

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

Business Plan for a hotel in Prague

Daniil Zheludkov

© 2018 CULS Prague

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Daniil Zheludkov

Business Administration

Thesis title

Business Plan for a hotel in Prague

Objectives of thesis

The aim of this bachelor thesis is to present a business plan for the "The King Charles Boutique Residence", conduct analysis of marketing activities and determine strategies to be competitive on the Czech Tourism Market.

Methodology

The Bachelor thesis will consists of two parts: theoretical and practical. Theoretical part will focus on summarizing all the relevant information about tourism industry and business planning , its definition, structure, internal analysis , marketing and financial plan.

The practical part will be based on fulfillment of business plan. The analysis of the hotel will be conduct through company description, objectives , mission , vision and management team. SWOT and PEST analysis will determine strengths and weaknesses of the company , and the external factors that affect the company. Financial plan will show all relevant start-up costs and projected cash flow statement.

The proposed extent of the thesis

40 pages

Keywords

Tourism industry, Hospitality, Business plan, Marketing plan, Administrative plan, Financial plan

Recommended information sources

Andrews, S. (2011). Introduction to tourism and hospitality industry.

Berry, T. (2005). Hurdle: The Book on Business Planning.

Covello, J. and Hazelgren, B. (2006). The complete book of business plans.

Lall, M. and Sahai, S. (2008). Entrepreneurship.

Pinson, L. (2008). Anatomy of a business plan.

Expected date of thesis defence

2017/18 SS – FEM

The Bachelor Thesis Supervisor

Ing. Petr Procházka, Ph.D., MSc

Supervising department

Department of Economics

Electronic approval: 5. 3. 2018

prof. Ing. Miroslav Svatoš, CSc.

Head of department

Electronic approval: 6. 3. 2018

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 14. 03. 2018

Declaration

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

In Prague on 14.03.2018

Acknowledgement

I would like to thank Ing. Petr Prochazka, Ph.D., MSc for his advice and support during my work on this thesis.

Podnikatelský plan pro hotel v Praze

Souhrn

Bakalářská práce se zabývá prezentací podnikatelského plánu pro existující hotel King Charles Boutique Residence.

V teoretické části autor vysvětluje strukturu podnikatelského plánu a jak dosáhnout lepší efektivity, aby podnik byl konkurenceschopným v oblasti cestovního ruchu a poskytování služeb. Ve stejné době, teoretické pozadí má informace o průmyslu cestovního ruchu a typy některých služeb, jako je ubytování.

Praktická část se zaměřuje na prezentaci podnikatelského plánu pro King Charles Boutique Hotel podle teoretické znalostí. Identifikace typu hotelu na základě literatury, poslání, vize, cíle a záměru společnosti. Profil zákazníka byl stanoven pomocí vybraných kategorií, jako je státní příslušnost, typy cestovatelů a úroveň příjmů. Praktická část se zabývá všechny přímé a nepřímé konkurenty, a také strategie rozvoje zaměřené na získávání lepších pozice na trhu. V provozním plánu autor vytváří organizační strukturu, která je hierarchickou, to znamená, že všechna rozhodnutí v rámci společnosti jsou schválena manažerem hotelu. SWOT a PEST analýzy ukazují mikro a makro prostředí hotelu. V PEST analýze jsou popsány HDP, Inflace, městské daně. Marketingové Strategie jsou určeny přímo podle Ceny a Propagace. Ceny byly považovány buď za vysoké sezónní a mimo sezónní. Poslední část, která dokončí podnikatelský záměr je finanční plán. To zřetelně popisuje předpověď prodeje a výkaz cash flow, který ukazuje zisk z 12 109 331 Kč spolu s všechny příslušné daně a náklady. BEP analýzy nastaví číslo, které se rovná 146 kusů, aby se zabránilo ztrátě.

Klíčová slova: cestovní ruch, ubytování, obchodní plánování, marketingový plán, analýza společnosti, finanční plán

Business Plan for a hotel in Prague

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 Residence 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 travellers 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, Hospitality, Business Plan, Marketing Plan, Administrative Plan, Financial Plan

Table of Content

1. Introduction	11
2. Objectives and Methodology.....	12
2.1 Objectives.....	12
2.2 Methodology	12
3.LITERATURE REVIEW	13
3.1 Tourism Industry	13
3.1.1 Tourism infrastructure	14
3.1.2 Tourist Expenditure.....	14
3.2 Accommodation	15
3.2.1 Hotels	16
3.3 Business Plan.....	17
3.3.1 Definition of Business Plan.....	17
3.3.2 Why business plan is important?.....	18
3.3.3 Preparing a Business Plan	18
3.3.4 Executive Summary	18
3.3.5 Company description.....	19
3.3.6 Location.....	19
3.3.7 Product and service	20
3.4 Market and Industry Analysis	21
3.4.1 SWOT Analysis.....	21
3.4.2 PEST Analysis.....	22
3.4.3 Internal analysis.....	23
3.4.4 Target your market	24
3.4.5 Identify your competitors	25
3.5 Marketing strategy	26
3.5.1 Promotion.....	27
3.5.2 Pricing	29
3.5.3 Factors that affect pricing decision.....	29
3.6 Management and Personnel.....	30
3.6.1 Management	31
3.6.2 Personnel	32
3.6.3 Accounting	32
3.6.4 Organizational Structure.....	32
3.7 Financial Planning.....	33

3.7.1 Financial Statements.....	34
3.7.2 Balance sheet.....	34
3.7.3 Cash Flow.....	34
3.7.4 Income Statement.....	34
4. PRACTICAL PART.....	35
4.1 Executive Summary	35
4.2 Description of the company	35
4.2.1 Mission Statement	35
4.2.2 Vision statement.....	36
4.2.3 Values.....	36
4.2.4 Goals and Objectives.....	36
4.3 Location.....	37
4.4 Product and Service Description	38
4.4.1 Accommodation	38
4.4.2 Check in/Check out Time.....	39
4.4.3 Breakfast.....	39
4.4.5 Front Desk	40
4.4.6 Payment.....	40
4.5 Customer Analysis	40
4.5.1. Types of travellers	40
4.5.3 Income.....	42
4.5.4 Behaviour and interest.....	42
4.6 Competitor Analysis.....	42
4.6.1 Competitive Benchmarking.....	43
4.7 SWOT Analysis.....	44
4.8 PEST Analysis.....	45
4.8.1 Political.....	45
4.8.2 Economical.....	45
4.8.3 Social	48
4.8.4 Technological	48
4.9 Ownership. Management. Personnel.....	48
4.9.1 Ownership	48
4.9.2 Management	48
4.9.3. Personnel	49
4.9.4 Organizational Structure.....	50
4.10 Marketing Mix.....	51
4.10.1 Price.....	51

4.10.2 Promotion	52
4.10.3 Website	52
4.10.4 AvailoPro Channel Group	53
4.10.5 Social Media.....	53
4.10.6 Travel Agencies.....	53
4.10.7 Customer Loyalty	53
4.11 Partners.....	54
4.12 Porter Five Forces Analysis.	54
4.13 Financial Plan	58
4.13.1 Start-up Summary.....	58
4.13.2 Staff Cost.....	58
4.13.3 Fixed Cost.....	58
4.13.4 Variable Expenses	59
4.13.5 Sales Forecast	59
4.13.6 Cash Flow Statement.....	61
4.13.7 Break-even Analysis.....	62
4.14 Strategies of development.	62
5. Conclusion.....	64
List of References.....	66
List of Tables.....	69
List of Graphs.....	69
List of Charts	69
List of Pictures	70

1. Introduction

The purpose of the thesis is to develop a business plan for ‘The King Charles Boutique Residence’. The structure of the thesis includes: introduction, literature review, practical part and conclusion. The basis for the theoretical part are books and internet resources about hospitality, business planning, marketing and finance. The practical part is aimed to realize theoretical knowledge.

Theoretical part starts with tourism industry and with description of accommodation services, with all relevant differences and types of the hotels. The next chapter begins with definition of business planning, its importance and structure. Theoretical part continues with describing how to write an executive summary, description of the company, mission, vision, product and services description. Market and Industry Analysis which contains PEST and SWOT Analysis. The next section represents the idea how to target the market, how identify competitors and how to determine marketing strategy. Also, in the theoretical part author mentions how to organize workforce of the organization and how to create organizational structure. The theoretical part finishes with financial planning, describing which financial data should be analysed.

The practical part represents business plan for hotel ‘The King Charles Boutique Residence’ according to theoretical knowledge. It begins with classification of the hotel by size, price, location and type, then author does vision, mission, values, objectives and goals. This followed by describing location (with determining main advantages), description of room facilities and both free and paid products and services. Also, in this part of work author conducts customer analysis with special attention on most visited countries and behaviour. The next part focuses on competitor analysis according to which competitor benchmarking was done, continues with definition of strengths, weaknesses, opportunities and threats. Marketing Mix consists of price, promotion and partners of the hotel. Finally, the practical part finishes with start-up summary, sales forecasting, cash flow statement and break-even analysis.

2. Objectives and Methodology

2.1 Objectives

Bachelor thesis aims to analyse 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.

2.2 Methodology

In the bachelor thesis author used following methodology:

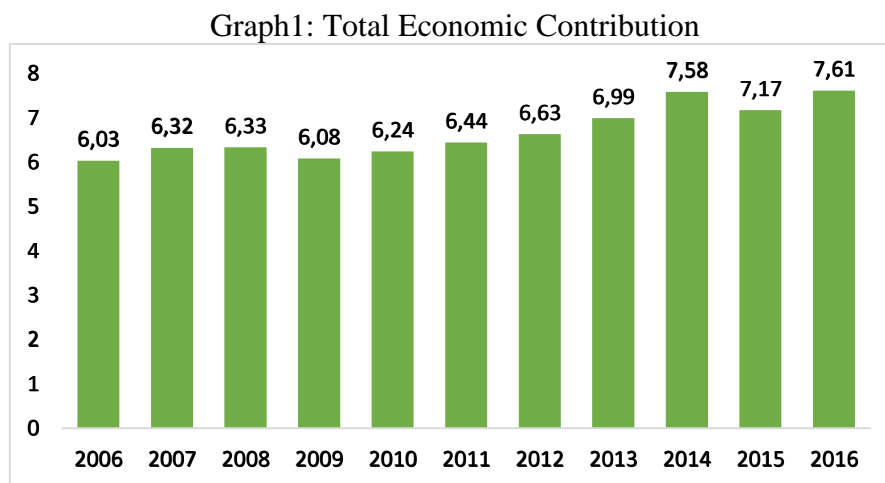
1. To make literature studies in order to collect all relevant information for business planning
2. To collect, analyse, compare data about competitors
3. To analyse worldwide economic, political, social and technological factors for conducting macro analysis
4. To compare prices in hospitality industry 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

3.LITERATURE REVIEW

3.1 Tourism Industry

‘Tourism is one of the most developing industries in the world. It has become an important sector impacting on the economic development. As mentioned by The Statistical Portal the travel and tourism industry is one of the world’s largest industries with a global economic contribution (direct, indirect and induced) of over 7.6 trillion U.S. dollars in 2016. The direct economic impact of the industry, including accommodation, transportation, entertainment and attractions, was approximately 2.3 trillion U.S. dollars that year. A number of countries, such as France and the United States, are consistently popular tourism destinations, but other, less well-known countries are quickly emerging in order to reap the economic benefits of the industry’¹. (The Statistical Portal, 2018).

The following bar chart will represent total contribution of travel and tourism to the global economy from 2006 to 2016 (in trillion U.S. dollars)



Source: The Statistical Portal

That means that the general impact of travel industry on the global economy are growing from year to year, which emphasizes the fact that tourism has become one of the leading industry in the world.

¹ www.statista.com. (2018). *The Statistical Portal*.

