn hours can be replaced but it is not possible to return money for them.
 - Rechargeable credit cards - discount depends on the amount of the deposit, covers all sport fields at any time (including the services of a coach), does not apply to restaurant and store, the validity of credit is always 12 months and the fee for producing the card is 100 CZK. The highest possible deposit is 15,000 CZK.
 - 2,000 CZK (2% discount), 5,000 CZK (5% discount), 10,000 CZK (10% discount), 15,000 CZK (15% discount)
- Opening hours of the complex are 7am – 10pm.
 - Opening hours of the restaurant are based on the customer's needs (11am – 11pm or even longer).
 - Opening hours of the wellness center are Mon, Wed, Fri and Sunday 5pm – 10pm, at other times it can be used private wellness on the reservation (even for club members at the prices according to valid price list).

- Morning hours are calculated till 2pm throughout the year and at all sport fields in the same way.
- The prices are calculated per hour (unless stated otherwise).

PRICE LIST OF SERVICES

TENNIS

WINTER	Full price rate	Subscription / member
- Morning	280 CZK	220 CZK
- Afternoon	420 CZK	370 CZK
- Weekend	390 CZK	330 CZK

SUMMER

May – June	Full price rate	Subscription / member
- Morning	130 CZK	100 CZK
- Afternoon	250 CZK	200 CZK

July – September

- Morning	100 CZK	80 CZK
- Afternoon	200 CZK	180 CZK
- VIP member (member fee)		7,000 CZK / season
- STANDARD member (member fee)		3,000 CZK / season
- Professional players – all sports (member fee)		5,000 CZK / season
- Trainer (all sports)	400 CZK	350 CZK

BADMINTON

WINTER / SUMMER

	Full price rate	Subscription / member
- Morning – adults	210 CZK	150 CZK
- Morning – students	170 CZK	130 CZK
- Afternoon	250 CZK	210 CZK

BEACH VOLLEYBALL

	Full price rate	Subscription / member
- Morning - adults	110 CZK	90 CZK
- Morning - students	100 CZK	70 CZK
- Afternoon	220 CZK	180 CZK

GYM

	Students	Adults
- Single entry	70 CZK	90 CZK
- Season ticket for 1 month	600 CZK	700 CZK
- Season ticket for 6 months	2,400 CZK	3,000 CZK
- Season ticket for 1 year	4,600 CZK	5,100 CZK
- Possibility to draw from credit with a corresponding discount		

SAUNA AND HOT TUB

	Students	Adults
- Entry fee (Mon, Wed, Fri, Sun, 5pm-10pm)	100 CZK	150 CZK
- Private sauna and hot tub (1.5h)	600 CZK	700 CZK
- Possibility to draw from credit with a corresponding discount		

RESTAURANT – STEAK BAR

- Steak - average	190 CZK
- Pasta - average	130 CZK
- Salad - average	120 CZK

- Soft drinks - average 30 CZK
- Beer - average (0.5l) 30 CZK
- These prices are approximate - the restaurant should be placed in the middle price category

4.3.5 Distribution Policy

In terms of distribution, the strategy is quite simple. Most of the sales activities will be arranged by company independently, sales of products and services will therefore be directly delivered to the end customers, there will not be used any distribution interlinks. Business department of this complex will consist of all management and administrative staff and they will play the biggest part in the sales of its services. The restaurant is partially removed from the operation of the company, because it will be rented out to an external operator. The distribution policy will therefore be exclusively within operator's competence, however, it will be needed that this person has the same ideas about products and pricing strategy as the company's management of SportsAreUs. Promotion will be carried out by both sides but it will be interlinked and coordinated.

Sporting goods and healthy food store is thus only article in a company in which it will need to be further addressed distribution channels. Nowadays, there are many specialized sports brands like Babolat, Dunlop, Wilson, Prince, Head, Adidas, Nike and many others on the market. Each brand goes its own way and recognizes a different policy. Thanks to the high suggested retail price of these brands they became primarily an internet matter or they are offered directly at the sports facilities. The best possible option is to become an official reseller (the club), leading to different benefits and certainly better purchase prices. The brand should be selected according to popularity on the market and set price conditions. On average the purchase prices are around half of the price of sales. Currently real margin is about one third. For these reasons, the company would like to combine both options and focus on store and also on the internet sales.

In the future, the owner would also try to expand the range of his products by own brand such as clothes with the logo of his sports center. The aim would be to improve the company's image and strengthen the sense of belonging of club members to the center. The actual implementation would be conducted by buying cheap but high quality textiles from

Asian countries and subsequently performing of print with the logo on selected pieces of clothing (socks, underwear, T-shirts, sweatshirts, tracksuits, caps), or on supplemental items (water bottles, key chains, balls, towels, sport bags, etc.).

4.3.6 Promotion

For the promotion of sports center plays in owner's favour that this project substantially fills the gap in the local market because there is not comparable facility providing the wide range of sports and other services as SportsAreUs in Pardubice and surroundings. For this reason, managers can reasonably trust that people will talk in public about this center relatively soon. Not only because of interest of athletes whose demand for sports facilities (especially in badminton, tennis and beach volleyball) far exceeds supply of the local market and who will surely say to each other about new sports possibilities. However, the company cannot risk the success of the business plan to depend only on the said word-of-mouth marketing and therefore managers will invest in promotion financial resources and efforts, both before the opening of the sports complex as well as during its operation.

Prior to opening the sports center

For the period before the opening of the sports center (within weeks, max. 3 months for specific activities such as the promotion of children's sports teams), the author selected the following types of promotion:

- creation of websites www.SportsAreUs.cz and their optimization (goal is that it will be shown in the top three links on Google and the search lists of key words like "sport Pardubice", "badminton Pardubice," "tennis Pardubice", "wellness Pardubice", etc. ;
- the profile on social networks; building an extensive network of supporters of the project, the communication of news;
- placing a link of the complex on portal kudyznudy.cz and cusczech.cz (Czech Union of sport);
- company car (possibly cars of employees) plastered with advertising at the sports center;

- outdoor advertising (billboard or large banner) in a busy location in Pardubice, further distinctive banners which will make the newly opening sports complex more visible and the environment around it;
 - o typical colour combination which will then be used by the entire company, center and sports teams (red, white, black)
- leaflet and poster advertising in shopping centers in Pardubice (AFI Palace and OC Grand);
- advertising at public and often underexploited notice boards in municipalities around Pardubice - regarding the possibility to enter to sports teams and participate in the opening ceremony;
- advertisements in the local press (Pardubice daily newspaper), radio spots on local radio stations (Fajn Rádio Life) – information about services, planned events, the invitation to the opening ceremony;
- leaflet ads in offices of general practitioners and in stores with sporting goods, medical devices, healthy food and nutritional supplements, namely in places where people realize that they should play sports to do something good for their health;
- leaflet ads at elementary schools aimed at recruiting children to sports teams (tennis, beach volleyball and badminton academy).

Other forms of communications are already rather complementary to the above key promotional activities. The owner will endeavour deals with sports clubs in Pardubice on the possibility of discounted use of regeneration in the center (massages, physiotherapist, sauna). That would ensure a regular clientele even in the morning and rapidly spread the advertisement among sportsmen from these levels. For example, cooperation with ice hockey club HC Dynamo Pardubice (Tipsport Extra league) and football club FK Pardubice (SYNOT League) which is highly watched sport leagues and that cooperation would be used to promote the complex to the general public. Furthermore, the manager will seek to establish partnerships with health insurance companies, under which the center offers for their insured persons discounted admissions or for example organization of events such as "Sports Day with VZP (General Health Insurance Company)". Even before the opening of the complex, the complex could have an ad at the branches of cooperating insurance companies, their websites or in corporate magazines. Cheap and effective way of

promotion can also be posting videos created by the team of trainers with the teaching techniques of various sports on YouTube which would serve as a part of the promotion of the sport preschools and trainers themselves.

During and after the opening of the sports center

When opening the sports center SportsAreUs and at the time of its functioning owners will be using to promote the following resources (in addition to the resources used before the opening of the complex, particularly those that have proven themselves to be beneficial):

- organizing the opening party attended by celebrities from the world of sports, along with performances by some singer or musical group and signing autographs from sports personalities;
- the first week of the functioning of the complex free entrance or at discounted prices;
- opening of a sporting goods store, where can be found a special introductory prices of all sports equipment;
- announcement of competitions and games for customers (for example once a month there will be drawn winner from newly registered visitors of free admissions / season tickets, etc.);
- continuation of already potentially established cooperation with health insurance companies (events like "Day with the VZP");
- holding tournaments for amateur public in individual sports categories beginner / slightly advanced / advanced - promotion of these events through websites, newsletters and leaflets;
- organization of events like New Years Eve / Easter / Christmas / St. Martin tournament or match;
 - o for children and adults, for example triathlon "Who will be the King of Polabiny" (tennis, badminton, table tennis);
 - o it can be combined with a charity event on selected topic, such as where a part of the ticket sales will be given to specific charitable organization;
 - o it can be supplemented by accompanying entertainment program, signing autographs or a discussion with athletes / celebrities;

- organizing events such as "With grades ones to sport" for reaching families with children, when at the end of the school year / semester will come to play sports parents with children and children with ones on the report card (elementary school) or report card with honours (second grade of elementary school) will have free entrance ;
- weekly announcement of special events - discount on courts, steaks 2 + 1 free, discounts on selected merchandise in the store, etc .;
- cooperation with banks and large firms located in this region - the organization of their corporate events, the opportunity to get sponsorship for club's youth teams;
- restaurant will have large screen television where will be transferred traditional sports and sporting competitions (Davis Cup, Grand Slam, FIFA World Cup / NHL, etc.) as well as non-traditional sports in Czech Republic (American football, baseball, petanque, judo, sumo, etc.) and in connection with that there will be organized themed evenings – for example for USA Thanksgiving, there will be a broadcast of the match NFL (American football) and along with that serve typical Thanksgiving day menu, similar it will be with the French, Japanese or other traditional sports and cuisines;
- for elementary schools, high schools and universities in Pardubice there will be offer to use sports facilities (gym classes, training sessions and matches of the school league) for discounted prices but in the morning hours - advertising among students in order to fulfil the capacity of complex at less busy times.

