

Czech University of Life Sciences Prague

Faculty of Economics and Management

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Bachelor Thesis Abstract

Business Plan for a hotel in Prague

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Summary:

The bachelor thesis deals with presenting a business plan for an existing hotel 'The King Charles Boutique Residence'.

In the theoretical part author explains the structure of business plan and how to make it more effective, in order to make it competitive in travel/service industry. At the same time, theoretical background has an information about tourism industry and types of such service, as accommodation.

The practical part focuses on presenting a business plan for The King Charles Boutique Hotel according to the theoretical knowledge. Identifying type of the hotel based on the literature review, mission, vision and goals and objectives of the company. Customer profile was determined by using such categories as nationality, types of travelers and level of income. The practical part deals with all direct and indirect competitors, additionally using development strategies to be better on the market. In the operational plan author builds an organizational structure, which is hierarchical one, this means that all decisions within the company are made by hotel manager. SWOT and PEST analysis show micro and macro environment of hotel. GDP, Inflation, city tax was described in PEST analysis. Marketing Strategies are determined directly by Price and Promotion. Prices were considered either for high season and low season. The last part that finalizes a business project is a financial plan. It clearly describes sales forecast, cash flow statement which shows profit of 12 109 331 CZK with all relevant taxes and costs. BEP analysis sets the number which is equal to 146 pieces to avoid loss.

Keywords: Tourism Industry, Accommodation, Business Planning, Marketing Plan, Company Analysis, Financial Plan

Objectives and Methodology

Objectives:

Bachelor thesis aims to analyze business planning and creating strategies for development for the hotel. Theoretical objectives of the thesis are to study an information about hospitality

industry, business and marketing planning and highlights the most important ideas for conducting a practical part.

Primary objective of the practical part is to apply theoretical summary knowledges on an actual, realistic example. To analyse hospitality industry, Czech tourism market and economy around the world. Also, it is important to analyse financial data and then conduct a realistic financial plan.

Methodology:

In the bachelor thesis author used following methodology:

1. To make literature studies in order to collect all relevant information for business planning
2. To collect, analyse, compare data about competitors
3. To analyse worldwide economic, political, social and technological factors for conducting macro analysis
4. To compare prices in hospitality industry for identifying the price
5. To analyse web-site of the company, booking.com review to make a SWOT analysis
6. In the part of financial planning author uses statistical methods to determine average prices

Theoretical part

In the theoretical part author explains the structure of business plan and how to make it more effective, in order to make it competitive in travel/service industry and provides information about tourism industry and types of such service, as accommodation.

Practical part

The practical part focuses on presenting a business plan according to the theoretical knowledge, identifying mission, vision, goals, objectives of the company and it's competitors. Author provides operational plan, SWOT and PEST analysis, marketing research. Financial plan finalizes a business project describing sales forecast, cash flow statement with all relevant taxes and costs and BEP analysis.

Conclusion

The aim of this thesis is to write a business plan for hotel The King Charles Boutique hotel, based on theoretical part.

A 4-star King Charles Boutique Hotel is located in Prague, near the famous historical place Vyšehrad. The advantages of the location is a good transport accessibility, beautiful territory, a large section of restaurants and shops, which are close to the hotel. The King Charles Boutique Hotel is an existing hotel which Nikolai Zheludkov purchases (the owner of the company) and it is going to start its operation in January. Hotel is trying to attract customers by providing a high quality of hospitality with wide range of services.

Potential customers of the hotel are countries with the largest number of visits to Prague and with income that is a little bit higher than medium: Germany, United States, USA, Italy, Spain and Czech Republic. The research shows that the company has direct and indirect competitors. The direct one is the hotel, which is situated close to King Hotel, offering almost the same product and services. Indirect competitors of hotels are those who have another type of accommodation like apartments, flats and others. Based on competitor analysis, author prepares a competitive benchmark where type of the rooms, rating, prices and location are clearly shown. SWOT Analysis identifies strengths of the company: location, good reputation (8.1 rating at booking), honeymooner service and website in 6 languages. There are some weaknesses as absence single room, seasonal dependence and overbook situations shown in the work. The analysis of micro environment shows opportunities for such business as hotel, since the industry is increasingly growing, as well as customer growth interest in tourism. Aggressive competition and political instability are identified as threats. PEST analysis shows a positive result for the company which is located namely in Czech Republic, because Czech Republic is considered to be one of the most political stable countries, with medium level of wages and with low rate of unemployment. Due to the last statistical research, tourism in Czech Republic increased by 9.1%, this reason comes as a good advantage for hotel industry.

Marketing Mix shows prices conducted by analysing Czech tourism market, booking.com and owners expectations.

Financial plan sets start-up expenses at 65 042 565 CZK including purchasing of the hotel, registration of the company and special hotel system. Fixed costs equal to 320 950 CZK (out of which 216 200 staff cost) within a month, while variable costs such as water and electricity are 79,2 CZK. Calculation of cash flow stamen shows profit (after VAT and Income Tax) of 12 109 331 within one year. Finally, the company shows positive cash flow with payback period of 5 years.

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