3.1.1 Tourism infrastructure

According to Andrew ,S. (2011) ‘tourism depends heavily on infrastructure, which is generally a complex system of interconnected structural elements to make travel possible. The list below gives the different components of the tourism infrastructure:

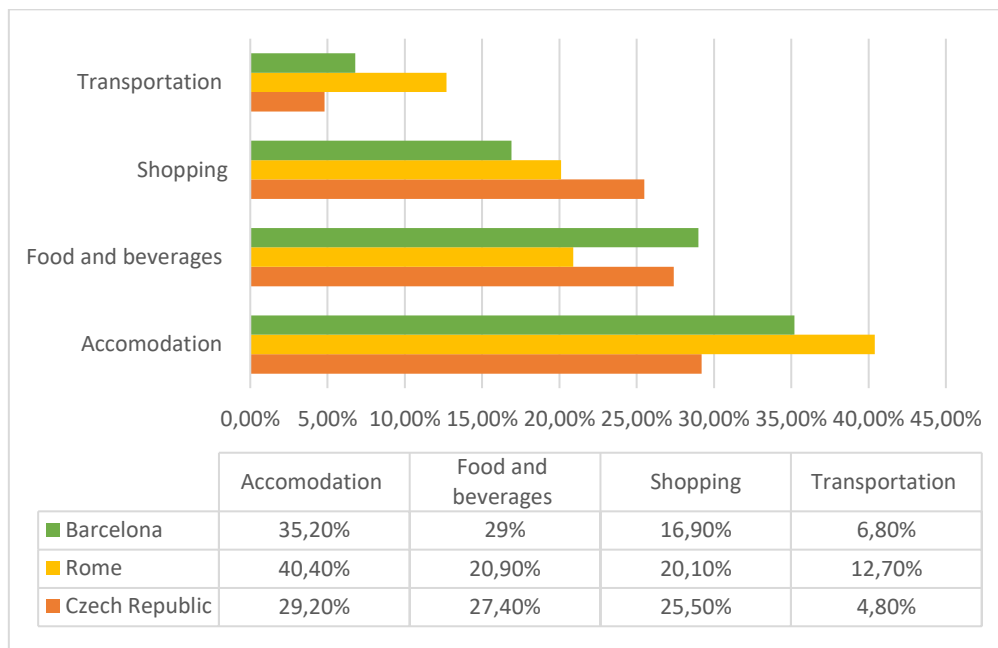
- Accommodations
- Airlines and Airports
- Archaeological Department
- Bridges
- Customs
- Duty Free Shops
- Emigrations
- Entertainment
- Exchange Bureaus
- Food and beverages establishments
- Health facilities
- Museums
- Natural Resources
- Tour Guides
- Transportation
- Travel Agencies’²

3.1.2 Tourist Expenditure

The following chart will represent the main expenses of tourists during their travels, which helps to understand which type of business is more attractive in tourism industry and in which it is better to invest in.

² Andrews, S. (2007). *Introduction to tourism and hospitality industry* (pp. 29)

Graph 2: Tourist Expenditure



Source: Source: Zaganitsa International Information Resource, 2016.

To sum up, of more than 16 subsectors that constitute the tourism sector, two sectors- accommodation and food and beverages account for more than 40% of total output.

3.2 Accommodation

As pointed out by Andrew (2007) ‘accommodation this is an important part of tourism infrastructure because any traveller will need a bed to sleep at the end of the day. Accommodation comes in many forms:

- **Hotels**-they come in various categories and standards to meet every possible budget
- **Motels**- are motor hotels located on highways
- **Lodges**-are up-country accommodation mostly sponsored by the local state.
- **Guest House**-were originally meant for government officials on tour but they are now open to the public
- **Furnished Apartments**-are a modern popular alternative to hotels especially for travellers staying longer.
- **Camps**-are ideal for trekkers on foot or caravans. They provide outdoor accommodation ranging from tent, porta-cabins to caravan sites.
- **Resort**-are for holidaymakers and located at attractive natural sites like hills, beaches, lakes and etc.’³

³ Andrews, S. (2007). *Introduction to tourism and hospitality industry* (pp. 30)

Hayward, Marvell, and Reynolds(2005) highlight that accommodation can be divided into two categories:

Table 1: Types of Accommodation

Serviced	Self-catering
Where meals are provided, for examples hotels and guesthouse	Such as farmhouses, chalets and some hotels

Source: Hayward, Marvell, Reynolds (2005)

In **serviced accommodation**, tourists may have a choice of eating arrangement to choose from. The options which founded by Hayward, Marvell, and Reynolds (2005) include:

- **‘Full board**-also known as the ‘*American Plan*’, three meals a day are provided for tourists.
- **Half board**-known as the ‘*modified American plan*’, breakfast and one other meal is offered to quest.
- **Bed and Breakfast**-known as the ‘*Continental plan*’, tourists pay for their room and their breakfast. The cost of other meals is extra.’⁴

3.2.1 Hotels

Andrew (2008) defines **hotel** as a ‘place where a bona fide traveller can receive food and shelter, provided he/she is in a position to pay for it and is in a fit condition to be received.’⁵

With the evolution of hotels and their proliferation around the world, it is impossible to categorise them under one term. Andrews (2008) classified them under several categories:

1. **Location** – Downtown, Suburban, Resort, Airport, Motel, Camp
2. **Number of rooms**

Table 2: Type of rooms

Number of rooms	Type	Description
25 and less	Small	Motels, lodges, bed&breakfast
26-100	Medium	Family operation promoted with personal wealth
101-300	Large	Family owned with assistance from financial institution
300-1000	Very large	Hotels with public issues
Above 1000	Mega	Hotels with public issues

Source: Andrew (2008)

⁴ Hayward Marvell and Reynolds (2005). *Travel and Tourism*(pp. 35)

⁵ Andrews, S. (2008). *Textbook of front office management and operations*.(pp. 41)

3. **Ownership** - Sole Properties, Partnerships, Public Limited Companies(PLC), Private Limited Company(Ltd)

4. **Pricing plan**

Table 3: Pricing Plan

Type of plan	Description
European Plan	Room charged only
American Plan	Room + All meals
Modified American	Room + Breakfast + Lunch or Dinner
Continental Plan	Room + Continental Breakfast
Bed&Breakfast	Room + English Breakfast

Source: Andrew (2008)

5. **Types of Clientele** - Business Hotels, Group Hotels, Family, Convention and Youth Hotels.

6. **Length of Stay**

Table 4: Length of stay

Type of hotels according to length of stay	Description
Transient Hotel	The type of accommodation where guests stay for short durations which at the maximum last for a week. Example: downtown hotels and motels.
Residential Hotel	This type of accommodation is equipped to cater guests on a longer stay. Example: hotel apartment

Source: Andrew (2008)

7. **Facilities offered** -Star Rating, Palace Hotels, Casino Hotels, Conference Hotels, Sport hotels

3.3 Business Plan

3.3.1 Definition of Business Plan

Business plan is a written document which consists of the goal of the company, the strategy how to achieve this goal, how to manage people and how to motivate them, how to use the resources of the company, marketing plan and all financial requirements.

According to Lall and Sahai (2008), ‘a business plan is the blueprint of the step-by-step procedure that would be followed to convert a business idea into a successful business venture.

A business plan first of all identifies an innovative idea, researches the external environment to list the opportunities and threats, identifies internal strengths and weaknesses, assesses the feasibility of the idea and then allocates resources (production/operation, finance, human resources) in the best possible manner to make the plan successful.’⁶

As pointed out by Berry (2005) ‘there are several features for well-design business plan:

- Is the plan **simple**?
- Is the plan **specific**?
- Is the plan **realistic**?
- Is the plan **complete**?’⁷

3.3.2 Why business plan is important?

Firstly, business plan provide direction for directors, managers and non-managerial workers. Secondly, business planning help to reduce uncertainty, because all changes in environmental conditions are taken into account and do the predictions for nearest future. The last, but not at least, business plan helps to present the idea to investors/bankers.

3.3.3 Preparing a Business Plan

As describes Berry (2005) ‘the standard outline of business plan consists of:

- Executive summary
- Company description
- Location
- Product and service
- Market Analysis and Industry Analysis
- Management Team
- Financial Analysis’⁸

3.3.4 Executive Summary

Executive summary it is quick overview of a business plan. As Lall and Sahai(2008) comment ‘executive summary is the first impression about the business proposal. As the sayings goes, the first impression is the last impression. A careful presentation of information should be done to attract the attention of the evaluators. It should be in brief (not more than two or three pages) yet it should have all the factual details about the project that can improve its marketability. It should briefly describe the company; mention some financial figures and some

⁶ Lall, M. and Sahai, S. (2008). *Entrepreneurship*. (pp.64)

⁷ Berry, T. (2005). *Hurdle: The Book on Business Planning* (pp x)

⁸ Berry, T. (2005). *Hurdle: The Book on Business Planning* (pp.2-2)

salient features of the project. Generating interest in the minds of the readers is the prime motive of the executive summary'⁹

3.3.5 Company description.

This part of the business plan gives details about the business concept, mission/vision statement, goals and objectives of the company, location and ownership. Pinson (2008) 'notes describing your business in this section will help you to think about it in conceptual terms. You need to understand your own **vision** of the business - what you want to accomplish and how you want your business to be viewed by others. Based on that vision, you will determine the strategy you will use and the strategic relationship that you will develop to help you reach your goals and objectives. **Mission Statement** is the general purpose of the company.'¹⁰

As mentioned by Lall and Sahai (2008) 'at this section of business plan describe the **ownership** and **legal establishment** of the company. This is mainly specifying whether your company is a corporation, partnership, sole proprietorship, or legal entity, such as a limited liabilities partnership. You should also explain who owns the company, and if there is more than one owner, in what proportion.'¹¹

3.3.6 Location

Choosing location is an important step in every business planning, because for such industries as tourism and restaurants good placement could be as a key competitive advantage. Berry (2005) 'recommends briefly describe offices and locations of your company, the nature and function of each, square footage, lease agreement, etc. If you are a retail store, then your location is probably a critical factor, so explain the location, traffic patterns, parking facilities, and possibly customer demographics as they relate to the specific location.'¹²

'If location is not a marketing decision, you will include it in this section. Two examples of business of this type might be: a web-seller and a manufacturer. However, if location is a marketing consideration, you may prefer to address it in your marketing plan'¹³, wrote Pinson (2008).

As mentioned by Pinson (2008) 'How will reach your customers? Are your sales primarily handled by your company bricks (physical stores), clicks (website), catalogues (direct

⁹ Lall, M. and Sahai, S. (2008). *Entrepreneurship* (pp.76)

¹⁰ Pinson, L. (2008). *Anatomy of a business plan.*(pp.32)

¹¹ Lall, M. and Sahai, S. (2008). *Entrepreneurship*

¹² Berry, T. (2005). *Hurdle: The Book on Business Planning*

¹³ Pinson, L. (2008). *Anatomy of a business plan.* (pp.37)

mail), or hybrid (multiple channels). Do have plans to expand your methods of sales distribution as sales you increase?’¹⁴

- **Stores or physical offices should** be described by size, location, and physical characteristics in reasonable detail. Kiosks and other additional methods of sales should also be included.
- **Catalogues** should be described in terms of size, frequency of mailings, and approximate number of terms offered.
- **Website information** should include design information, description of contents and major features hosting technological considerations, credit card processing, security arrangements, and other details about the creation and maintenance of web-site.

3.3.7 Product and service

At this part of business planning author will describe the product or services he sells. Berry (2005) stress that ‘for each business offering, cover the main points, including what the product or service is, how much it costs, what sorts of customers make purchases, and why. What customer need does each product or service line fill? You might not want or need to include every product or service in the list, but at least consider the main sales lines. It is always a good idea to think in terms of customer needs and customer benefits as you define your product offerings, rather than thinking of your side of the equation--how much the product or service costs, and how you deliver it to the customer. As you list and describe your sales lines, you may run into one of the serendipitous benefits of good business planning, which is generating new ideas. Describe your product offerings in terms of customers types and customer needs, and you will often discover new needs and new kinds of customers to cover.’¹⁵

As mentioned by Covello and Hazegren (2006), ‘it may be important to explain the life-cycle of certain products and services to the investment source – what stage the product or service is in and how much money and time must be invested before it will be ready for marketplace. You may even want to create a sample chart covering the life cycles, time factors, and economic cycle (cyclical, anticyclical and neutral) influencing your ability to make money. The basic stages of a typical product or service life-cycle are as follows:

1. **Introduction Phase-** Intense marketing campaign that introduces a new or unique product or service. The cost to purchase the product and services is generally very high, but sales take off and growth occurs.