Among the methods of promotion managers can also include the organization of sports camps, summer camps and suburban camps focused on the introduction of new sports, improvement of technique and developing athletes both physically and mentally. In terms of communication, SportsAreUs will not forget the PR, public relations which the center will support by constantly keeping in touch with the media, especially local newspapers and television stations that broadcast regional information. PR is useful especially during special occasions and interesting events in which reporters are interested. Overall, for the promotion SportsAreUs should not spend excessive financial means. The center wants to focus more on creativity, sophistication and interaction of individual forms of communication. Promotion costs will be calculated in the financial plan.

4.4 Financial Plan

First, managers create a budget of the opening expenses. From the opening balance sheet, they will learn basic structure of assets and liabilities in the complex SportsAreUs. Then they will summarize what part will be put into the company in the form of equity and on the contrary what funding will be asked from the bank or other investor. Subsequently, they analyze the costs and revenues of the company in selected years, depending on the real traffic of the complex. After clearly arranged sheet of costs and revenues, they assemble the profit and loss account and mark the economic results. Finally, they also include a detailed statement of cash flow, which will explain the cash flow at different times.

View of the company's finances

Firstly, it is necessary to include the reader into the issue of calculating financial indicators of the sport center which will be best provided by overview of the individual items associated with the operation of the complex. The tables includes clearly organized all revenues and the associated costs so that everyone understand where the figures came from. It is therefore not a classic generic division of costs and revenues. Expected profit is calculated separately for sport fields, sporting goods store and restaurant then everything is summed up in the final table. The financial result is calculated for strategically important years, the first year when the complex starts gaining permanent clients. Following is the third year, when sports center is already established, and has moved to positive numbers and the complex has nearly maximum occupancy mainly in the winter months. Before the third season, there will be the investment made into the pressurized inflatable hall for four outdoor clay courts in order to increase capacity for winter season in case of fulfilment of the estimates. Investment in the amount of 2,100,000 CZK will be taken from retained earnings from previous years and depreciations. We assume that in the first year after this investment would be fully occupied the six courts, and gradually in the following years there would be fulfilment of all courts to the maximum number of hours. From the seventh year, the sports center can be described as fully functioning. At this point, the complex should generate the maximum annual earnings.

4.4.1 The budget of initial expenses

The budget of initial expenses includes all expenses that will be needed to spend before the time of the opening of the sports complex SportsAreUs and which will therefore be financed from external sources (own and foreign). All figures are based on information obtained from experts during extensive market research (construction companies, suppliers of halls and sports surfaces, architects, planners and others). Individual items are discussed below.

Table no.2: The budget of initial expenses

The budget of initial expenses (June 2017 – August 2018)	
Land (purchase price including all fees)	9 500 000,-
Administration building (without interior fittings)	8 960 000,-
Hall (steel construction, cladding by the sandwich panel) + subgrade	9 000 000,-
Surface work + engineering networks	1 000 000,-
Parking places	600 000,-
Fencing + garden	800 000,-
Tennis Courts → Solid surface (inner) - 4 courts	2 700 000,-
Tennis Courts → Clay (outdoor) - 6 courts	1 500 000,-
Carpet for badminton	400 000,-
Beach volleyball courts - 4 courts	280 000,-
Tennis miniarena for children	200 000,-
Multifunctional playground	500 000,-
Sauna, Jacuzzi + facilities	250 000,-
Fitness - a comprehensive fitness machines, stationary bikes, treadmills	230 000,-
Store + reception - desks, cabinets, telephones, computers, printer, refrigerator	70 000,-
Lavatories	270 000,-
Restaurant	500 000,-
Kitchen equipment	1 200 000,-

Club-room	50 000,-
Children's playground	200 000,-
Planner + architect	900 000,-
Geodetical and other works	100 000,-
Incorporation expenses (establishment of the company, lawyer)	30 000,-
Goods to store (stocks)	100 000,-
Promotion	200 000,-
Nest-egg	200 000,-
TOTAL	39 740 000,-

Source: author (author's own processing of the data identified in the market survey)

The price of land is based on the results of many meetings with its owner and also the usual price for such purposes in the location specified by a court expert. The amount includes expenses for laying utility lines. The price of the building includes the following items: construction, insulation, heating, flooring, lighting, plaster, it is calculated according to Czech construction standards.⁵³ The building has two floors with dimensions of 32 x 10 meters, it is classified as "Buildings of civil construction (for physical education)". A constructional material characteristics falls into the group with the exact name "Vertical supporting structure assembled from concrete rod parts". The final construction budget is $32 \times 10 \times 6 = 1920 \text{ m}^3$, $4665 \text{ (rate)} \times 1920 \text{ m}^3 = 8,956,800 \text{ CZK}$. This amount may be rounded to the 8,960,000 CZK. Incorporation expenses include fees for lawyer and notary needed during setting up the company, fees for issuing a business license, monetary charge for company registration in the Register of Companies and expenses for other essential tasks. Promotion costs are relatively low, since most of the activities company will be able to procure by itself without the help of an advertising agency. Another reason is the fact that in Pardubice SportsAreUs will be the only facility of this kind and because Pardubice is not very large city so word gets out very quickly. It will also help the company to take advantage of free PR and get the interest of local media. But there are still expenses consist of the creation and management of web pages, organizing the opening party, free admissions in the first week of operation and expected resulting from the selected

⁵³ ČESKÉ STAVEBNÍ STANDARDY. *Cenové ukazatele ve stavebnictví*. [online]. [cit. 8. 3. 2014]. Available: http://www.stavebnistandardy.cz/doc/ceny/thu_2013.html

advertising (business cards, flyers, customer contests, discounts on services). Other items were taken from the preliminary budgets and calculations of construction companies. The cash reserve will be used mainly to cover operating costs in the first months of operation when revenues will not be high enough to completely cover all costs.

Table no.3: Initial Balance Sheet - 9.1. 2018

Assets		Liabilities	
Long-term fixed assets	39 440 000	Equity	24 740 000
Land	11 900 000	Basic capital	24 740 000
+ communications			
Building	8 960 000		
Equipment of	3 020 000		
building			
Sport hall	9 000 000		
Sports grounds	5 580 000		
Other	980 000		
Current assets	300 000	External resources	15 000 000
Goods	100 000	Bank loan	15 000 000
Current account	150 000		
Cash register	50 000		
Total	39 740 000	Total	39 740 000

Source: author (author's own processing of the data identified in the market survey)

Necessary financial resources in the total amount of 39,740,000 CZK will not be possible to cover from own resources. The Bank will be asked for the financial amount of 15,000,000 CZK (approximately 37.8% of total investments). Further terms of the loan mentioned and in the financial statements calculated are based on the indicative offer from three different banks that were approached for the purpose of financing the project. The parameters of the requested loan are: the total amount of 15 million CZK, 3% interest rate (usual price on mortgage loans), monthly instalments, maturity of the loan 10 years and start of repayment immediately after opening of the complex. A regular payment of the loan is 144,841.12 CZK, the total amount of interests paid then 2,380,934.05 CZK.

4.4.2 Analysis of the anticipated costs and yields

COSTS

- Wages - the capital costs will be wages paid to two receptionists, two administrators (simultaneously salesmen at the store) of the center and the complex manager. Trainers and other specialists will carry out their activities as self-employed that means for us no salary cost for them. The restaurant will have its own employees whose wages will be governed by the operator. The following is a brief overview of employees, number of hours worked and average hourly wage costs including social security and health insurance (34%):
 - o Reception - 15 hours in total (two shifts / 1 day) - 160 CZK
 - o Store, administrator - 8 hours in total (one shift / 1 day) - 140 CZK
 - o Manager of the complex - 6 hours in total (one shift / 1 day) - 200 CZK
 - o Total wage costs / day = $15 \times 160 + 8 \times 140 + 6 \times 200 = 4\,720$ CZK
 - o Total wage costs / year = $4\,720 \times 365 = 1,722,800$ CZK, rounded 1,723,000 CZK
- Energy - energy prices are also an important cost, their calculations are based on the knowledge of consumption and the approximate energy prices in similar sports centers and other facilities. We assume that the total energy demands will grow with the increase in capacity and the utilization of complex.
- Operating mode - hygiene products, cleaning products, cleaning services and so on. This amount increases slightly again together with fulfilling of the complex.
- Goods - into the sports store and fitness bar, products will be bought and then resold to visitors of the complex. Costs data are averaged based on experiences from other stores, for clothing and sports equipment material costs are about 70%, racket stringing 40%, for food it is 50% (energy drinks, protein bars, fruit, dairy products). These values are fixed thus it is calculated the number of customers who purchase the product from given category and the amount they spend on average on these goods.
- Insurance of the object - property protection through insurance. The price varies according to the scope of coverage and selected risks. The annual base rate for our purposes is about 60,000 CZK.
- Interests - payment for providing funds by the bank (see calculation above).
- Depreciation of fixed assets - total annual depreciation make in the early years 730,000 CZK, from the third year after the investment into the inflatable

pressurized hall it is 800,000 CZK. We chose the straight-line depreciation. Here is the period over which the property will be depreciated (the lifespan of individual parts of the complex according to depreciation groups) and amount of depreciation (annual accounting depreciation).

- Hall, administration building - 50 years - 340,000 CZK
 - Tennis courts (hard surface, clay) - 30 years - 170,000 CZK
 - Badminton courts + beach volleyball + multifunctional playground - 20 years - 60,000 CZK
 - Restaurant (tables, chairs, kitchen equipment) - 10 years - 110,000 CZK
 - Facilities (sauna, gym, shop) - 10 years - 50,000 CZK
 - Investment after 2 years (inflatable pressurized hall) - 30 years - 70,000 CZK
 - **TOTAL** - 730,000 CZK
 - **TOTAL after investment** - 800,000 CZK
- Other costs - tools for coaches, balls, clay, office supplies, telephone services or the services of professionals (lawyer, tax advisor, promotions, etc.).

YIELDS

- Sports fields - make up the largest portion of expected revenues. Regards the revenues from the sale of sports grounds (tennis, badminton, beach volleyball courts), from organizing various events, tournaments, camps, from the payment of club membership and fee collected for the services of coaches.
- Sporting goods and nutrition store – yields come from sales of goods. In every year is estimated number of customers in several different groups (adults, club members, professional players, kids, random customers) and their average spend in the store.
- Rent from the restaurant - in the early years of the complex we want to focus on the operation of sports grounds and managing also a restaurant would be too difficult to handle. Renting thus appears to be the best solution. We conducted our own calculations so we could determine the real course of sales in years and based on these findings, we discussed the price of rent of fully furnished premises of the restaurant. The rent will be paid monthly and every year,

because of the increasing number of visitors, rent of the restaurant will also increase.

4.4.3 Projected costs and yields from sport fields

For easier understanding of the results here is shown an explanation of the following table.

- **Price** of service for calculation in the table is taken always the lower one according to pricelist, so for subscribers of the whole season or for the club members. It is not expected that the large percentage of our customers will be random, that is, those who would pay full prices for each hour.
- **The winter season** lasts 24 weeks, which means the second week of October till the second week of April (thus approximately 7.10. - 13.4., which is 27 weeks), but the Christmas and spring holidays are deducted (customers have a holiday, so they do not prepay these hours) - these not busy days (about three weeks) is known as a **dead season**, courts are offered at lower prices in order to attract as many customers as possible.
- **The summer season** begins theoretically immediately after removing the inflatable pressurized hall (in solid hall, this means the end of the winter season or after the arrival of nice and stable weather). It ends in a time when customers are again moving into the inflatable halls. But practically the summer season is divided into two phases.
 - o May till June - courts are full, professional players are preparing for the summer season, adults are still in working process and not on vacations, companies have booked hours for its employees and partners.
 - o July, August and September - courts are not so occupied and about half of long-term reservations ends but most companies remains. On sports fields there are more random hours, bookings are only a few days in advance, organization of large number of tournaments for children and adults (for professional players as well as recreational players), organization of children's tennis camps, banks and other large companies organize tournaments for their VIP customers.

- The great advantage in our complex are still covered courts that customers can use in case of rain, high winds or other adverse conditions. Thus we do not expect significant loss of money due to bad weather.
- Occupancy of the court in the summer season by classic hours is counted only for 5 days a week, without weekend, because there are few prepaid hours on the weekend, most of the time the courts are used for various events (see below).
- During the summer season VIP members have courts for free but reservations are limited to 2 x 1h / week in the most interesting hours (i.e. 4pm-9pm), for that reason we calculate the estimated occupancy of the court at afternoon minus 2h every day - those are reserved for VIP members (May - June: 7h-2h = 5h, July - August: 5h-2h = 3h).
- By the term **Events** are meant all tournaments for children and adults, professional and recreational players, corporate tournaments, summer sport camps (tennis, badminton, beach volleyball) in our complex (for our players and players from other partnership clubs), summer sport camps for our athletes abroad, summer stays for young children (minitennis and babytennis), birthday parties and other commercial events.
- The **price of the coach** is 350 CZK / hour, his/her salary from 200 to 300 CZK / hour, an average of 80 CZK / hour for the center.
- Revenue from the **badminton courts** (4) in the table are counted as one tennis court, because badminton is full mostly in the afternoon hours, approximately 5pm-9pm, i.e. revenue from badminton / day is: 4h x 4 courts x 200 CZK = 3,200 CZK and revenue from the tennis court / day (morning and afternoon) is: 3h x 230 CZK + 7h x 380 CZK = 3,350 CZK. They are thus comparable amounts. Another reason is that the carpet for badminton can be quickly fold and unfold again, so in the morning it is possible to play tennis on this court.
- Beach volleyball is counted with fulfilment just in the afternoon.
- **Fitness and wellness** are used mainly by club members within the membership fee.

Table no.4: Projected yields and costs from sports fields

Yields from sports fields			1 st year	3 rd year	7 th year
Tennis – winter (24 weeks)	Price	Number of hours	4 courts	6 courts	8 courts
Working day - morning	220,-	3h/day/1 court	316 800,-	475 200,-	633 600,-
Working day – afternoon	370,-	7h/day/1 court	1 243 200,-	1 864 800,-	2 486 400,-
Weekend	330,-	6h/day/1 court	380 160,-	570 240,-	760 320,-
Dead season (20 days)	230,-	5h/day/1 court	92 000,-	138 000,-	184 000,-
Events			100 000,-	200 000,-	300 000,-
Total – winter season			2 132 160,-	3 248 240,-	4 364 320,-
Tennis – summer	Price	Number	4 courts	6 courts	8 courts
Normal member	3 000,-	40 / 80 / 100	120 000,-	240 000,-	300 000,-
VIP member	7 000,-	20 / 40 / 50	140 000,-	280 000,-	350 000,-
Children (tennis school)	5 000,-	30 / 80 / 200	150 000,-	400 000,-	1 000 000,-
May-June (8 weeks)					
- morning	100,-	3h/day/1 court	48 000,-	72 000,-	96 000,-
- afternoon	200,-	5h (+2h member)	160 000,-	240 000,-	320 000,-
July-September (13 weeks)					
- morning	80,-	2h/day/1 court	41 600,-	62 400,-	83 200,-
- afternoon	180,-	3h (+2h member)	140 400,-	210 600,-	280 800,-
Tournaments, camps			300 000,-	500 000,-	500 000,-
Total – summer season			1 100 000,-	2 005 000,-	2 930 000,-
Coach (5 days, 40 weeks)	80,-	7h/day	2 trainers	4 trainers	4 trainers

Total - coaches			224 000,-	448 000,-	448 000,-
Badminton	Price	Number of members			
Badminton school	5 000,-	0 / 30 / 60	0,-	150 000,-	300 000,-
Beach volleyball	Price	Number of members	2 courts	3 courts	4 courts
3h a day, 7 days, 20 weeks	180,-		75 600,-	113 400,-	151 200,-
Beach volleyball school	5 000,-	0 / 30 / 60	0,-	150 000,-	300 000,-
Total - beach volleyball			151 200,-	263 400,-	451 200,-
Yields in total			3 607	6 114	8 493
			360,-	640,-	520,-
Costs			1st year	3rd year	7th year
Energy (operation of complex, building without restaurant)			900 000,-	1 400 000,-	1 700 000,-
Wages			1 723 000,-	1 723 000,-	1 723 000,-
Cleaning service			100 000,-	100 000,-	100 000,-
Insurance of the object + other services (IT, advertising, legal)			160 000,-	180 000,-	180 000,-
Other costs			150 000,-	200 000,-	250 000,-
Costs in total			3 033	3 603	3 953
			000,-	000,-	000,-
Gross profit / year			574 360,-	2 511	4 540
				640,-	520,-

Source: author (author's own processing of the data identified in the market survey)

This variant of the development of costs and revenues from the main activity, thus providing sports services, is compiled as quite real. During processing all factors are taken into account that can positively or negatively affect the expected profit. In our case it is necessary to take into account the particular traffic within the complex and its possible fluctuations. Precise division of seasons and specific visitor numbers in individual periods are determined based on years of experience with the operation of a similar complex and current market research. Thus managers do not assume significant deviation from our estimates of the utilization of our center. However, there are certain internal and external factors that may affect the functioning of the sports center. These include overall negative development of Czech and world economy and the related decline in the purchasing power of the population. Furthermore, the entry of new competitors to the market could jeopardize this project but it is not likely in this range. Of course the threat is also in failing to manage the complex correctly and disappoint customer's confidence which is very difficult to regain. But managers should avoid this undesirable development by their own efforts. Throughout the financial plan it is taken into account the number of visitors listed in the table above since there is a high probability that the real situation will evolve according to estimates with only minimal deviations. But at this point it should be analyzed the impact which could have potential different development whether in positive or negative direction. With higher interest of athletes in offered services is possible to occupy even less attractive hours (morning) or to achieve a higher degree of fulfilment of the complex on weekends. An appropriate step is also organizing group trainings which mean meeting the needs of all customers, freeing capacity for other players as well as higher incomes for the center. Another protective measure could be a slight increase in the prices of individual services which will probably result in a small reduction of demand. However this strategy must be carefully engineered to avoid stronger decline than is desirable. In the event that SportsAreUs was no longer able to meet the excessive number of clients, they should proceeded to the planned expansion of the complex, perhaps even sooner than was expected. In case of situation where there would be a small decline in number of visitors (around 10%), it can be solved by more intensive promotional activities (advertising to increase awareness of the complex, discounts, bonuses and other benefits for new visitors or on the contrary regular clients, cooperation with schools, etc.) . If these instruments are not successful, it is possible to reduce the prices of certain services for which demand the

price is elastic. Even such occupancy of complex is still sufficient for achieving high profits. In the extreme case when number of customers would fell even more significantly, it would be necessary to completely change the marketing strategy and enhance the efforts of all parties involved leading to an increase in the utilization of the sports center. But this radical deviation from the expected development is very unlikely and if it occurred, it would only have a short-term character.