¹⁴ Pinson, L. (2008). *Anatomy of a business plan*. (pp.51)

¹⁵ Berry, T. (2005). *Hurdle: The Book on Business Planning*

2. **Maturation Phase-** The market becomes saturated with the unique product or service. Competition increases as awareness of the product grows, thus causing sales growth to slow. Customers can now buy the product and service at a competitive rate. The combination of slower sales growth and reduced pricing decreases the sales revenue for that product.
3. **Levelling-off phase-** newer, more unique product enter the market. Loyal customers continue to buy products or service. Not so loyal customers begin to look at alternative products and services and eventually may shift their business to newer items. Product or service is still viable in the marketplace, but there has been a significant impact on sales revenue.¹⁶

3.4 Market and Industry Analysis

When entering an industry for the first time it is important to conduct external/internal environmental, market and industry analysis. It helps to understand competitors, potential customers, attractiveness of that industry and how future trends influence the organization. As mentioned by Lall and Sahai (2008) ‘this section of business planning is carried out to analyse the prospective strengths, weakness, opportunities and threats of the business enterprise. Hence before getting into the finer details of setting up business it is advisable to scan the environment both external and internal-and collect the information about the possible opportunities, threats from the external environment and strength and weaknesses from the internal environment. The different variables to be scanned are in terms of socio-cultural, economic, governmental, technological, demographic changes taking place in the external environment and availability of raw material machinery finance, human resource etc. with the entrepreneur. The various sources for gathering the information are informal sources (family, friends, colleagues etc.) and formal (bankers, magazines, newspaper, government departments, seminars).’¹⁷

3.4.1 SWOT Analysis

Strengths, Weaknesses, Opportunities and Threats analysis summarizes the key issues from external (opportunity and threats) and internal (weaknesses and strengths) analysis of the organization. Pinson (2008) recommends ‘conducting a SWOT Analysis, answer the following questions in each section:

¹⁶ Covello, J. and Hazelgren, B. (2006). *The complete book of business plans*. (pp.24)

¹⁷ Lall, M. and Sahai, S. (2008). *Entrepreneurship* (pp.67)

Strengths (internal, positive)

- Do you have a proprietary product/technology?
- Do you have a superior location?
- Do you have a unique business model?
- What advantages do you have over your competitors?

Weaknesses (internal, negative)

- Is the location of your business problem?
- What aspects of the operations of the business can be improved upon?
- Have you received any negative press?

Opportunities (external, positive)

- Are there any markets that are not being served with your products and/or services?
- Are there any emerging niche segments within your industry?
- Have some of your competitors left the marketplace?
- Are there any opportunities in international market?

Threats (external, negative)

- Are there any new competitive emerging?
- Are existing company gaining strength?
- Are the prices of your competitors going up or down?
- Are competitors introducing new products and/or services to the marketplace?¹⁸

3.4.2 PEST Analysis

Political, Economical, Social and Technological Analysis summarise key external environmental factors that influence the organisation.

As defined by Lall and Sahai (2008): **Political factors**- it assesses the various legislations, policies, incentives, grants etc. formulated by government for a particular industry. **Economic factors**-it assesses the status of economy in a given society in terms of inflation, balance of payment, consumer price index etc. **Social factors**- it assesses the social and cultural norms of society in a given period. The variables that are appraised are values, beliefs, norms, fashions and fads of a particular society. **Technological factors**-it assesses the various technological know-how available to convert the idea into a product. It

¹⁸ Pinson, L. (2008). *Anatomy of a business plan*. (pp.33-34)

can also be done to assess the various modern technologies expected in the near future and their receptiveness by the industry’¹⁹

Table 5: PEST Analysis

<p>Political</p> <ul style="list-style-type: none"> • Political stability • Taxes • Corruption • Military conflicts 	<p>Economical</p> <ul style="list-style-type: none"> • Exchange rate • Interest rate • Inflation • Unemployment rate
<p>Social</p> <ul style="list-style-type: none"> • Age • Income • Demographic factors • Changing in lifestyle 	<p>Technological</p> <ul style="list-style-type: none"> • New developments • 3D design • Spread of Internet • Industry focus on technological support

Source: created by author

3.4.3 Internal analysis.

As Lall and Sahai (2008) ‘defined by the structure of internal analysis

Raw Material: It assesses the availability of raw material now and in the near future. If the availability of raw material is less now or would be less in future, then the entrepreneur should give a serious thought to establishing a venture as the entire system can come to a standstill due to shortage of raw material.

Production operation: It assesses the availability of various machineries, equipment’s, tools and techniques that would be required for production/ operation.

Finance: It assesses the total requirements of finance in terms of start-up expenses, fixed expenses and running expenses. It also indicates the sources of finance that be approached for funding.

Market: It assesses the present, potential and latent demands of the market.

Human Resource: It assesses the kind of human resources required and its demand and supply in the market. This further helps in estimating the cost and level of competition in hiring and retaining the human resources.’²⁰

¹⁹ Lall, M. and Sahai, S. (2008). *Entrepreneurship* (pp. 68)

²⁰ Lall, M. and Sahai, S. (2008). *Entrepreneurship* (pp.69)

3.4.4 Target your market

Who are potential customers? According to Lall and Sahai (2008) ‘A preliminary discussion with consumers, retailers, distributors, competitors, suppliers etc. is carried out to understand the consumer preferences, existing, latent and potential demands, strategy of competitors and practices of distributors, retailers etc. The objective of a formal study needs to be comprehensive enough that they are able to generate the desired answers to the following questions:

- a) Who the consumers (customers), both present and prospective are
- b) What is the present and future demand
- c) How is the demand distributed seasonally (for example, air conditioners are required from May to September in most part of our country)?
- d) How is demand distributed geographically?
- e) How much price is the consumer willing to pay
- f) What is the marketing mix of competitors?
- g) What marketing mix would the consumers accept?²¹

University of Minnesota (2015) recommends ‘identifying target market in terms of behavioural, demographic, geographic and psychographic segmentation.

Behavioral segmentation-What benefits do customers want, and how do they use our product?

Demographic segmentation-How do the ages, races, and ethnic backgrounds of our customers affect what they buy?

Geographic segmentation-Where are our customers located, and how is that possible to reach them? What products do they buy based on their locations?

Psychographic segmentation-What do our customers think about and value? How do they live their lives?²²

Table 6: Segmentation

Behavior	Demographic	Geographic	Psychographic
<ul style="list-style-type: none"> • Benefits sought from the product • How often the product is used 	<ul style="list-style-type: none"> • Age/generation • Income • Gender 	<ul style="list-style-type: none"> • Region (continent, country, state, neighborhood) • Size of city or town 	<ul style="list-style-type: none"> • Activities • Interests • Opinions • Values

²¹ Lall, M. and Sahai, S. (2008). *Entrepreneurship* (pp.70)

²² University of Minnesota (2015). *Principles of Marketing*. Libraries Publishing (pp138-139)

<ul style="list-style-type: none"> • Usage situation (daily use, holiday use, etc.) • Buyer's status and loyalty to product (nonuser, potential user, first-time users, regular user) 	<ul style="list-style-type: none"> • Family life cycle • Occupation • Education • Nationality • Social class 	<ul style="list-style-type: none"> • Population density • Climate 	<ul style="list-style-type: none"> • Attitudes • Lifestyles
---	---	---	---

Source: University of Minnesota (2015)

3.4.5 Identify your competitors

This part of business plan is aimed at analyzing potential and current competitors. The Entrepreneur (2018) notes that a 'competitive analysis is a critical part of your company marketing plan. With this evaluation, you can establish what makes your product or service unique-and therefore what attributes you play up in order to attract your target market.

Evaluate competitors by placing them in strategic groups according to how directly they compete for a share of the customer's dollar. For each competitor or strategic group, list their product or service, its profitability, growth pattern, marketing objectives and assumptions, current and past strategies, organizational and cost structure, strengths and weaknesses, and size (in sales) of the competitor's business. Answer questions such as:

- Who are your competitors?
- What products or services do they sell?
- What is each competitor's market share?
- What are their past strategies?
- What are their current strategies?
- What type of media are used to market their products or services?
- How many hours per week do they purchase to advertise through the media used in this market?
- What are each competitor's strengths and weaknesses?
- What potential threats do your competitors pose?

- What potential opportunities do they make available for you?’²³

‘Look at both existing competitors and new entrants. *Existing competitor*: Describe what you can about their size, strengths, weaknesses and means of operation, putting all this in the context of what you will do to defeat them *New entrants*: New entrants to the market can be the dangerous ones. You feel tougher than the existing competitors, but you are what about the huge of another country or from company another industry’²⁴, wrote Finch (2001)

As described by Pinson (2008) ‘In researching your competitors, check out the general health of the business, their approach to marketing, and their financial information. In addition, specifically investigate the following in depth:

- **Check out their websites.** Examine their design, format, and content. Is the site professional and complete? What features, and benefits do they promote? How do they position their product services to their target market? What websites do they link to? What is the of the content they provide? Do they offer any nature community-building, message boards, or chat rooms? Do they feature special events?
- **Investigate the prices of their products and services.** How do they compare to yours? Do they offer the same products services? Do they offer discounts? Any other special offers?
- **Determine who their advertisers are.** Who advertises on their web now? What rates do they charge for advertising? What are the terms of their affiliate program, if any?’²⁵

3.5 Marketing strategy

According to Pinson (2008) ‘your marketing strategy is the comprehensive approach business win take to your achieve your business objectives. Your marketing strategy integrates the activities involved in marketing, sales, advertising, public relations, and networking. Each of these components of your overall marketing strategy serves a unique purpose, offers specific benefits, and complements every other component. All components must work together to enhance your company image, reinforce your brand strength, and ensure that your company is distinct from your competitors.

²³ *Entrepreneur*. (2018). *Competitive Analysis*.

²⁴ *Finch, B* (2001) *How to Write a Business Plan*. (pp.37)

²⁵ *Pinson, L*. (2008). *Anatomy of a business plan*. (pp.48)

Pinson (2008) recommends four fundamental question should be answered in order to identify your marketing goals-who, what, where, when, and how? Specifically:

- **Who** are your customers? Who are your competitors?
- **What** are you selling? What quantities and prices of your products will you sell?
- **Where** is your target market located?
- **When** are your customers most likely to buy?
- **How** will you reach your customers(stores, offices, web-site, catalog)?²⁶

3.5.1 Promotion

The University of Minnesota (2015) ‘The different types of marketing communications an organization uses compose its promotion or communication mix, which consists of advertising, sales promotions, direct marketing, public relations and publicity, sponsorships (events and experiences), social media and interactive marketing, and professional selling.’²⁷

‘**Advertising** involves paying to disseminate a message that identifies a brand (product or service) or an organization being promoted to many people at one time. The typical media that organizations utilize for advertising of course include television, magazines, newspapers, the Internet, direct mail, and radio. Businesses also advertise on mobile devices and social media such as Facebook, blogs, and Twitter.

Consumer sales promotions consist of short-term incentives such as coupons, contests, games, rebates, and mail-in offers that supplement the advertising and sales efforts. Sales promotions include promotions that are not part of another component of the communication mix and are often developed to get customers and potential customers to take action quickly, make larger purchases, and/or make repeat purchases.

Direct marketing involves the delivery of personalized and often interactive promotional materials to individual consumers via channels such as mail, catalogs, Internet, e-mail, telephone, and direct-response advertising. By targeting consumers individually, organizations hope to get consumers to take action.

Professional selling is an interactive, paid approach to marketing that involves a buyer and a seller. The interaction between the two parties can occur in person, by telephone, or via another technology. Whatever medium is used, developing a relationship with the buyer is usually something the seller desires.

²⁶ Pinson, L. (2008). *Anatomy of a business plan*. (pp.45)

²⁷ University of Minnesota (2015). *Principles of Marketing*.Libraries Publishing (pp.345-347)

Sponsorships typically refer to financial support for events, venues, or experiences and provide the opportunity to target specific groups. Sponsorships enhance a company's image and usually generate public relations. With an increasing amount of money being spent on sponsorships, they have become an important component of the promotion mix.