4.4.4 Projected costs and yields from store

Revenues are divided into three groups: sporting goods store, service of rackets and fitness bar or in other words selling of refreshments. Wages and energy are counted in the operation of the entire complex (in the previous table). Material costs are directly deducted from revenues (70% store, 40% service of rackets, 50% bar) and the result is profit before taxes. Potential customers are divided into four categories and there are estimated number of clients in each of them and their average spending in the store per year.

Table no.5: Projected costs and yields from store

Sporting goods store	Costs	70 %	1st year	3rd year	7th year
Category of customer	Ø CZK/year	Number of clients			
Adult members	9 000,-	40/80/150	108 000,-	216 000,-	405 000,-
Members – professional players	13 000,-	30/90/180	117 000,-	351 000,-	702 000,-
Children	5 000,-	20/30/40	30 000,-	45 000,-	60 000,-
Random incomers	3 500,-	25/45/65	26 250,-	47 250,-	68 250,-
Total - store			281 250,-	659 250,-	1 235 250,-
Racket stringing	Costs	40 %	1st year	3rd year	7th year
	Ø CZK/racket	Number of rackets			
Total - service rackets	200,-	360/900/1500	43 200,-	108 000,-	180 000,-
Refreshments (bar)	Costs	50 %	1st year	3rd year	7th year

Category of customer	Ø CZK/year	Number of clients			
Adult members	2 400,-	40/80/150	48 000,-	96 000,-	180 000,-
Members – professional players	3 600,-	30/90/160	54 000,-	162 000,-	288 000,-
Children	2 400,-	20/30/40	24 000,-	36 000,-	48 000,-
Random comers	1 200,-	25/45/65	15 000,-	27 000,-	39 000,-
Total – bar			141 000,-	321 000,-	555 000,-
Gross profit / year			465 450,-	1 088 250,-	1 970 250,-

Source: author (author's own processing of the data identified in the market survey)

4.4.5 The expected yields from restaurant

The entire project (with emphasis on the restaurant) was introduced to several potential partners involved in gastronomic services, whether they were the current operators of restaurants or people with experience who are at the moment engaged in other activities. The restaurant has several distinct and very significant competitive advantages. First of all it is the location in the middle of a crowded housing estate where in the wide area except pubs of lower category, there are no pleasant dining facilities. The walking distance is approximately for 20 000 people within 15 minutes which itself represents considerable potential. Also important is the fact that the entire restaurant even kitchen is fully equipped (it is possible to adapt restaurant according to the requirements of future operator during the construction process to some extent if the contract is already signed for at least 3 years). Initial investment and risk is on our side thus for the operator it is the ideal starting situation. The last major element is the location of the restaurant in the sports complex and thus partially secured clientele coming from sports fields and using services of SportsAreUs. Great opportunity for potential operator is also organization of events related to sport when the restaurant will provide catering for all participants. Because of this interconnection of restaurant and sports complex, it is necessary that the activities of restaurant will be coordinated with company's activities (promotion, price, events, bonuses, benefits). All operations and related activities (e.g. recruitment of staff, selection

of suppliers, purchase of raw materials and so on) will operator manage by himself/herself. As well as all costs associated with the operation of the restaurant will be under his/her direction, this means that the restaurant's costs will be separated from the operating costs of complex (energy, water, wages, cleaning services) and the operator will report it and pay for it. The resulting amount of the rent of the restaurant is arising from the negotiations in the first year at level of 50 000 CZK / month, while the contract price will grow every year. The contract will be concluded for a fixed period in the first phase for three years. The rent will be paid monthly, always on the first day of the month (1.5. for the month of May). After signing the contract there will be paid a refundable deposit in the amount of three rents that would serve in the event that some problems would arise from paying rent or damage to the property or the sudden termination of the contract and the termination of activities from part of the tenant. The notice period is 6 months for both contracting parties, only in case of a serious breach of conditions by the operator then the landlord has the right to immediately terminate the contract. The calculation of gross profit from rent of the restaurant is simple because it is based on the above conditions.

Table no.6: The expected yields from restaurant

Yields from restaurant	1st year	3rd year	7th year
Rent / month	50 000,-	90 000,-	110 000,-
Gross profit / year	600 000,-	1 080 000,-	1 320 000,-

Source: author (author's own processing of the data identified in the market survey)

4.4.6 The total anticipated profit

Total profit is calculated on the basis of partial calculations in tables 4, 5 and 6. Gross profit was therefore calculated separately for sport fields, sporting goods and nutrition store and restaurant. Related costs have been included to the appropriate revenues but to obtain the final profit it is required to deduct interests, depreciations and income tax of legal entity. Net profit in the selected years and its growing tendency shows us the viability of the project and return on invested funds. To illustrate the situation there will be presented and analyzed in detail the statement of cash flow in the next subchapter.

Table no.7: The total anticipated profit

Gross profit		1st year	3rd year	7th year
Sports fields		574 360,-	2 511 640,-	4 540 520,-
Store + fitness bar		465 450,-	1 088 250,-	1 970 250,-
Restaurant		600 000,-	1 080 000,-	1 320 000,-
Costs		1st year	3rd year	7th year
Interests		450 000,-	350 000,-	200 000,-
Depreciations		730 000,-	800 000,-	800 000,-
Profit before tax		459 810,-	3 529 890,-	6 830 770,-
Income tax (legal entity)	19 %	87 364,-	670 680,-	1 297 847,-
Net profit		372 446,-	2 859 210,-	5 532 923,-

Source: author (author's own processing of the data identified in the market survey)

Sports center SportsAreUs will show the profit in the amount of 372,446 CZK already in the first year of its operation. The main reason is the expected high number of visitors of complex immediately after the ceremonial opening. In the city like Pardubice this sports center will be an absolute hit about which many athletes will talk a lot and everyone will want to visit it as soon as possible. Gradually the building of steady clientele and membership club base also begins. They will already have services tested, will appreciate their quality and will want to use it regularly. Restaurant brings reasonably high yields since the beginning of functioning through negotiated lease agreement and set conditions. On the other hand this amount is growing at a moderate pace over time, if owners operate the restaurant themselves, they probably would have achieved lower revenues at the beginning of business but gradually they would get to much higher amounts than the rental yields. Considering the positive financial result which is expected, the company will pay income tax and establish a reserve fund from the first year of operation of complex. In the following years is expected to increase the proportion of revenues from goods and services sold but that is accompanied with an increase in operating costs. The long-term forecast shows stabilization of yields and costs after the seventh year of operation of the activities and the achievement of an average annual profit of 5,500,000 CZK.