Public Relation The primary difference between advertising and public relations is that you always pay for advertising space, while press coverage from your public relations efforts is "free" (aside from the fact that you may have paid to orchestrate the event that subsequently became newsworthy). Activities that demonstrate your strengths and the terrific qualities of your business in a newsworthy way can be of more value in the long run than the most expensive advertising campaign. Public relations campaigns strive to build credibility in the marketplace through routes that are more discreet than direct advertising²⁸, said Pinson (2008)

Pinson (2008) gives another example of advertising mix **press releases**. 'A simple press release, preferably one-page, accompanied by a photo, can gain more visibility for you than an advertisement if the newspapers pick it up. Press releases should be interesting, newsworthy, concise, and sent to the right person. Send your press releases to:

- Weekly newspapers-reporters are always looking for great new stories.
- Daily newspapers-usually want only a local twist, so stay close to home, unless it is a national story.
- Wire Services-look up-to-the-second news items, so move quickly if you have a hot item to report.
- Magazines – offer a chance to look an expert, but you will need longer lead time.
- Radio- attracts the attention of the mobile and the sedentary. A guest spot can boost you into a whole new spectrum.
- Television-the most important medium to be prepared for. Take the time to learn how to present yourself on television to make effective use of the incredible power of this medium. With television, you need to be concise and controlled, speaking in sound bites to be sure your point gets across the way you want it to and is not edited out.'²⁹

²⁸ Pinson, L. (2008). *Anatomy of a business plan*. (pp.57)

²⁹ Pinson, L. (2008). *Anatomy of a business plan*. (pp.58-59)

3.5.2 Pricing

Stone and Desmond (2007) determine ‘Pricing is one of the most important elements of the marketing mix, as it affects profit volume and share of the market and consumer perceptions. Just as pricing plays a crucial role in determining brand image, increasingly companies are being judged on the transparency and equity with which they treat price as a marketing variable. As with objectives in any area of management, pricing objectives must be clearly defined, time-specific and consistent with each other. The four types of objectives that pricing decisions can help achieve are:

- Income-related. How much money can be made?
- Volume-related. How many units can be sold?
- Competition-related. What share of the available business is wanted?
- Societal. What are the responsibilities to customers and society as a whole?’³⁰

3.5.3 Factors that affect pricing decision

The University of Minnesota(2015) ‘highlights different factors that affect pricing decision

Customers: How will buyers respond? Three important factors are whether the buyers perceive the product offers value, how many buyers there are, and how sensitive they are to changes in price. In addition to gathering data on the size of markets, companies must try to determine how price sensitive customers are. Will customers buy the product, given its price? Or will they believe the value is not equal to the cost and choose an alternative or decide they can do without the product or service? Equally important is how much buyers are willing to pay for the offering.

Competitors: How competitors price and sell their products will have a tremendous effect on a firm’s pricing decisions. If you wanted to buy a certain pair of shoes, but the price was 30 percent less at one store than another, what would you do? Because companies want to establish and maintain loyal customers, they will often match their competitors’ prices. Some retailers, such as Home Depot, will give you an extra discount if you find the same product for less somewhere else. Similarly, if one company offers you free shipping, you might discover other companies will, too. With so many products sold online, consumers can compare the prices of many merchants before making a purchase decision.’³¹

³⁰ Stone, M. and Desmond, J. (2007). *Fundamentals of marketing*. (pp. 266,268)

³¹ University of Minnesota (2015). *Principles of Marketing*.Libraries Publishing (pp.473-476)

Product costs:

Table 7: Product Costs

Fixed costs	Variable costs	Marginal costs	Total cost
<p>are those which do not vary with output in the short term. This category includes management salaries, insurance, rent, buildings and machine maintenance, etc. Once output passes a certain threshold, however, extra production facilities might have to be brought on stream and so fixed costs will show a step-like increase</p>	<p>costs are those which vary according to the quantity produced. These costs are incurred through raw materials, components and direct labour used for assembly or manufacture. Variable costs can be expressed as a total or on a per-unit basis.</p>	<p>involve the change that occurs to total cost if one more unit is added to the production total.</p>	<p>is all the cost incurred by an organization in manufacturing, marketing, administering and delivering the product to the customer. Total costs are obtained by adding the fixed costs and the variable costs.</p>

Source: University of Minnesota (2015)

3.6 Management and Personnel

Management team is really important to the organization since it monitors and controls that things were done. According to Covello and Hazelgren Management and Personnel Plan. ‘Potential investment sources place a tremendous amount of importance on the team of managers that will be making crucial day-to-day decisions. The success or failure of your enterprise will depend on the experience, maturity, and common sense of you, your partners, your board of directors, and your management staff. It is of the utmost importance that you and your management team fully understand every word, every line, and every component of your winning business plan before you bring it to an investment source. Being fully able to articulate your road map to success will greatly enhance your chances of obtaining the financing or investment capital you are looking for. In addition, you will be assured that your management team is riding on the same bus with you and going the same journey. This will help you accomplished the goal that you have established in your business plan.’³²

³² Covello, J. and Hazelgren, B. (2006). *The complete book of business plans* (pp. 31)

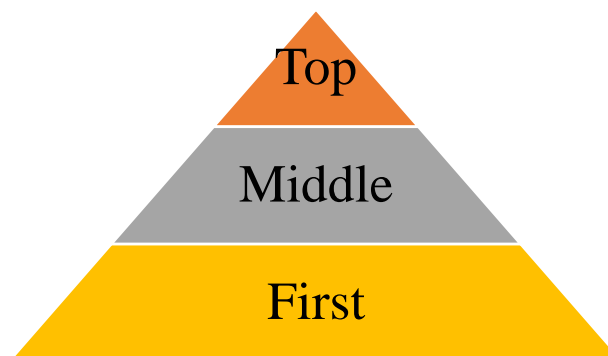
‘Your management and personnel needs will be determined by the capabilities of the business owners, by the amount of time they will be able to commit to the business, and by the demands of the marketplace. Small businesses usually start up with the owners doing most of the work. As the business becomes larger and sales increase, your management and personnel needs will also change. Project your company's goals for growth and plan for the changes that will be necessitated in management and personnel’³³, said Pinson (2008)

3.6.1 Management

As described by Pinson (2008) ‘the most critical issue to be addressed in your business may well be that of management. As the decision maker in your business, two of the questions you will need to ask yourself are: ‘What are the key areas of management in my business?’, and ‘What outside help will I require?’. Managerial hiring policy, job descriptions, and employee contracts are all part of making the right choices. Decide how you manage will be compensated: salaries, benefits, bonuses, vacation time, stock purchase plans.

Managerial workers can be classified as: top, middle and first line.’³⁴

Chart 1: Levels of Managerial Workers



Source: Created by author

- **Top line** managers are responsible for getting goals, establishing the strategies for achieving this goal. Example: CEO, General directors
- **Middle line** managers are responsible for supporting the first line managers. Example: Accounting, Store manager

³³ Pinson, L. (2008). *Anatomy of a business plan*. (pp.40)

³⁴ Pinson, L. (2008). *Anatomy of a business plan*. (pp.39)

- **First line** managers are responsible for managing the non-managerial workers.
Example: Shift manager, departure manager.

3.6.2 Personnel

As Pinson (2008) notes ‘in this part of the business plan you should answer the following questions: How many employees will be needed for the company to operate efficiently? What jobs will you need them for? At what stage in the business will they be hired? What qualifications/experience will they need to have? What hours will they work? What salaries and benefits will they be paid?’³⁵

3.6.3 Accounting

According to Pinson (2008) ‘at this section of operational plan describe your accounting department. Tell what accounting system will be used and why it was chosen. What portion of your accounting recordkeeping will be done internally? Who will be responsible for the reliability and efficiency and those records? Will you be using an outside accountant to maximize your profits? If so, who within your company will be skilled at working with the accountant-and who will be responsible for reading and analysing the financial statements provided by the accountant?’³⁶

3.6.4 Organizational Structure

Organizational Structure is a formal hierarchy of jobs within an organization. As comments Berry (2005) ‘The organizational structure of a company is what you frequently see as an organizational chart also known as an "org chart." If you have access to an organizational chart graphic, that works well at this point. If not, you can just use the text to describe the organizational structure in words, without a chart. Make sure you explain how job descriptions work and how the main company functions are divided up. Are organizational lines drawn clearly? Is the authority properly distributed? Do you have jobs that your include responsibility without authority? Do your resources seem in line with your organizational need?’³⁷

The following chart will represents an example of organizational structure given by:

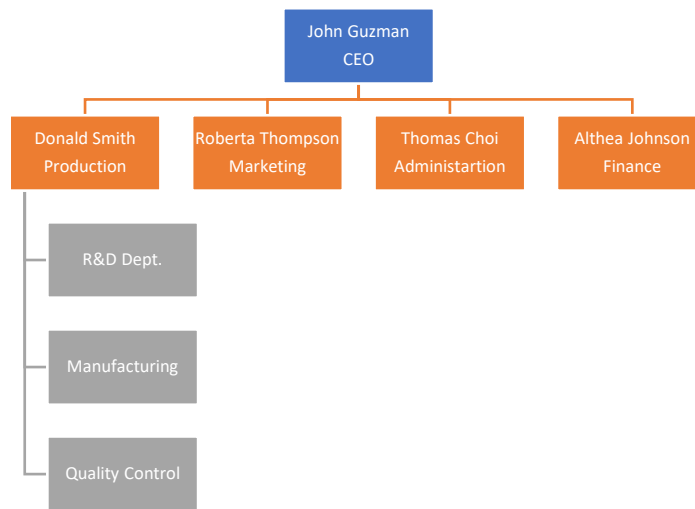
Pinson(2008)

³⁵ Pinson, L. (2008). *Anatomy of a business plan*. (pp.40)

³⁶ Pinson, L. (2008). *Anatomy of a business plan*. (pp.40)

³⁷ Berry, T. (2005). *Hurdle: The Book on Business Planning* (pp.72)

Chart 2: Organizational Structure



Source: Pinson (2008)

3.7 Financial Planning

The most important reason of opening own business is making money that’s why financial planning is really important. Berry(2005) recommends to start this section of business planning with start-up summary and requirements.

Table 8: Start-up Expenses

Start-up Expenses	
Legal	\$1,000
Stationery	\$3,000
Brochures	\$5,000
Consultants	\$5,000
Insurance	\$350
Rent	\$0
Research and Development	\$0
Expensed Equipment	\$3,000
Other	\$1,000
Total expenses	\$ 18,350

Source: Berry (2005)

‘The first portion of the sample start-up table estimates start-up expenses. Make, sure first of all, that you understand expenses, which are different from assets. You can check with the glossary for a detailed definition of expenses, but basically your start-up expenses are like

those shown in the example. Start-up expenses are only those expenses incurred before the start of the plan. If they come after the start of the plan, they belong in the profit and loss table in the appropriate month. In the example, the total is \$18,350³⁸, wrote Berry (2005).

3.7.1 Financial Statements

As founded by Alhabeeb (1994) ‘every business needs to organize its financial data for many purposes, whether these purposes are internal or external. The internal purposes are to assess the business's performance and status. They include:

- The need for owners and shareholders for information on the status of their investment and profitability
- The need for management to monitor business performance according to the plans and managerial strategies.³⁹

3.7.2 Balance sheet

Balance sheet shows financial position of the organization at specific point of time. According to Alhabeeb (1994) ‘it is characterized by being a snap shot of the comparison between the firm’s assets and its liabilities. In other words, the balance sheet puts what the firm owns versus what it owes at any point in time. The basic balance sheet formula: Assets=Equities + Liabilities’⁴⁰

3.7.3 Cash Flow

The Cash Flow shows company’s performance over period of time and describes the actual cash inflow and cash outflow from different activities (operating, investment, financial)

3.7.4 Income Statement

Alhabeeb (1994) said that ‘income statement shows the firm's financial position over a period of time, usually a year, through the comparison between the in-resources (revenue and income) and the out-resources (expenses). While the balance sheet is characterized by being a snap shot of the firm's finances, the income-expenses statement is characterized by offering an extended look at what is going on with the key elements of the firm's financial performance. Just like the balance sheet, which is identified by the net worth or the owner's equity. the income statement is identified by the net gain (also called net profit)’⁴¹

³⁸ Berry, T. (2005). *Hurdle: The Book on Business Planning* (pp.55)

³⁹ Alhabeeb, M. (1994). *Entrepreneurial finance* (pp.93)

⁴⁰ Alhabeeb, M. (1994). *Entrepreneurial finance* (pp.93-94)

⁴¹ Alhabeeb, M. (1994). *Entrepreneurial finance* (pp.96)

4. PRACTICAL PART

4.1 Executive Summary

The King Charles Boutique Residence is a new company in the industry of tourism and accommodation service. Hotel is oriented on one hand on accommodation service, on the other additional services. The location of the venture takes place in one of the most historical parts of Prague which is close to bus and metro station. All products and services will be available on the website of the company and booking.com. The main aim of the company is to provide high quality service with high hospitality standards. Start-up cost equals to 12 000 000 with payback period of 5 years.

4.2 Description of the company

The King Charles Boutique Residence is offering to guests short/long term residence, the hotel is trying to create comfortable conditions for every single visitor.

As mentioned at the theoretical part The King Charles Boutique Residence classified as:

Table 9: Classification of The King Charles Boutique hotel

Location	Downtown, Vyšehrad
Number of rooms	Medium, 33
Ownership	Limited Liabilities Company
Pricing plan	Continental plan (room and continental breakfast)
Types of clients	Couples, Business tourist, Families
Length of stay	Transient (1-7 days)

Source: Created by author

4.2.1 Mission Statement

The mission of The King Charles Boutique Residence is to provide high-quality service with special attention to the needs of the guests. The staff which is well-qualified will do everything to ensure memorable and enjoyable experience from staying at the hotel. During the visit in that hotel guest will get not only a bed and good breakfast, but also smile, good mood and immediate reaction to urgent cases.