4.4.7 Projections of cash flow

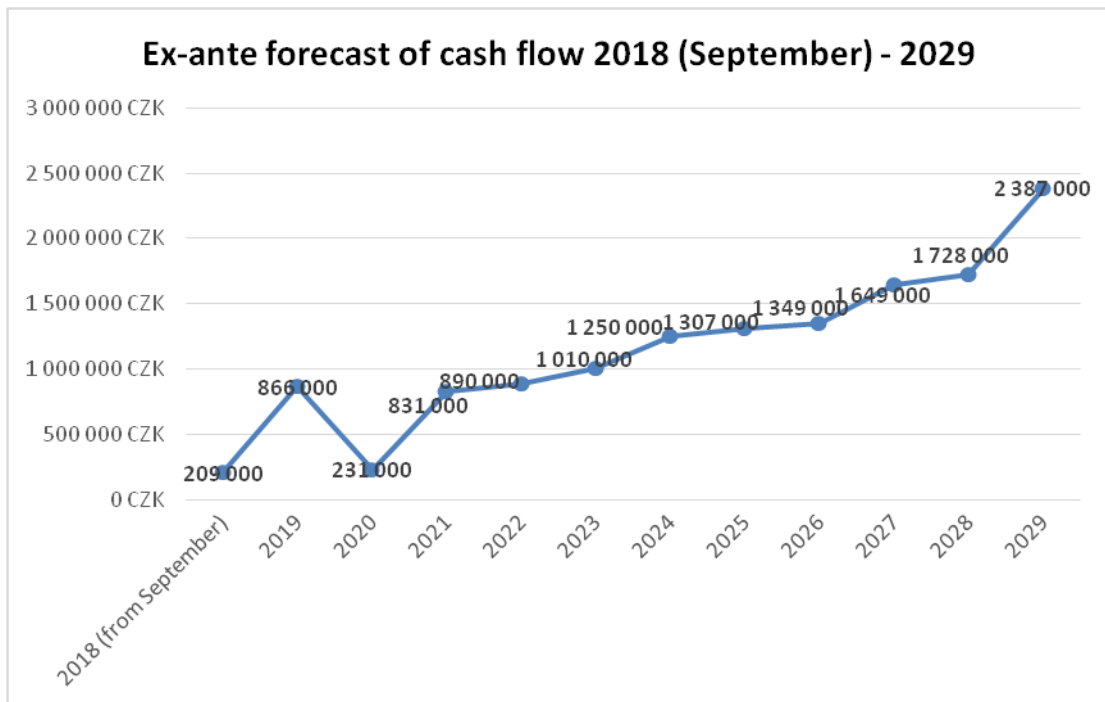
If the company wants to carry out their activities for which it was established, it must have sufficient financial resources at all times for their activities. Cash reserve in the amount of 200.000 CZK will be used to cover first expenses until the company begins to achieve yields. In extreme cases can also be used the business overdraft. Derivation of the amount of cash flows is based on the same model as the prerequisite amount of profit and loss but these two statements differ in many ways. The most important revenues are sales from services provided (sports fields, restaurant, events) and revenues from goods sold in store and online shop. The key expenses include purchased material, consumed services (energy, cleaning, insurance, advertising, legal and other services) and wages. On the financial side are essential payments of principal and interest, payments of invested funds to the investor, reserve fund and finally paid income tax of legal entity. Complete cash-flow projection is presented in Appendix number 4. For a better understanding of the table here are some of the principles upon which it was followed in the calculations. Calculations in individual years were based on the tables mentioned above ("Projected costs and yields from sports fields / store / restaurant") that focused on estimation of gross profit in selected years specifically in the 1st, 3rd and 7th year. Into the projection of cash flow data has been specified by this way:

- 1st year - the one third of the year (September to December), for all items counted only one third of the value, the slower start, figures taken from the first column;
- 2nd year - still spare capacity in the complex, building a clientele, figures taken from the first column;
- 3rd to 4th year - the gradual filling of the center even in less attractive hours, increasing the capacity of sports fields, higher revenues from services provided, figures taken from the second column;
- 5th to 7th year - filling of the entire complex to the maximum, high revenues from sports fields, restaurant, store, club and professional activities, figures taken from the third column, 10% increase in salaries;
- 8th to 12th year - stabilization of sales, the final repayment of the loan and gradually of the entire investment, increase of prices by 10% (overall on all our

services), figures taken from the third column + 10% increase in prices + 10% growth in sales + 10% increase in salaries again.

Revenues from store with sporting goods, refreshments and nutrition are calculated from an estimated number of customers per year and their average account spend (see the table no. 5). Material costs differs depending on the type of goods sold (store 70% from revenues, service of rackets 40%, bar 50%), energy and wages are already counted in the total costs in the table no. 4. Revenues from restaurant are based on the rental agreement and contract terms (see the table no. 6), primarily therefore it is increase in price of rent every year. Material, labour and energy costs solve the operator by himself/herself thus these costs does not take away revenues from this part. The following is a graph describing the ex-ante forecast of cash flow during the monitored period of September 2018 till year 2029.

Graph no.1: Projections of cash flow 2018-2019



Source: author (author's own processing of the data identified in the market survey)

The above chart shows that company should not have problems with liquidity (lack of financial means). This fact is based on several specifics, it is mainly due to the high initial deposit of investor who due to personal ties and agreed conditions does not require

repayment of the invested funds immediately but at the moment when the cash flow is in a significant surplus, thus in the fourth year. Furthermore, it is due to the principle of subscription for the entire season (summer and winter). For the company this means that they have money six months ahead and they can freely dispose of them. Of course, fundamental prerequisite is to meet the estimated number of customers each year. However, these estimates are based on the results of similar existing centers and consulted with people with extensive experience in the field. On the basis of calculations and ex-ante forecasts of cash flow managers found out that they can afford to carry out the investment in a pressurized inflatable hall which will be built over four clay tennis courts before the third winter season thus doubling the playing capacity of complex in winter season. The investment in the amount of 2,100,000 CZK will be covered by retained earnings from the previous two years and from depreciations. When acquiring this hall it is possible to pay in instalments within one year (12 months) from delivery of the hall will be paid the full amount. Increasing the capacity of complex will allow company to meet the high demand for all sport services and also to organize events on a larger scale. Basically can be said that when managers reach the planned number of customers and the extent of required services as specified in this financial plan, it is a project with high profitability and high growth potential for the future. It is therefore also interesting for bank as provider of capital.

4.4.8 Financial indicators

RETURN ON INVESTMENT

This indicator is calculated for selected strategic years, namely the first (launch of operation), third (fully functioning complex, expansion of capacity) and the seventh year (maximum occupancy of the complex).

$$\text{ROI (Return on investment)} = [\text{Net profit} / (\text{Total assets} - \text{Short term borrowings})] \times 100$$

$$\text{ROI (1}^{\text{st}} \text{ year)} = \left(\frac{372\,446}{39\,740\,000} \right) \times 100 = 0,937\%$$

$$\text{ROI (3}^{\text{rd}} \text{ year)} = \left(\frac{2\,859\,210}{39\,740\,000} \right) \times 100 = 7,195\%$$

$$\text{ROI (7}^{\text{th}} \text{ year)} = \left(\frac{5\,532\,923}{39\,740\,000} \right) \times 100 = 13,92\%$$

These numbers may not look so profitable but it is needed to take into account that this project will generate profit in periods of many decades. Also its value is increasing with every investment which company will put into the complex.

NET PRESENT VALUE and DISCOUNTED PAYBACK PERIOD

The calculations are very long and difficult so here are given the findings and results of these indicators in a shortened verbal form. Expected life span of the project is 15 years, which is an estimate of the worst possible scenario. In reality, it is likely that sports complex will last much longer. Discount rate is calculated at the amount of 3%. By relatively long calculation can be obtained the net present value, which is 45,940,049 CZK. It is appropriate to compare this amount to the initial investment, which amounts to 39,740,000 CZK. Using already calculated discounted cash flow in individual years is possible to calculate the discounted payback period, which is 13 years. This means that in the 13th year of operation of complex, the invested funds will return to the investor. In conclusion can be said that the investment is profitable and therefore the project is interesting enough for those investors who do not seek immediate return on investment. In this line of business the payback period moves almost always over 10 years. It is therefore necessary to reckon with the fact that the project of construction the sports complex and its subsequent operation is a long term business but it will eventually bring satisfaction both mental and financial.

4.5 Time schedule and Risk Analysis

In the last part of the feasibility study there will be outlined the implementation of project plan thus timetable of activities that must be performed before the opening of the sports center. Furthermore, there will be done the risk analysis which means that there will be identified key risk factors to determine the impact of threats and consequently proposed protective measures that should mitigate or completely eliminate these risks. At the end goals of the project for the future will be set out.

4.5.1 Implementation of the project plan

For better clarity and coordination of the activities the company have put together a time schedule that makes it easier to realize the necessary steps and time needed for their implementation. All activities will be provided either by managers personally or it will be their responsibility to find qualified people, companies or institutions which execute given task. The timetable is presented in table no. 8.

Table no.8: The timetable of activities necessary before the opening

Name of activity	Time period
1. Establishment of the company - drafting of the social contract, insert of deposits by shareholders	January - February 2017
2. The notification of business and issuing of business license (15 days)	February - March 2017
3. Birth of the company by registration in the Business Register (5 days)	April 2017
4. Registration of the company at the tax office (within 30 days of registration in the Business Register)	May 2017
5. Elaboration of project documentation (30 days)	January - April 2017
6. Issue of decisions concerning spatial plan and building permit (90 days)	April - August 2017
7. Realization of construction, construction works	August 17- June 2018
8. Acquisition and installation of the equipment to interior	April - August 2018
9. Building approval decision, registration into the real estate cadastre (30 days)	July 2018
10. Interviews with potential employees and concluding employment contracts	July 2018
11. Hiring of new workers and training courses for new	August 2018
12. Conclusion of the contract with the operator of the	August 2018
13. Advertising campaign, creation of websites	June - August 2018
14. Conclusion of supplier contracts, purchase of initial stocks	August 2018
15. Trial run (operation)	August 2018
16. Ceremonial opening of the sports center SportsAreUs	September 2018 (1. 9. 2018)

Source: author (author's own processing of the data identified in the market survey)

The optimistic variant envisages the opening of complex in September 2018 (the ideal timing), another option is before the start of the winter season, i.e. in the middle of October 2018 (might arise a problem with low customer occupancy of the hall and high fixed costs), the third term means opening up the center next year before the summer

season, i.e. April 2019 (lost profit for the winter season). During the opening ceremony it is scheduled grand opening party with celebrities and an extensive marketing campaign.

4.5.2 Risk Assessment of the project

Business intention of the company is of course subject to many risks which are based primarily on weaknesses of the company and external threats around. Therefore the most important risk factors are defined and for their subsequent reduction or suppression are suggested various protective measures. By this is demonstrated that all the possibilities that can occur are considered and solutions are prepared for them.

In the table no. 9 can be found an individual negative factors resulting from internal and external business environment. Each factor is rated from 1 to 5 due to its significance and impact on the economic result where 1 is the lowest and 5 the greatest threat. The overall riskiness of factor is available by multiplying probabilities with which these situations may occur and affect this business. Here again applies that 1 is being the lowest and 5 is the highest probability.

Table no.9: List of potential risks

Risk factor	Measures	Impact	Probability	Risk
Inability to repay the loan	Creation of financial reserves	4	2	8
Failure to comply with deadlines on time	Contractual relations, penalty	3	2	6
Errors in strategy creation	Independent consultant	3	3	9
Inexperience of managers	Expert adviser	4	1	4
Malfunctioning of the organization	Change of organizational structure	4	2	8
Low motivation of employees	Motivational bonuses, education	4	4	16
Conflicts between employees	Corporate culture, teambuilding	3	3	9
Turnover of staff	Standardizing of processes, adjustment of wages	4	3	12
Low interest of customers	Promotional activities, discount events	5	3	15
Customer dissatisfaction	Change of marketing strategy	5	4	20
New customer requirements	Regular monitoring of market	3	2	6
Delays in deliveries	Contractual relations, penalty	2	3	6
Low quality of supplies	Contracts, diversification of suppliers	3	2	6

Entry of new competitors	Service quality, building up the image	4	1	4
Change legislation	Monitoring of macro environment	3	4	12
Damage to property or health	Arranging insurance	4	1	4

Source: author (author's own processing of the data identified in the market survey)

From the table can be determined that for the most risk factors are considered low interest possibly customer dissatisfaction which can be quite effectively eliminated by improvement of marketing strategy. It would be primarily about change in pricing policy, more effective promotion towards key segment or modifying an existing product and service offerings. Another problem may represent the low staff motivation, conflicts between them and thereby caused a high staff turnover. In this case, it is necessary to identify the needs and wishes of these disgruntled individuals. The ideal measure is then setting the motivational bonuses, employee bonuses, organizing teambuilding events and ultimately could be build a corporate culture in which everyone would identify themselves. Between other important risks can be included errors in strategy creation, the inability to repay the loan, bad organization and functioning of the firm and negative change of legislation for the company.

5 The Evaluation of Results and Recommendations

The evaluation of the main prerequisites of success and key risks will be done by using known SWOT analysis with which the managers will assess the strengths and weaknesses, but also the opportunities and threats of the feasibility study. They try to analyze the project objectively and from all sides.

Table no.10: SWOT analysis

STRENGTHS		WEAKNESSES	
1.	Location near the city center	1.	New company without tradition
2.	The solid tennis hall with courts with artificial turf is the only one of its kind in Pardubice and vicinity	2.	High initial investment - the need to obtain external financial resources and ensure a return on investment
3.	High quality services at a reasonable price	3.	Need of promotion during entry to market
4.	Comprehensiveness of the complex	4.	Partially seasonal fluctuations
5.	Partners of the project are very well-known and respected athletes and coaches in Pardubice	5.	Certain amount of time needed to establish / build the tennis teams in different categories
6.	Athletes in Pardubice know each other - rapid dissemination of information	6.	Sensitivity of financial results on external factors
7.	Personal approach to customers		
8.	Restaurant, wellness, fitness and other supplementary services which does not provide other centers in Pardubice		
9.	High quality website, online booking system, professional marketing		
10.	Low operating costs (compared with the competition)		
11.	Own sources of funding		
OPPORTUNITIES		THREATS	
1.	The ideal time - sport is a phenomenon today, growing demand for sport services	1.	The recession of the world economy - the slowdown of economic performance
2.	Pardubice is one of the richest cities in CR	2.	Lack of interest in the services offered from the customers
3.	People are dissatisfied with other tennis and badminton resorts	3.	Lower purchasing power of the population, higher rate of savings, reducing of expenditures on entertainment and sport
4.	Broad target segment (large clientele)	4.	Increase in energy prices
5.	The possibility to establish a beach volleyball team - almost the only one in the East Bohemian Region	5.	Entry of new competitors on the market (not very likely)
6.	Possibility of commercial badminton	6.	Not finding a quality partner to lease restaurant

7. If necessary possibility of extending the complex	7.Change of legislation which would complicate the company's activities
8. Relatively low current competition	

Source: author (author's own processing of the data identified in the market survey)

Strengths are mainly associated with uniqueness, complexity and location of the sports center. Opportunities are based on today's modern society where people are interested in sports and for high quality services they are willing to pay. Another advantage is the lack of supply of certain services in Pardubice and surroundings. Weaknesses and threats are discussed in detail above.

5.1 Visions and goals for the future

Clients will enjoy high quality services and comfort which they will not find in all region of Pardubice. It is therefore calculated with transfer of many recreational and professional players to the sport complex SportsAreUs already in the first months primarily because of high quality facilities, the complexity of the center, solid hall and artificial sport surfaces. Another driving force will be renowned coaches who want to cooperate with the center. These people had bound to them a large number of athletes in the specific industry both children and adults, and all are determined to follow them. The operation of the complex will be also supported by marketing activities, extensive recruitment of children into tennis schools, organizing tournaments and other sport events.

Prospectively there should be more focus on the school of badminton and beach volleyball. Along with the restaurant operator there will be an effort to build its reputation in order to become a popular meeting point not only for athletes. The aim is to introduce the restaurant among the general public and teach people from nearby offices and apartments to go to this steak bar for a lunch menu and dinner specials. Attention will be also given to sporting goods and nutrition store which will be divided into two interrelated parts, namely the online shop and solid store. Favourable prices should reach a high annual turnover.

If everything will conform to a predetermined forecasts then investment is scheduled in the pressurized inflatable hall on four clay tennis courts before the third season. Part of the expansion is two beach volleyball courts in the event of favourable

development. If the company has managed to launch beach volleyball school that in the Pardubice region is almost absent, the capacity required for it would be at least six courts. Subsequently it would be considered the winter operation of beach volleyball, so to speak the inflatable pressurized hall for beach volleyball courts.

Generally, the company plans to invest earned profits back into the complex. The company would like particularly invest in the enlarging of the capacity of sport fields, the improving of their services and expanding the offer of center SportsAreUs. In the first five years comes into consideration the construction of a new wellness zone with several saunas (Finnish, steam, infrasauna), salt cave, a cooling pool and hot tubs. Some of these premises customers could use privately and indulge themselves in a very luxurious experience. The next step could be a new multi-purpose room which would be used for dances and all sorts of exercises (aerobics, yoga, Pilates, Zumba, BOSU, trampolines, etc.). In the long term, the company will be considering also to build sport hotel with a capacity around 20 beds which could offer to its clients a unique background of the whole area.

The aim is to create all year round functioning and thriving commercial complex. On the other hand, the promotion of professional sport should bring to the company a lot of subsidies that would significantly reduce the operating costs of complex. The owner would like to build such a sports complex that will be the pride of Pardubice and significantly raises the prestige of this regional capital.

6 Conclusion

In the conclusion, the achievement of the objectives set at the beginning of the thesis will be evaluated. Next, the most important findings from the theoretical and practical part will be summarized.

In the first place it should be noted that the work had considerable personal contribution to the author and not only it deepened his theoretical knowledge in the field of the business, but he could also apply them on a specific example from the practice. The author then verified that each company, project, or plan is absolutely unique and besides the theoretical foundations, it also requires a great deal of intuition, creativity, and involvement of an entrepreneurial spirit. The theory is therefore a necessary condition, but it is not sufficient.

The main aim of this thesis was to create a specific feasibility study of sport center in Pardubice, and, on the basis of that, to demonstrate the viability of the project. During the processing of the study, the author tried to rely on realistic assumptions and accurate information, and, therefore, he believes that the presented findings and results have a high explanatory value and that the plan is therefore a high quality base for the decision whether to invest in funding the project or not. Due to the fact, that the realization of this intention, which was the content of the practical part, is currently truly considered by investors, the creator considered it to be appropriate at this point to express and justify his decision. From all the examined points of view, the intention seems to be competitive, strengths and opportunities outweigh risks.

The SportsAreUs should offer to its customers a variety of sport activities (tennis, badminton, beach volleyball, fitness), but also additional services (restaurant, shop, or wellness) at one centralized location.

The Sports complex has major competitive advantages, namely its location, comprehensiveness, uniqueness, and high quality of services that will enable it to achieve high number of visitors from the beginning of the operation. Target groups are primarily recreational athletes, who appreciate high quality service, and professional players, who

take advantage of all the benefits offered. The pricing policy is based on average prices, but mainly on the amount of discounts and bonuses for regular customers.

On the financial side, the project should achieve a slight profit already in the first year that would grow significantly in the upcoming years. The company should not have a problem with the operation of its business, liquidity, or the repayment of the loans and deposits of the investors at any point of its operation. Return of the investment is, with an assessment of invested capital and reserves, calculated for a maximum of 13 years. In a project of such scope, this payback period is completely acceptable. Risks exist there, as it does with any project, and they are primarily a high initial investment, rather than the estimated attendance of the complex and problems with the company employees. However, for the elimination or removal of these and other risks, effective measures are already prepared. In the event that everything will run according to the plan, the company should proceed to the expansion of the complex from the third year of the operation.

The primary vision of the company is to meet the needs of its customers in long term, to build a large member base, and to become the most visited and highest rated sports facility in eastern Bohemia. The entire outlined development of the investment, is considered by the company as very satisfactory for the given situation and the amount of invested funds. Therefore, the intent is, according to the author's view, attractive and worthy of implementation. The main objective of the thesis was accomplished. Presented feasibility study is competitive, and it can serve as a basis for obtaining a loan at a banking institution.