4.2.2 Vision statement

To be one of the leading four-star hotel in the area of *Vyšehrad* by providing qualitative services at reasonable price for the target group, to be open to innovations and invest in new branches in different parts of Prague.

4.2.3 Values

Professional Hospitality – hotel will be always trying to make improvements, having the highest hospitality standards. Undoubtedly, highest quality of services has to be reached, in order to give it's customers expectational service.

Integrity- administration is honest and always open with the customers, partners, competitors and employees.

Innovation – the hotel will be always taking into the consideration new ideas and technologies in order to get better and better in the hospitality sphere, innovations are a part of improvement.

Team work – The King Charles Boutique Residence is not strongly centralized company and wants employees to participate in it's promotion.

4.2.4 Goals and Objectives

- ◆ To train, teach and develop good front desk team
- ◆ To develop special strategies for loyal customers
- ◆ To increase the time of check out not only for priority 'Booking' guests, but for all the customers
- ◆ To expand the management and personnel team
- ◆ To offer 20-30% discounts during the low season, so that the hotel will completely be full
- ◆ To change the pricing plan from the Continental to the Modified American
- ◆ To work with travel agencies and with such agencies who provide tours around Prague
- ◆ To minimize overbooks through strengthening work with Availopro Channel and building good reservation team
- ◆ To increase revenue by 15% within 2 years
- ◆ To reach 25% customer return within 1 year
- ◆ To focus more on honeymooners
- ◆ To minimize the risk that quest/s will not arrive, and the hotel will lose money (through refundable and non-refundable rate)

4.3 Location

The King Charles Boutique Residence will be located Neklanova 148/34, Prague, Vyšehrad. The main advantage of location is that the hotel will be situated in the historical centre of Prague, which makes exploring Prague more available and easy without using the transport. As a bonus, the customer get a wonderful view to one of the most beautiful historical sights of Prague which definitely makes a visit in the hotel more memorable.

Another benefit which also plays a huge role in the location of the hotel is almost a perfect public transport accessibility to many parts of the city. It can be clearly seen on the picture below. For instance, the closest tram stop is located in 5 minutes from the hotel and what makes it's guests feel more comfortable is that it takes only 9 minutes to get to the station Vaclavske Namesti. At the same time, guests of the hotel will not get into the trouble if they are planning to come back to the hotel during the late night, there is a direct tram to the stop that was mentioned before. Additionally, metro station that is in 13 minutes from the hotel on foot also can be used for any reasons.

Picture 1



Source: Google Maps

Furthermore, the location can surprise guests with the spacious amount of restaurants with different cuisines, cafes, bars and shop. As a result some part of the weekend can be spent in the location of the hotel.

4.4 Product and Service Description

Accommodation is the most common and important service in every business in the hotel industry, but if one wants it to be unique, a lot of additional services and products, both free and paid, has to be provided.

4.4.1 Accommodation

The King Charles Boutique Residence offers for the guests 33 comfortable rooms in Rococo style. These rooms are divided into 4 main categories:



Standard Double Room: a room designed for 1-2 people with 14m², double or twin bed can be chosen by the customers. The rooms are furnished in antique style, with a large marble bathroom. The room is equipped with all necessary hygienic accessories, hairdryer, TV, kettle, locker and minibar.

Comfort Double: the room looks exactly the same as previous type, but has more space with 19 m², and king size bed I offered to those who choose this room.

Honeymooner room- family room designed in a romantic style, what definitely will make a couple's vacation better and more pleasant.

Triple standard – the same as double comfort room, but additionally an extra bed with the space of 20m² is offered.

The following table shows more detailed description of the services

Table 10: Services of The King Charles Boutique hotel

Room Facilities	Free Hotel Service	Paid Hotel Service
<ul style="list-style-type: none"> • Bathroom with shampoo, soap and shower gel • Hairdryer • Minibar • TV • Kettle • Safe • Air-conditioning • Wi-Fi • Towels • Hygienic accessories 	<ul style="list-style-type: none"> • 24 hours front desk • Free Wi-Fi in all area of the hotel • Pets are not allowed • Luggage storage • Smoking policy (special area for smoking) • Iron • Telephone • Print/fax • Water in the reception area • Tour desk • Garden 	<ul style="list-style-type: none"> • Extra bed • Breakfast • Upgrade of rooms • Public transport tickets • Currency exchange • Business conference hall • Transportation • Parking • Lobby Bar • Bottle of champagne with fruits • Flowers • Birthday cakes

Source: Created by author

* If hotel's guests travel with child, the hotel can provide special baby cot for additional charge.

4.4.2 Check in/Check out Time

Following the standard rules of hotels, the checking out time is 11.00, if a person is not booking.com genius agent (for such guests checking out time is 13.00). Check in time is stable for every guest at 14:00. But if one needs the later check out and earlier check in it will be considered for an extra charge. Also, hotel's guests have an opportunity to upgrade room based on special offers.

4.4.3 Breakfast

High-quality hospitality experience without a good breakfast would be incomplete. Hotel's breakfast offer has a wide range of hot and cold dishes such as cheese, salami, eggs, fresh vegetables, porridges and different kinds of muesli. Clients can enjoy fresh croissants with

a cup of coffee/tea or juice. The breakfast restaurant is open every day from 7 to 10, but if anyone wants to have breakfast earlier it might be ordered in advance.

4.4.4 Transportation

If someone wants to have the transportation from/to airport it can be requested at the reception the day before, for an additional charge.

4.4.5 Front Desk

Hotel's well-qualified front desk team will be always paying a deep attention to any of the customer's requests, helping them in any occurred problems. The general information is usually provided to their guests such as nice restaurants, beautiful places, city map and tours. Front desk is available for any requests 24 hours a day.

4.4.6 Payment

The hotel has two payment systems: refundable and non-refundable. The refundable rate does not need the prepayment, the particular amount of money is blocked on the card (usually for one night) and the hotel returns the money if one cancels the reservation two days before his/her arrival. Payments can be realized either by card or cash (euro and czk). Non-refundable rate supposes prepayment of the whole price. In case, if the customer wants to get a confirmation letter for the embassy, firstly it has to be ordered in advance, second the half price of guest's stay has to be paid.

4.5 Customer Analysis

4.5.1. Types of travellers

Hotel customers are those people who have different purposes from visiting Prague: vacation, exploring new places by travelling, business, honeymoon, stag/hen parties.

- **Business Travellers** is the type of customers who are coming to present something, special trainings and organize business events. The conference hall will be always available for such events.
- **Families** These group choose hotel according to its location, breakfast offers and special baby cots. King Charles Boutique hotel is an excellent solution for families, since it has excellent location, special breakfast and special baby cots for a affordable price of 10\$.
- **Honeymooners** Usually these are price sensitive young people who chooses a hotel according to its cost, room comfortability, interesting location with some beautiful view, easy transport accessibility and free breakfast. As an advantage for such people, hotel can offer a special room for honeymooners, designed in a romantic way to make

your stay in the hotel more enjoyable. As a bonus, those who rent this room get a free bottle of Champaign, greetings from hotel’s staff and free dinner in the restaurant of the hotel.

- **Groups** In general, this type of customers are not interested in the prices, because they are coming to celebrate stag/hen party which is usually paid by their parents, they want to have restaurants, bars, clubs and transport close to the hotel. As it was mentioned, hotel’s location can offer to these target group good transport accessibility, bars, restaurants and clubs.

4.5.2 Targeting customers by country

The table below shows the list of top Prague visitors by country, who is staying in the city at least one night.

Table 11: Most Visited Countries

Rank	Country	Number of overnight sleeps
1	Germany	2.089.365
2	Russia	1.505.023
3	USA	1.130.444
4	United Kingdom	1.033.698
5	Italy	927.315
6	Spain	610.595
7	France	592.739
8	Slovakia	546.520
9	Republic of Korea	502.367
10	China	499.495

Source: Prague City Tourism

The hotel will be mostly oriented on top 6 countries that are visiting Prague : Germany, Russia, USA, United Kingdom, Italy and Spain.

As it is shown in the statistical data, Czech people like to travel around the country, visiting different cities and obviously Prague is not an exception. The amount of Czech people who visit Prague is 894.000 a year and it is even more than Spanish tourists. Therefore, Czech part of tourists are secondary customers. Because usually they travel by car and prefer to leave in cheap places and not in the city centre.

4.5.3 Income

The King Charles Boutique Residence will mostly specialize on a high and medium income class of people, since the price of service is a bit higher than an average.

The table shown below will represent the countries according to average monthly salaries.

Table 11: Average Monthly Salary After Tax

Rank	Country	Average Monthly Salary
1	Germany	2,697\$
2	USA	2,680\$
3	United Kingdom	2,480\$
4	Republic of Korea	2,415\$
5	France	2,335\$
6	Italy	1,892\$
7	Spain	1,597\$
8	Czech Republic	1,129\$
9	China	963\$
10	Slovakia	961\$
11	Russia	636\$

Source: Numbeo

To compare with the most visited countries and income of the countries: Hotel's Potential customers are Germany, USA, United Kingdom, Italy and Spain. At the same time, it does not mean that it will not be oriented on the other countries, as a secondary customers which are France, Republic of Korea, Russia, Slovakia, China and Czech Republic.

4.5.4 Behaviour and interest

Hotel's potential customers are those who are keen on travelling, they are always open to something, wishing to explore new places. Having a high quality service in the hotel is what makes them feel better with the vacation, they want the services to be on the top level.

4.6 Competitor Analysis.

It is generally understood to everyone that hotel industry is a fast growing sphere. In any parts of the world a wide range of different hotels, using various concepts, offers and many other things. Usually people spend a lot of time on finding what exactly suits them because there are many varieties. As it is known Prague is a very attractive tourist direction and this is

the reason why there are more than 800 hotels in Prague. These reasons make Prague one of the most difficult places to be in the hotel industry. Such an aggressive competition within one city makes it more difficult for the others who are new in the market.

Park Inn Hotel Prague

The Park Inn Hotel is located just in 100 meters from the tram station Albertov. It provides such services as accommodation, fitness and the restaurant on the roof of the hotel. Rooms are built in a modern style and includes private bathroom, minibar, TV, hairdryer and all the standard extras for comfortable stay at the hotel. (see Appendix 3) Front desk is working 24-hours, bike rental and private parking for additional charge can be also offered by the hotel.

U Semika

The 3 stars hotel U Semika is located by the historical Vyšehrad castle. The rooms are modern, cosy and spacious. The hotel restaurant offers Czech Traditional Cuisine and hotel guests get 20% discounts. The hotel provides special family rooms and what is unusual for the modern hotels is that pets are allowed without an additional charge.

Union Hotel Prague

The Union Hotel Prague is located at the tram station Ostrcilovo Square, which is also in good accessibility to the city centre. There is a restaurant with an international cuisine and Czech local beer, seems to be a good place to spend your evening. Rooms are equipped with TV, air-conditioner, minibar and wi-fi. Main feedbacks left on the booking: wonderful staff, great location, excellent quality of food.

4.6.1 Competitive Benchmarking

Table 12: Competitive Benchmarking

	Park Inn Hotel Prague	U Semika	Union Hotel Prague	The Charles Boutique Hotel
Location	Vyšehrad	Vyšehrad	Vyšehrad	Vyšehrad
Stars	4*	3*	4*	4*
Rating	8,9	8,6	8*	8,1*
Number of rooms	210	16	57	33
Price for standard DBL room including breakfast	2,126 CZK	1,101 CZK	1,996 CZK	1,959 CZK
Type of rooms	DBL/Twin Standard	DBL/Twin Standard	DBL/Twin Standard	DBL/Twin Standard

	DBL/Twin Comfort	DBL/Twin Comfort TRPL QUAD	DBL/Twin Comfort SGNL TRPL	DBL/Twin Comfort Honeymooner TRPL
Parking	22 euro/day	15 euro/day	12 euro/day	5 euro/day
Wi-Fi	Yes	Yes	Yes	Yes
Restaurant	Yes	Yes	No	No
Wellness Centre	Massage Sauna	No	Sauna	No
Business Centre	Yes	Yes	No	Yes
Fitness Centre	No	Yes	No	No

Source: Created by author

*Type of rooms: SNGL-singe, DBL-double, TRPL-triple, QUAD-quadruple

According to competitors King Charles Boutique Residence can provide suggestions for improvement: fitness centre, restraint a 'la cart, wellness centre with jacuzzi and sauna. (more details in the section of strategy of development).