Another goal is to present a broad summary of the business operations that lead to the establishment of the sport center, including a detailed feasibility study describing these activities in greater detail. That objective has also been achieved. As a great contribution of this work in this area, the author considers primarily an analysis of the feasibility study in the theoretical part, determination of its essential attributes, content, and evaluation criteria. The methodology and the theoretical part give a comprehensive basic overview of the mentioned issues, and they can serve as a guide for an entrepreneur about how to start a business, which steps to undertake, and where to look for specific information. On the other hand, it is necessary to keep in mind that each project is different, and on that basis

the principles of creation of a feasibility study will also differ. It is important to realize, who will evaluate the document and what criteria are essential for this reader.

The author examined in detail the legal environment for doing business in the Czech Republic, including the definition of the most frequently used legal form, namely a limited liability company. The entrepreneur must not underestimate studying the legislation not only in the beginning but also during the operation of his business. Last but not least, the author addressed the specifics of the sports industry and current trends, which are largely affecting business in this field. When processing the theoretical part, the author himself and the readers got acquainted with the basic concepts and important factors affecting the entrepreneur and his decisions.

Finally, the author would like to add his opinion concerning the need to prepare a feasibility study before the start of business activities. Thanks to the possibility to write a thesis on this topic, the author convinced himself that the thoughts and ideas considering a project that one has only in his mind, and not on a paper, are quite distorted, incomplete, even misleading. Now, from his own experience, the author recommends to all, who would like to set up their own company in the future, not to underestimate the creation of a feasibility study. It is necessary to take it like obviousness that it can save them substantial complications in the future, eliminate certain risks, and help to achieve success.

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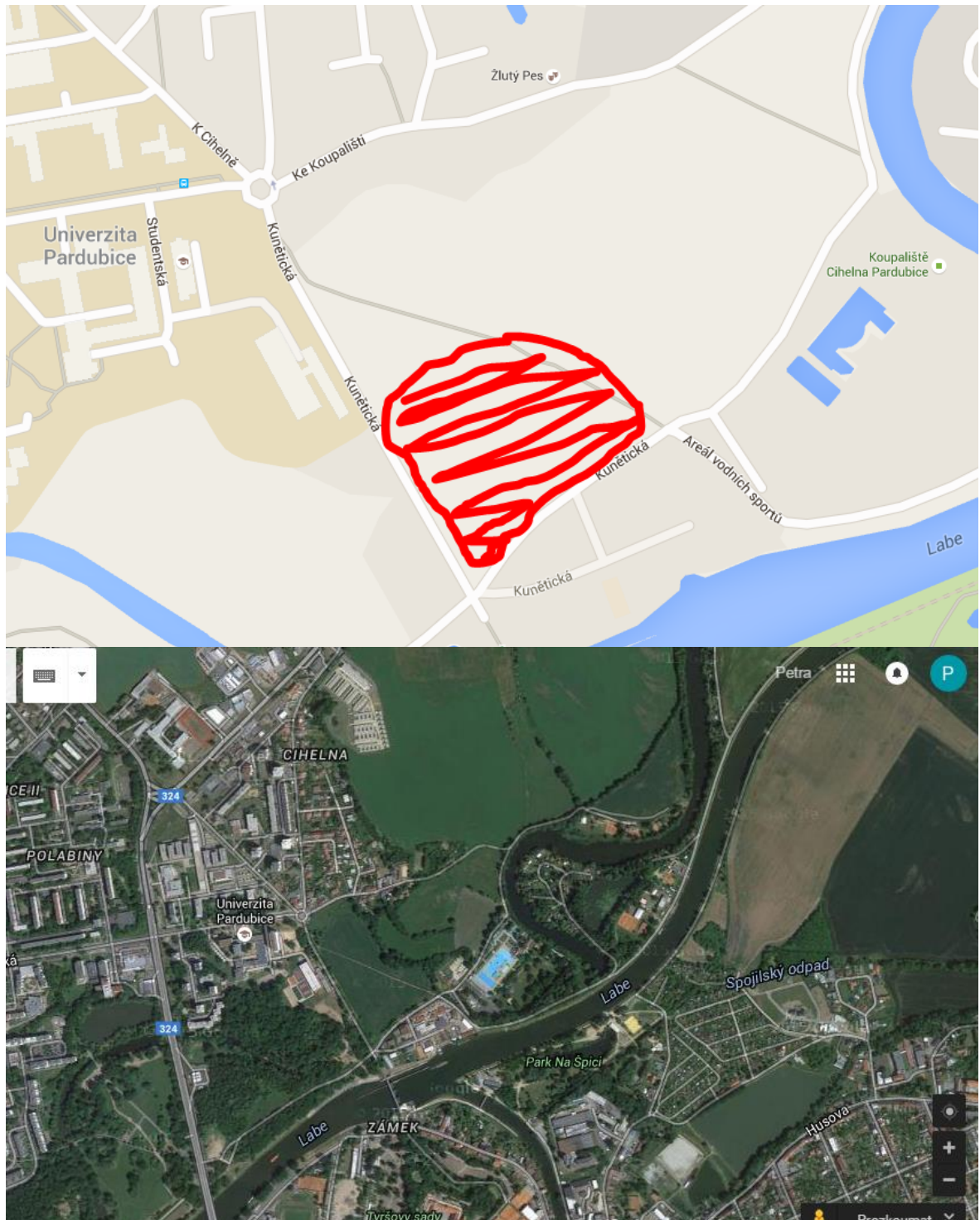
9.1 Appendix no.1

The layout of the complex



9.2 Appendix no.2

Maps



9.3 Appendix no.3

The questionnaire

Dobrý den,
prosíme Vás o vyplnění krátkého dotazníku na téma "Sport v Pardubicích", které Vám nezabere

více než 10 minut. U otázek obsahujících hodnocení na stupnici 1-5, uvažujte prosím známkování jako ve škole (1=nejlepší/nejdůležitější, 5=nejhorší/nejméně důležité). /Please fill in a short questionnaire on the theme "Sport in Pardubice," which will not take more than 10 minutes. For questions containing evaluations on a scale of 1-5, please consider grading as at school (1 = best / most important, 5 = worst / least important)./

1. Bydlíte v Pardubicích (a přilehlém okolí) nebo Pardubice navštěvujete alespoň 1x týdně? Pokud ne, nepokračujte prosím ve vyplňování dotazníku. /Do you live in Pardubice (and surrounding area) or visit Pardubice at least once a week? If not, please do not proceed in filling out the questionnaire./

NE / NO

ANO / YES

2. Provozujete některý sport pravidelně (alespoň 1x týdně)? Pokud ano, uveďte konkrétní sporty. /Do you practice any sport regularly (at least once a week)? If yes, please state the specific sports./

NE / NO

ANO / YES

3. Existuje sport, který byste chtěli provozovat, ale z určitých důvodů (kromě zdravotních) nemůžete? Pokud ano, uveďte tento sport a důvody, které Vám brání v jeho provozování. /Is there a sport that you would like to run, but for some reason (excluding health) you can not? If yes, please specify the sport and the reasons why./

NE / NO

ANO / YES

4. Ohodnoťte na stupnici 1-5 následující faktory podle jejich důležitosti při výběru sportoviště. /On a scale of 1-5, rate following factors according to their importance in the selection of sports places./

Cena (cenová politika sportoviště, klubové členství, slevy) /Price (pricing policy, club memberships, discounts)/					
Zvýhodněné podmínky při častých návštěvách sportoviště /Special discount for members or regular visitors /					
Kvalita služeb (sportoviště, zázemí, šatny, sprchy, webové stránky, rezervační systém) /Quality of services (sports facilities, locker rooms, showers, a					
Rozsah služeb (komplexnost – restaurace, více zastoupených sportů) /The range of services (complexity of services - restaurant, a lot of represented sports)/					
Dostupnost sportoviště (auto, MHD, kolo) /Availability of sports fields (car, public transport,					
Příjemný a ochotný personál /Friendly and helpful staff/					
Vytíženost areálu (možnost získat preferovaný termín) /Occupancy of the complex (probability to get the					
Zařazení do klubu a možnost účastnit se klubových akcí /Inclusion into the club and					
Image sportoviště (vnímání mezi lidmi v okolí) /Sports fields image (perception among					
Propagace a reklama (časté vystavení reklamě) /Promotion and advertising/					

5. Existuje ještě jiný faktor, který je pro Vás při výběru sportoviště důležitý? Pokud ano, uveďte konkrétně. /Is there another factor important to you when choosing sports fields? If yes, please specify./

NE / NO

ANO / YES

6. Chybí Vám v Pardubicích nějaké sportovní vyžití? Pokud ano, uveďte konkrétně. /Do you miss any sports in Pardubice? If yes, please specify./

NE / NO

ANO / YES

7. Chybí Vám možnost relaxovat ve wellness nebo navštívit restauraci přímo po skončení tréninku

(případně jiné služby)? Pokud ano, specifikujte Vaše potřeby. /Do you miss the opportunity to relax in the spa or visit the restaurant directly after the workout (or other services)? If yes, please specify your needs./

NE / NO

ANO / YES

8. Ohodnoťte na stupnici 1-5 následující vlastnosti sportovních areálů v Pardubicích zaměřených na tenis, badminton či plážový volejbal. /On a scale from 1 to 5 rate following features sports complexes in Pardubice focused on tennis, badminton or beach volleyball./