At the same time competitors are partners, in case of overbooking. If the reservation is lost and the person arrived and there are no available rooms, it is possible to book the nearest hotel and pay their accommodation fees. Therefore, The Charles King Boutique hotel will build friendly relationships with competitors, so that the problems with overbooks can be solved with benefits for both parties.

The Charles King Boutique Hotel also has an indirect competitor, who are located just in 200-500 meters from the hotel, and these are Albertov Rental Apartments, Vyšehrad Bright Art and Apartments Emma. They are indirect competitors because they offer a different type of accommodation.

4.7 SWOT Analysis

Table 13: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Location in the historical castle • Perfect transport accessibility • High quality customer service • Variability of services • Well-qualified staff • Good Reputation (8.1 at the booking) • Effective and quick communication • Unique Rococo Style 	<ul style="list-style-type: none"> • Seasonal Dependence • Overbook situations • No single and quadruple rooms <ul style="list-style-type: none"> • No restaurants in the hotel • Employees need time to build a teamwork • Dependence on booking.com

<ul style="list-style-type: none"> • Online Payment • Parking area • Varied and Quality Breakfast • Honeymooner service • Web-site 6 languages 	
<p>Opportunities</p> <ul style="list-style-type: none"> • Increasingly growing industry • Stable political environment • Increase services and products • Expand hotels in the different area of the Czech Republic • Growth of interest in tourism • Population Growth 	<p style="text-align: right;">Threats</p> <ul style="list-style-type: none"> • Aggressive competition • Political conflicts between countries

Source: Created by author

4.8 PEST Analysis

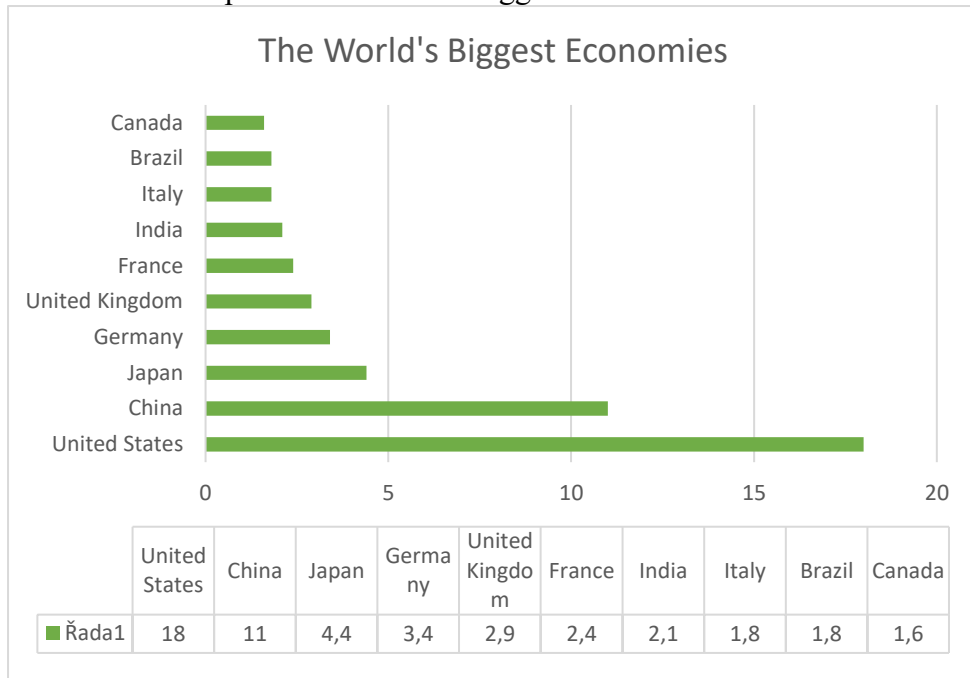
4.8.1 Political

The biggest political factors that can affect The King Charles Boutique Residence are the conflicts between countries, terrorism, and political instability in Czech Republic. As the hotel specializes on tourism business it is necessary to pay attention on visa regulation rules between countries, taxation and laws concerning tourism industry. According to statistical data. Czech Republic is one of the countries that is politically stable, without terrorism, civil and war. Tourism is increasingly going up in Czech Republic first because of beautiful places, prices and what is more important stable political environment. These reasons make the idea of opening the hotel pretty conscious.

4.8.2 Economical

The hotel will be affected by any economical factors, such as the national and international economic rate, interest rate, unemployment rate, wages rate and inflation rate. If the economy of a particular country is highly developed, then the households have more opportunities to travel.

Graph 3: The World's Biggest Economies

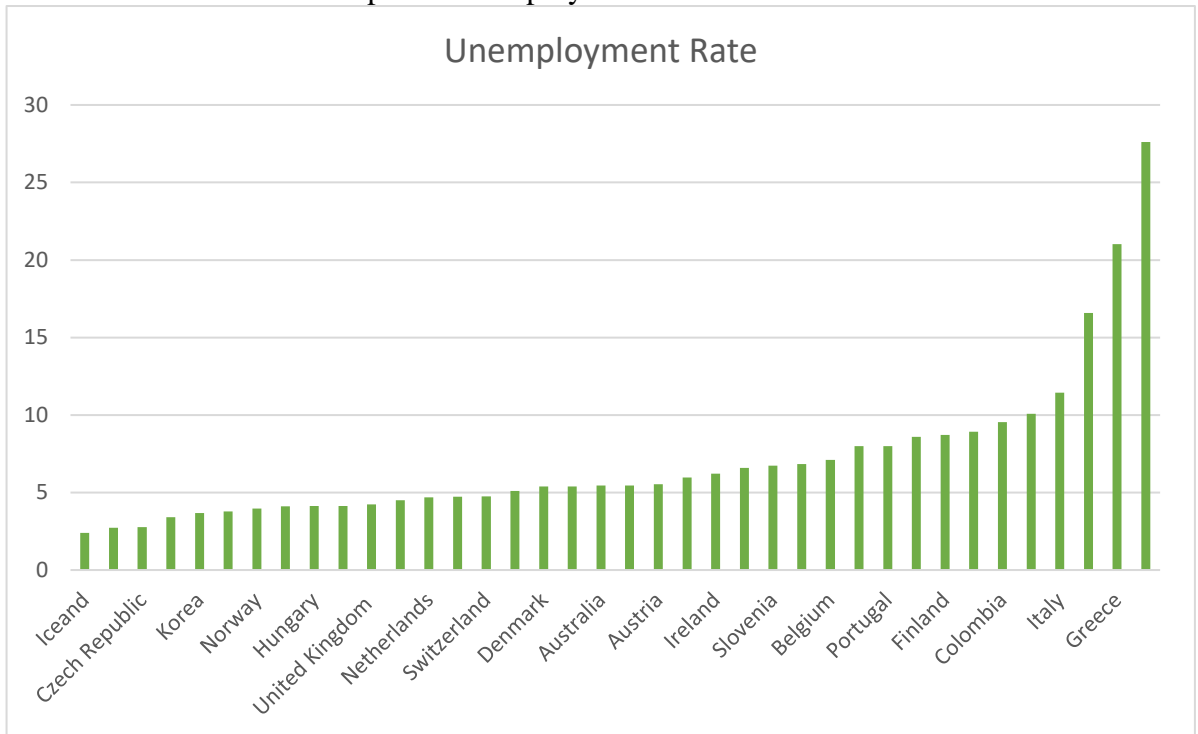


Source: World Economic Forum

This graph represents the Gross Domestic Product in trillion of dollars by countries. The main part of potential customers for the hotel are also in the list what comes as a big advantage for the hotel.

Such factor as unemployment rate also has to be considered as an important factor for the hotel, firstly it is an economic feature that plays a huge role and affects almost all industries, secondly if unemployment rate increases the hotel occupancy will decrease.

Graph 4: Unemployment Rate



Source: OECD

The graph clearly shows that Czech Republic has low level of unemployment rate what works for the hotel. USA, United Kingdom, Germany, Russia countries that are considered as potential customers also have low unemployment rate.

Another factor which also has its impact on the hotel industry is an inflation. When inflation rate is too high it has an effect of decreasing in purchasing power. Similarly, one more factors that has its influence is an exchange rate. As it is generally known that interest rate is always fluctuating because of political reasons, news and others. Usually this may entail disrupting the flow of tourists from some particular country. Political disagreements between Russia and EU can be taken as a good example. When Russian rubble initially was equal to 1,8 per 1 CZK, but later it started to lose its position on the market having the rate equal to 3 RUB per 1 CZK. This factor became the most important reason why the rate of Russian tourists in Prague extremely went down.

4.8.3 Social

As well as previous trends social factors strongly influence accommodation industry. Population growth rate, lifestyles, living standards, social class, purchased habits and life expectancy these are all the reasons that might influence hotel sphere. It is generally agreed that tourism is developing, increasing year by year as travel trend never dies. Certainly, Prague is an attractive direction for foreigners. According to tourism review in 2017 the rate of tourists in Prague increased by 9.1%, as a result tourism industry is increasing year by year in this country.

4.8.4 Technological

People are involving more and more technologies in different spheres and in usual lives, it is important for every business to be familiar with new innovation technologies, as it helps to make better job on high standards. As a result, hotel reservation systems were created by people and they are in a big usage mostly in every hotel around the world, also using of a genius software booking.com is extremely important, as it has a wide number of users. 3D technologies will help to design web-site more attractive, using 3D photos to let potential customers observe the room. Better internet connectivity is also significant for The King Charles Boutique Residence. New innovations in payment system also should be improved every time.

4.9 Ownership. Management. Personnel.

4.9.1 Ownership

The King Charles Boutique Residence belongs to Limited Liabilities Company Hotel24 s.r.o, owner Nikolai Zheludkov.

4.9.2 Management

The hotel's management team will initially consist of Hotel Manager, Reservation Agent, Kitchen Manager, Housekeeping Supervisor.

Hotel Manager will be responsible for planning and organizing all hotel processes. Supervise and motivate workers at all levels (reception, housekeeping, kitchen staff), organize and manage all departments to be sure that they have people with right skills at right position, set salaries, ability to motivate employees, build a team/family that will do their job with a big desire. Communication with people who need extra assistant (solving problems). Also manager of the hotel responsible to check all payments, communicate with the external partners, set strategies for developing the hotel. Prepare all necessary reports for the owner.

Reservation agent process all the reservations from availopro channel web-sites, telephones and mails. To control the payments according to non-refundable and refundable rates. The most important responsibility it is to avoid the overbooking situations

Kitchen Manager: Kitchen manager will be responsible to make plans and check if kitchen operations are going as it was planned, hiring new employees, train them, make a list for purchases , store the products in accordance with norms and to make schedule.

Housekeeping supervisor: This type of job position is controlling the work which is done by colleagues. Responsibilities are checking rooms, if they are clean and ready for new guests, need to be always in contact with reception desk providing them with an information about which rooms are ready for new customers. Housekeeping Supervisor trains new employees and scheduling the existing.

4.9.3. Personnel

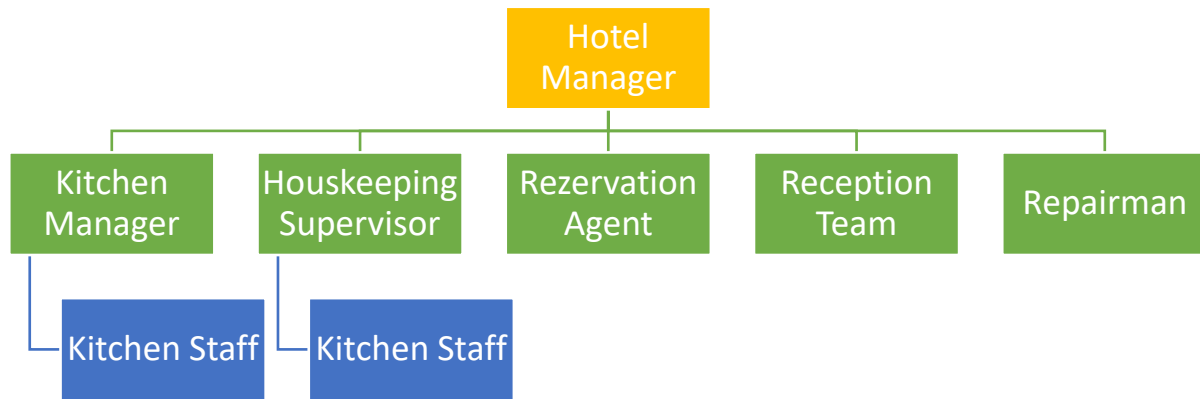
Working people in the hotel are important part of well-built system in the company, since they do everything to do customer's stay at hotel more comfortable.