-					
TENIS - ceny sportovišť / courts prices/					
TENIS - kvalita služeb / quality of services/					
TENIS - rozsah služeb / range of services/					
TENIS - dostupnost sportovišť / availability of sports facilities/					
TENIS - využitost sportovišť /occupancy of sports facilities/					
BADMINTON - ceny sportovišť /courts prices/					
BADMINTON - kvalita služeb /quality of services/					
BADMINTON - rozsah služeb /range of services/					
BADMINTON - dostupnost sportovišť /availability of sports facilities/					
BADMINTON - využitost sportovišť /occupancy of sports facilities/					
BEACH VOLEJBAL - ceny sportovišť /courts prices/					
BEACH VOLEJBAL - kvalita služeb /quality of services/					
BEACH VOLEJBAL - rozsah služeb /range of services/					
BEACH VOLEJBAL - dostupnost sportovišť /availability of sports facilities/					
BEACH VOLEJBAL - využitost sportovišť /occupancy of sports facilities/					

9. Ohodnoťte na stupnici 1-5 následující faktory týkající se současné cenové politiky v existujících areálech v Pardubicích provozujících tenisové, badmintonové či volejbalové kurty. /On a scale from 1 to 5 the following features sports arenas in Pardubice focused on tennis, badminton or beach volleyball./

-					
TENIS - plná cena jedné hodiny / full one hour price/					
TENIS - zvýhodněná cena pro předplatitele /discounted price to subscribers /					
TENIS - možnosti členství + cenové výhody /membershin options + price advantage/					

ANO / YES

14. Uvítali byste v Pardubicích otevření nového komplexního sportovního areálu, který by zahrnoval následující sporty a služby pod jednou střechou: tenis, badminton, stolní tenis, plážový volejbal, restaurace, fitness, wellness (sauna + vířivka), obchod se sportovním zbožím? /Would you welcome opening of a new multifunctional sports centre in Pardubice, which would include the following sports and services under one roof: tennis, badminton, table tennis, beach volleyball, restaurant, fitness, wellness (sauna + jacuzzi), a sports shop?/

URČITĚ ANO /DEFINITELY YES/

SPÍŠE ANO /RATHER YES/

NEVÍM /I DO NOT KNOW/

SPÍŠE NE /RATHER NO/

URČITĚ NE /DEFINITELY NO/

15. Požadovali byste zahrnout ještě jiné sporty či služby? Pokud ano, uveďte konkrétně. /Would you like to include more sports or other services? If yes, please specify./

NE / NO

ANO / YES

16. Jaká by byla dle Vašeho názoru nejlepší lokalita v Pardubicích pro sportovní areál tohoto rozsahu? Pokud máte konkrétní představu o ideálním místě, uveďte co nejpřesněji. /What is your opinion, what is the best location in Pardubice for the sports complex of this magnitude? If you have a specific idea, please provide the most accurate./

Pardubice city

Pardubice II - Polabiny, Cihelna

Pardubice III – Studánka, Dubina, Drážka Pardubice IV – Pardubičky

Pardubice V - Dukla

Pardubice VI - Svítkov

Jiná

17. Měli byste zájem o získání členství v rámci tohoto areálu a o využívání všech služeb?
/Are you interested in being a member of this complex and the usage of services?/

NE / NO

ANO / YES

18. Uvítali byste a případně se účastnili pořádaných akcí v tomto areálu (např. turnaje, soustředění, soukromé akce pro děti i dospělé)? Pokud ano, uveďte preferované akce/aktivity.
/Would you welcome and eventually attended the events organized at this sports centre (eg. Tournaments, camps, private events for children and adults)? If yes, please indicate your preferred event / activities./

NE / NO

ANO / YES

19. Co byste si Vy představovali pod pojmem „ideální sportovní centrum“? Napište jakýkoliv Váš názor, postřeh, nápad. /What would you have imagined as "the perfect sports center"? Write whatever your opinion, insights, ideas, and specify preferred event / activities./

DEMOGRAFICKÉ OTÁZKY /DEMOGRAPHIC QUESTIONS/

20. Jste /SEX/:

Muž /MALE/

Žena /FEMALE/

21. Váš věk /AGE/:

15 let a méně /Less than 15/

16–25 let

26–35 let

36–45 let

46–55 let

56 let a více /More than 56/

22. Vaše nejvyšší dokončené vzdělání /Your highest completed education/:

Základní /Basic/

Vyučen bez maturity /Trained school/

Vyučen s maturitou /Trained Level/

Středoškolské s maturitou /High School Level/

Vysokoškolské - Bc. /University - Bc./

Vysokoškolské /University/

23. Váš průměrný čistý měsíční příjem (zahrnuje čistou mzdu, příspěvky od rodičů, dávky, atd.) /Your average net monthly income (including net salary, contributions from parents or partner benefits, etc.):/:

0–10 000

10 001–20 000

30 001–40 000

40 001–50 000

50 001 a více

24. Město, ve kterém žijete (počet obyvatel) /City where you live (population)/:

Vesnice či malé město (do 1 000 obyvatel) /Village or small town (population in 1000)/

Větší město, okresní (do 20 000 obyvatel) /Larger district city (20 000 inhabitants)/

Velké město, krajské (do 100 000 obyvatel) /Big country city (100 000 inhabitants)/

Největší města (do 1 000 000 obyvatel) /The largest cities (up to 1 million inhabitants)/

Praha /Prague/

Pardubice

DĚKUJEME ZA VYPLNĚNÍ DOTAZNÍKU!!!

/THANK YOU FOR COMPLETING THE QUESTIONNAIRE !!!/

25. Pokud Vás zajímají výsledky průzkumu, uveďte svůj email a my Vám je rádi zašleme.
/If you are interested in the survey results, enter your email and we will gladly send them./

9.4 Appendix no.4

Projection of the cashflow

Ex-ante forecast of cash flow 2018-2029	2018 (from September)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
I. Operating activities												
COSTS												
→purchased material												
a) store	330 000	690 000	1 210 000	1 210 000	2 602 000	2 602 000	2 602 000	2 860 000	2 860 000	2 860 000	2 860 000	2 860 000
b) sports fields	30 000	80 000	100 000	100 000	120 000	120 000	120 000	150 000	150 000	150 000	150 000	150 000
c) other operation	25 000	70 000	100 000	100 000	150 000	150 000	150 000	200 000	200 000	200 000	200 000	200 000
→purchased services												
a) energy, gas, water, etc.	300 000	900 000	1 000 000	1 000 000	1 200 000	1 200 000	1 200 000	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000
b) cleaning services	30 000	90 000	120 000	120 000	150 000	150 000	150 000	170 000	170 000	170 000	170 000	170 000
c) insurance, advertising, legal and other services	20 000	60 000	100 000	100 000	120 000	120 000	120 000	120 000	120 000	120 000	120 000	120 000
→staff - wages												
a) wages paid + social security and health insurance	965 000	2 670 000	3 325 000	3 325 000	3 927 000	3 927 000	3 927 000	4 420 000	4 420 000	4 420 000	4 420 000	4 420 000
Yields												
→revenues from services provided according to type												
a) sports (tennis, badminton, beach volleyball)	1 310 000	3 730 000	6 150 000	6 150 000	8 540 000	8 540 000	8 540 000	9 390 000	9 390 000	9 390 000	9 390 000	9 390 000
b) rent of restaurant	200 000	600 000	1 080 000	1 080 000	1 080 000	1 080 000	1 320 000	1 320 000	1 320 000	1 320 000	1 320 000	1 320 000
c) events - corporate, social	300 000	500 000	700 000	700 000	900 000	900 000	900 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000
→revenues for sold products according to type												
a) store - fixed, online	747 000	2 542 000	3 122 000	3 122 000	5 370 000	5 490 000	5 490 000	6 588 000	6 630 000	6 630 000	6 630 000	6 630 000
II. Property												
Purchase of assets (3rd year - pressurized hall for 4 court)	0	0	2 100 000	0	0	0	0	0	0	0	0	0
Sale of assets	0	0	0	0	0	0	0	0	0	0	0	0
III. Financial part												
a) repayment of principal + interest (bank)	579 000	1 738 000	1 738 000	1 738 000	1 738 000	1 738 000	1 738 000	1 738 000	1 738 000	1 738 000	1 159 000	0
b) repayment of invested funds (investor)	0	0	0	1 500 000	3 000 000	3 000 000	3 000 000	3 500 000	3 500 000	3 000 000	3 000 000	2 500 000
c) reserve fund	10 000	30 000	300 000	300 000	600 000	600 000	600 000	800 000	800 000	1 000 000	1 500 000	2 500 000
Total - expenditure items	2 289 000	6 328 000	10 093 000	9 493 000	13 607 000	13 607 000	13 607 000	15 458 000	15 458 000	15 158 000	15 079 000	14 420 000
Total - revenue items	2 557 000	7 372 000	11 052 000	11 052 000	15 890 000	16 010 000	16 250 000	18 298 000	18 340 000	18 340 000	18 340 000	18 340 000
Income tax - legal entity (19%) - approximate calculation	59 000	178 000	728 000	728 000	1 393 000	1 393 000	1 393 000	1 533 000	1 533 000	1 533 000	1 533 000	1 533 000
Total - cash flow / year	209 000	866 000	231 000	831 000	890 000	1 010 000	1 250 000	1 307 000	1 349 000	1 649 000	1 728 000	2 387 000