Front Desk team: Strong front desk team could be one of the competitive advantage, because they are responsible for solving problems and make first impression. The duties and responsibilities of the receptionist are: to be ensure that all guests are checking out on time , to prepare the list for the housekeeping team (example will be shown below), checking in people , providing them with all the necessary information about hotel and check their payment and fulfilment of registration card. To communicate with people personally, via e-mail and telephone. To solve problems of overbooking. To enter the foreign visitor to the system for the police.

Repairman: This person is responsible for so that nothing is broken in the hotel. Also he makes the purchasing of all products and necessary items for housekeeping, kitchen, office and reception.

4.9.4 Organizational Structure

Chart 3: Organizational Structure



Source: created by author

Organizational chart shows clear hierarchy of the hotel, Hotel Manager controls all the departments, and make all decisions. In the nearest future the company is planning to expand the team by adding new job positions as reception supervisor, accounting department. At the beginning hotel will hire an external accountant, who will be coming at the end of every months to analyse and report all financial data.

All hotel's employees are well-qualified, they are professionals in the sphere they work and it's staff will have high level of speaking and written English. The company will try to build a multi-language reception team, to avoid situation of language barrier. The hotel has a special policy to create friendly team making some special events. Moreover, special communication trainings will be always taking a place. The King Charles Boutique Residence is offering many bonuses for employees by giving them and to the members of their family discounts to live in the hotel. Additional working hours taken by staff will be always rewarded. Free food prepared by kitchen is also offered to the members of a team, even for those who work during the night. Scheduling will be prepared according to wishes of employees. The organization wants to be oriented not only on customers, but also on employees, because it is generally known that friendly and stable teamwork is one of the main assets of the company.

Since the hotel would like to expand its facilities, professional development is possible in the company.

4.10 Marketing Mix

4.10.1 Price

Product prices and services are conducted with analysing the prices of competitors, expenses and expectations of the owner.

Accommodation: Prices for travel agencies and Availopro channel group are lower, than individual ones. In booking.com and another reservation web-sites price war between hotels is an usual case. But if someone calls us or comes directly to the hotel they will not think about price, on author's personal observation 97% are agreed with the price and usually stay at the hotel. What is important, is that the price includes breakfast and all room facilities are for free.

Table 14: Price

01.01.2018-31.01.2018		01.09.2018-15.10.2018	
DBL Standard	2000CZK	DBL Standard	2100 CZK
DBL Comfort	2300CZK	DBL Comfort	2200CZK
Honeymoon	2600CZK	Honeymoon	2500CZK
TRPL	2400CZK	TRP	2300CZK
1.02.2018-30.03.2018		15.10.2018-30.11.2018	
DBL Standard	1900CZK	DBL Standard	1800 CZK
DBL Comfort	2100CZK	DBL Comfort	2000CZK
Honeymoon	2300CZK	Honeymoon	2200CZK
TRPL	2200CZK	TRPL	2100CZK
1.04.2018-31.08.2018		1.12.2018-31.12.2018	
DBL Standard	2200CZK	DBL Standard	2200CZK
DBL Comfort	2400CZK	DBL Comfort	2400CZK
Honeymoon	2600CZK	Honeymoon	2600CZK
TRPL	2500CZK	TRPL	2500CZK

Source: Created by author

The table above shows individual prices, The King Charles Boutique Residence sets special prices at high-season time as a New Year, Valentine’s day, Christmas and etc. During this time prices will go up to 30%. The price at booking can be changed every day by hotel, usually prices approximately are the same, but if the occupancy of hotel is low then the prices will go down.

Transportation from/to the airport: 500CZK

Parking: 5 euro per day

Extra bed or baby cot: 10 euro/day

Upgrading of room: 15 euro per day

Lobby bar:

Table 15: Lobby Bar Prices

Bonaqua Perliva	30CZK
Bonaqua Neperliva	30CZK
Coca-Cola/Fanta/Sprite	45CZK
Kozel Svetly/Kozel Cerny	45CZK
Vino cervine/bile	70CZK
Coffee	25CZK

Source: Created by author

Smoking in room: 1000CZK

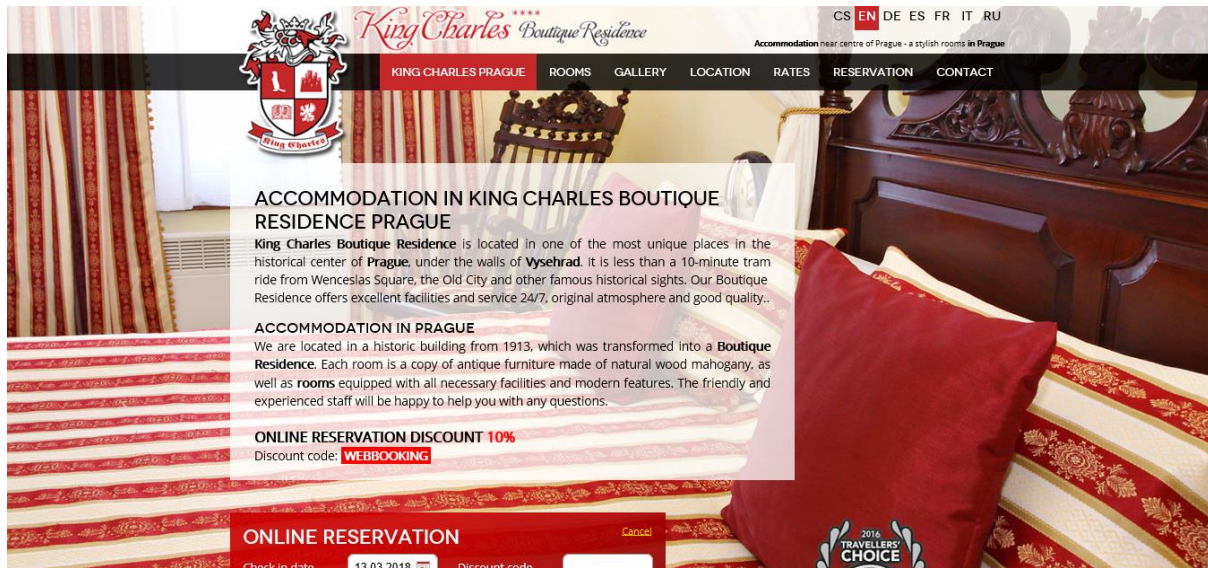
4.10.2 Promotion

Hotel is oriented on the international audience, such type of promotion as TV, Radio, Point of Sale are not suitable for such type of business. Therefore, The King Charles Boutique Residence will mostly be oriented on online marketing.

4.10.3 Website

Website of King Charles Boutique Residence will have all necessary information about hotel, mission, vision and values, rooms descriptions, photos and what is more important if guests book directly from web-site there is a 10% discount.

Picture 2: Website



Source: The King Charles Boutique Residence

Also, as one of the most important advantages 6 languages will be available on the website: Czech, English, Russian, German, Spanish and Italian

4.10.4 AvailoPro Channel Group

Our hotel knows the value of working with such a source as AvailoPro Channel Group that consists of Booking.com, Hotels.cz, Agoda.cz. The King Charles Boutique residence believes that having positive reviews by providing the highest quality service will make the venture better and more competitive.

4.10.5 Social Media

It is not a new thing for people that social sources have a big influence on a modern society. It has been successfully used also in a business sphere. Promotion of the company within the social networks became something that is usual and something that people use. Undoubtedly, the company is planning to use such social media sources as Instagram, Facebook, and Twitter in order to post news, special offers and events, additionally it will consist of hotel daily life.

4.10.6 Travel Agencies

One of the aims is to expand the information about the hotel among travel agencies, because working with these companies can be always interesting for both sides.

4.10.7 Customer Loyalty

The organization does not forget those who are loyal to our venture, who are satisfied and like the company's services. Such customers will always have special discounts, enabling them special cards with future discounts. Additionally, loyal customers get 10th night for free.

4.11 Partners

Booking/Agoda/Hotels.cz are biggest reservation web-sites with hundreds of hotels. More people are using these sources what makes the cooperation with them as an important part. The King Charles Boutique Residence will cooperate with all of these sources and pay them their commission fee.

Pradlo.cz- Having clean bedclothes is also showing the face of your hotel, of how the company values visitors. Pradlo.cz will help with that by providing hotel with clean bedding.

Pekarstvi- Nice breakfast should be definitely of something sweet and this organization will provide hotel with pastries.

Lari- Customers want to see that hotel is carrying about them, as guests always want to have hygienic accessories on top level. Lari will provide these accessories with special label of the hotel.

4.12 Porter Five Forces Analysis.

Threats of substitutes

Parameter Evaluation	1	2	3
Substitutes	Don't exist	Exist, but they are new in the market	Exist, with a high reputation customer loyalty rate
Total	3		

1 – Low threats level of substitutes

2 – Medium level of substitutes

3 – High threats level of substitutes

Competition within industry.

Parameter Evaluation	1	2	3
Number of companies	Low	Medium	High
Industry growth	Market volume decrease	Slowly growing	High
Differentiation level	Different concept/product/service	Standard market offers/products/services,	Standard concept

		but with some exceptional concepts	
Total	8		

4 – Low level of market competition

5-8 – Medium level of market competition

9-12 – High level of competition

Threats of new entrance

Parameter Evaluation	1	2	3
Strong competitors on the market with high level of loyalty and reputation	No competitors	50 % of the market occupied by 2-3 competitors	80% of the market occupied by 2-3 competitors
Product differentiation	No difference	Standard	Absolutely different
Level of costs to enter the industry	Low(pay off period within 1-3 months)	Average(pay off period within 6-12 months)	High(pay off period is more than 1 year)
Government politics	No limits from government	Partial government affect	Government completely controls the sphere and has a big influence
Price reduction from the existent competitors	Competitors will not reduce the prices	Strong competitors will not reduce the prices	With any attempt to reduce prices, existing players will also make the prices lower
Industry growth	Decreasing	Slowly going up	Increasing
Total	14		

8 – Low threats level of entering the market

9-16 – Medium power of entering the market

17-24 – High threats level of entering the market

Power of customers

Parameter Evaluation	1	2	3
Customers with a big number of visits	Equal number of visits among customers	50% of customers always come back	80% of customers come back
Tendency to change the product/service/concept offered by the company to substitutes	Company's concepts are absolutely different	Company's concepts is partially unique with some differences from the others	Company's concept is standard and there is nothing unique.
Price sensitivity	The customer is not sensitive to prices	The customer is partially sensitive to prices	Customer is absolutely sensitive to price changes
Customers that are not satisfied with the existent service/product/concept quality	Absolute satisfaction	Partial satisfaction	No satisfaction with the product that is offered by the company
Total		7	

4 – Low power of customers

5-8 – Medium power of customers

9-12 – High power of customers

Power of Suppliers

Parameter Evaluation	1	2
Number of Suppliers	Wide choice of suppliers	Small choice of suppliers(monopoly)
Limited supplier resources	Unlimited amount	Limited amount
Supplier changing costs	Low costs	High costs
Direction priority for the supplier	High priority	Low priority
Total		4

4 – Low power of suppliers

5-6 – Medium power of suppliers

7-8 – High power of suppliers

Parameter	Evaluation	Description	Strategy
Substitute threats	High	The company partially has standard products and services that are already existing in the market with a strong reputation	To promote unique concept that might be interesting for a customer
Competition within industry	Medium	The company has standard offers based on what people like, but with an exceptional concept what makes it different from the others.	Always monitoring what our competitors' offers are. To work on the development of company's ideas and views. To make the value of the organization high. To increase the uniqueness.
Threats of new entrance	Medium	In general, organization's market is highly competitive and at same time perspective. There are some restrictions from the government that might occur. Additionally, there is a high risk of new players.	Observing the appearance of new players. To make special events with some bonuses, in order to make the relationship between customer and company stronger.
Customer Power	Average	The company believes that potential customers will be interested in the offered services. In addition, it has to be mentioned that there is a risk of losing clients because of raising the prices.	To reward for customer loyalty.
Supplier Power	Low	Suppliers stability	To discuss price cuts

4.13 Financial Plan

4.13.1 Start-up Summary

Table 16: Start-up Summary

Hotel purchase*	65 000 000 CZK
Register of the company	22.500CZK
Reservation System Hotel Time	20.000CZK
Total	65 042 565 CZK

Source: Created by author

*The hotel will be selling with all the furniture, equipment including kitchen equipment, computers, all the necessary equipment for office, reception., in the near future it is planned to repair the hotel.

4.13.2 Staff Cost

Table 17: Staff Cost

Hotel Manager	25.000 CZK
Reservation Agent	20.000 CZK
Housekeeping Supervisor	18.000 CZK
Kitchen Supervisor	14.000CZK
Reception	60.000CZK
Kitchen Staff	21.000 CZK
Housekeeping Staff	43.200CZK
Repairman	15.000CZK
Total	216.200 CZK

Source: Created by author

4.13.3 Fixed Cost

Table 18: Fixed Cost

Internet	2000CZK
Telephone	1500CZK
TV	1250CZK
Reception expenses	10.000CZK
Kitchen expenses	50.000CZK
Houskeeping Expenses	15.000CZK
Pradlo	20.000CZK

MiniBar Expenses	5.000CZK
Total	104 750 CZK

Source: Created by author

4.13.4 Variable Expenses

Table 19: Variable Cost

Water	70 CZK/m3
Light	1kWh/5,20CZK
Head	4 CZK/1m2

Source: created by author

4.13.5 Sales Forecast

01.01.2018-31.01.2018			01.09.2018-15.10.2018		
DBL Standard	2000CZK	Average Price: 2,325 euro	DBL Standard	2100 CZK	Average Price: 2,275 CZK
DBL Comfort	2300CZK		DBL Comfort	2200CZK	
Honeymoon	2600CZK		Honeymoon	2500CZK	
TRPL	2400CZK		TRP	2300CZK	
1.02.2018-30.03.2018			15.10.2018-30.11.2018		
DBL Standard	1900CZK	Average Price: 2,125 CZK	DBL Standard	1800 CZK	Average Price: 2,075 CZK
DBL Comfort	2100CZK		DBL Comfort	2000CZK	
Honeymoon	2300CZK		Honeymoon	2200CZK	
TRPL	2200CZK		TRPL	2100CZK	
1.04.2018-31.08.2018			1.12.2018-31.12.2018		
DBL Standard	2200CZK	Average Price: 2,425	DBL Standard	2200CZK	Average Price: 2,425 CZK
DBL Comfort	2400CZK		DBL Comfort	2400CZK	
Honeymoon	2600CZK		Honeymoon	2600CZK	
TRPL	2500CZK		TRPL	2500CZK	

Total Average Price: 2,275

Months	Occupancy	Parking	Transportation	Baby Coat/Extra bed
January	90%	69	15	7
February	70%	52	7	5

March	75%	57	10	5
April	80%	62	10	6
May	90%	69	15	7
June	99%	76	30	8
July	99%	76	30	8
August	99%	76	30	8
September	95%	73	25	7
October	80%	62	10	6
November	70%	52	7	5
December	99%	76	30	8

*2-3 people need the parking per day, therefore the average needs is $2+3/2=2,5$.

$2,5*31=77,5$ and them to multiply by occupancy * 0,9=69,75

	Accommodation	Parking	Transportation	Baby/Extra Bed	Total
January	2 027 025 CZK	8 280 CZK	3 750 CZK	1 820 CZK	2 040 875 CZK
February	1 576 574 CZK	6 240 CZK	1 750 CZK	1 300 CZK	1 585 864 CZK
March	1 689 187 CZK	6 840 CZK	2 500 CZK	1 300 CZK	1 693 671 CZK
April	1 801 800 CZK	7 440 CZK	2 500 CZK	1 560 CZK	1 813 300 CZK
May	2 027 025 CZK	8 280 CZK	3 750 CZK	1 820 CZK	2 040 875 CZK
June	2 229 727 CZK	9 120 CZK	7 500 CZK	2 080 CZK	2 246 347 CZK
July	2 229 727 CZK	9 120 CZK	7 500 CZK	2 080 CZK	2 246 347 CZK
August	2 229 727 CZK	9 120 CZK	7 500 CZK	2 080 CZK	2 246 347 CZK
September	2 139 637 CZK	8 760 CZK	6 250 CZK	1 820 CZK	2 156 467 CZK
October	1 801 800 CZK	7 440 CZK	2 500 CZK	1 560 CZK	1 813 300 CZK

November	1 576 574 CZK	6 240 CZK	1 750 CZK	1 300 CZK	1 585 864 CZK
December	2 229 727 CZK	9 120 CZK	7 500 CZK	2 080 CZK	2 248 427 CZK
Total	23 558 530 CZK	96 000 CZK	54 750 CZK	20 800 CZK	23 730 080 CZK

4.13.6 Cash Flow Statement

Table 20: Cash Flow Statement

	January	February	March	April	May	June
Total Revenue	2 040 875 CZK	1 585 864 CZK	1 693 671 CZK	1 813 300 CZK	2 040 875 CZK	2 246 347 CZK
Fixed Cost	104 750 CZK	104 750 CZK	104 750 CZK	104 750 CZK	104 750 CZK	104 750 CZK
Staff Cost	216 200 CZK	216 200 CZK	216 200 CZK	216 200 CZK	216 200 CZK	216 200 CZK
Variable Cost	153 287 CZK	119 223 CZK	68 339 CZK	72 895 CZK	82 007 CZK	87 474 CZK
VAT Tax	387 766 CZK	301 314 CZK	311 537 CZK	344 527 CZK	387 766 CZK	426 805 CZK
Cash Flow	1 178 872 CZK	844 377 CZK	992 845 CZK	1 074 928 CZK	1 250 152 CZK	1 411 118 CZK

	July	August	September	October	November	December	Total
Total Revenue	2 246 347 CZK	2 246 347 CZK	2 156 467 CZK	1 813 300 CZK	1 585 863 CZK	2 246 347 CZK	
Fixed Cost	104 750 CZK	104 750 CZK	104 750 CZK	104 750 CZK	104 750 CZK	104 750 CZK	
Staff Cost	216 200 CZK	216 200 CZK	216 200 CZK	216 200 CZK	216 200 CZK	216 200 CZK	
Variable Cost	87 474 CZK	87 474 CZK	86 563 CZK	72 895 CZK	119 223 CZK	168 615 CZK	

VAT Tax	426 805 CZK	426 805 CZK	409 728 CZK	344 527 CZK	301 313 CZK	426 805 CZK	
Cash Flow	1 411 718 CZK	1 411 718 CZK	1 340 226 CZK	1 074 928 CZK	844 377 CZK	1 411 718 CZk	14 246 977 - 15%(income tax)= 12 109 331 CZK

4.13.7 Break-even Analysis

Break-even point analysis

Total Fixed Cost	320 950 CZK
Price Per Unit	2 275 CZK
Variable Cost	79,2 CZK
Break-even point	146, 16

The Break-even Analysis shows that the hotel need to sell 146 rooms at the 1 month to avoid the loss , and the profit will be 0.

4.14 Strategies of development.

The King Charles Boutique hotel is always willing to be better and improve on one hand the services that are provided, on the other hand to expand with some additional services. It is extremely important for any business to set goals in order to make more profit. The company has to work on the things that make hotel more attractive to tourists. For this reason, the company wants open a wellness centre with swimming pool and sauna, fitness centre and restaurant. Once hotel achieves these goals, it will raise the reputation of the venture and will create more comfortabilities for visitors and others.

Wellness centre with sauna and swimming pool. Hotel management believes that having these three things in the hotel can easily attract customers to choose the company but not the others. Just to imagine, that there will be a package, which includes 2 hours in a wellness centre, this could be probably a reasonable purpose to choose exactly our venture. It will help the guests to have a relaxation after a difficult day in the city. Spending some time in a sauna clearing the body off tocsins then go immediately to a swimming pool. This what people like and they want to do this. That is why it a good decision to have wellness centre in the hotel as it will attract more and more people.

Restaurant. Many visitors are facing with a common problem when it is late evening and customers want to have a dinner. The thing is that some people don't want to go outside of the hotel, don't want to spend their time on searching a restaurant, usually these people want to find something fast without going anywhere. Due to this fact, the organization wants to offer to their customers a restaurant in the basement of hotel. This will make their stay in another country easier, as they do not have to find a place to eat in the late evening.

5. Conclusion

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

A 4-star King Charles Boutique Residence 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 Residence 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.

Hotel will start using hierarchical organizational structure with hotel manager, reservation agent, housekeeping supervisor, kitchen supervisor, reception team, technician, kitchen staff and housekeeping staff.

Marketing Mix shows prices conducted by analysing Czech tourism market, booking.com and owners expectations. Promotion plan will mostly be oriented on online marketing (web-site, booking.com, social media), since an organization is mostly oriented on foreigners.

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.

List of References

1. www.statista.com. (2018). *The Statistical Portal*. [online] Available at: <https://www.statista.com/topics/962/global-tourism/> [Accessed 2018]
2. Andrews, S. (2007). *Introduction to tourism and hospitality industry*. New Delhi: Tata McGraw-Hill. [online] Available at: <https://books.google.ru/>
3. Hayward Marvell and Reynolds (2005). *Travel and Tourism*. Available at: <https://books.google.ru/>
4. Lall, M. and Sahai, S. (2008). *Entrepreneurship*. New Delhi, India: Excel Books. Available at: <https://books.google.ru/>
5. Berry, T. (2005). *Hurdle: The Book on Business Planning*. Eugene, OR: Palo Alto Software. Available at: <https://books.google.ru/>
6. Pinson, L. (2008). *Anatomy of a business plan*. Warriewood, N.S.W.: Woodslane Press. Available at: <https://books.google.ru/>
7. Covello, J. and Hazelgren, B. (2006). *The complete book of business plans*. Naperville, Ill.: Sourcebooks. Available at: <https://books.google.ru/>
8. University of Minnesota (2015). *Principles of Marketing*. Libraries Publishing. Available at: <http://open.lib.umn.edu/principlesmarketing/>
9. Entrepreneur. (2018). *Competitive Analysis*. [online] Available at: <https://www.entrepreneur.com/article/25756>
10. Finch, B. (2001). *How to Write a Business Plan*. Available at: <https://books.google.ru/>
11. Stone, M. and Desmond, J. (2007). *Fundamentals of marketing*. London: Routledge.
12. Berry, T. (2005). *Hurdle: The Book on Business Planning*. Eugene, OR: Palo Alto Software. Available at: <https://books.google.ru/>
13. Alhabeeb, M. (1994). *Entrepreneurial finance*. John Wiley & Sons Inc. Available at: <https://books.google.ru/>

14. World Economic Forum. (2018). *The world's 10 biggest economies in 2017*. [online] Available at: <https://www.weforum.org/agenda/2017/03/worlds-biggest-economies-in-2017/> (pp.30)
15. *Unemployment - Unemployment rate - OECD Data*. [online] Available at: <https://data.oecd.org/unemp/unemployment-rate.htm>
16. *Ubytování v Praze | King Charles Boutique Residence Praha*. [online] Kingcharles.cz. Available at: <http://www.kingcharles.cz/>
17. Schilit, W.(1987) Schilit, W. (1987). *How to write a winning business plan*. *Business Horizons*, 30(5), pp.13-22.
18. Abrams, R. (n.d.). *Successful business plan secrets & strategies*.

List of Tables

1. Table 1: Types of Accommodation.....	12
2. Table 2: Types of rooms.....	12
3. Table 3: Pricing Plan.....	13
4. Table 4: Lengths of Stay.....	13
5. Table 5: PEST Analysis.....	19
6. Table 6: Segmentation.....	21
7. Table 7: Product Cost.....	26
8. Table 8: Start-up Expenses.....	29-30
9. Table 9: Classification Of ‘The King Charles Boutique Hotel’	31
10. Table 10: Service of ‘The King Charles Boutique Hotel’	35-36
11. Table 11: Most Visited Countries.....	38
12. Table 12: Average Monthly Salary.....	41
13. Table 13: Competitive Benchmarking.....	42
14. Table 14: SWOT.....	48
15. Table 14: Price.....	49
16. Table 15: Start-up sunnary.....	55
17. Table 17: Staff Costs.....	55
18. Table 18: Fixed Cost.....	55-56
19. Table 19: Variable Cost.....	56
20. Table 20: Cash Flow Statement.....	58

List of Graphs

1. Graph 1: Economic Contribution.....	10
2. Graph 2: Tourist Exoentidure.....	11
3. Graph 3: World’s Biggest Economies.....	43
4. Graph 4: Unemployment Rate.....	44

List of Charts

1. Chart 1: Levels of Managerial Workers.....	28
2. Chart 2: Organizational Structure.....	29
3. Chart 3: Organizational Structure of the Hotel.....	47

List of Pictures

1. Picture 1: Location.....34
2. Picture 2: Website.....50