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BUSINESS PLAN PROPOSAL FOR A COMPANY

NÁVRH PODNIKATELSKÉHO PLÁNU PRO VZNIK A ROZVOJ SPOLEČNOSTI

BACHELOR'S THESIS

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Manimala, Mathew et al. Entrepreneurship and entrepreneurial ecosystems. Springer-Verlag, 2015. ISBN 8132220854.

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Srpová Jitka et al. Podnikatelský plán a strategie. Praha, Grada, 2011. ISBN 978-80-247-4103-1.

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Abstract

The content of this bachelor's thesis is a business plan proposal for an establishment and development of a company. To be more specific a business plan was proposed for an upcoming company named CBDlevnecz, which is specialized in B2B and CBD (Technické konopí) e-commerce shop model. The first part is dedicated to theoretical bases, which include explanations of keyword and topics, that are needed in order to elaborate the practical part of bachelor's thesis. Practical part includes analysis of the current state and own proposal for solution. Methods and tools that are used for analysis are for instance PESTLE analysis or Porter's five forces analysis.

Key words

Enterprise, entrepreneur, entrepreneurship, planning, business plan, PESTLE analysis or Porter's five forces analysis, 4P's, marketing mix, financial plan, risks.

Abstrakt

Obsahem této bakalářské práce je návrh podnikatelského záměru na založení a rozvoj společnosti. Konkrétněji byl navržen podnikatelský plán pro připravovanou společnost s názvem CBDlevnecz, která se specializuje na B2B a CBD (Technické konopí) model e-shopu. První část je věnována teoretickým východiskům, která zahrnují vysvětlení klíčových slov a témat, která jsou potřebná pro vypracování praktické části bakalářské práce. Praktická část obsahuje analýzu současného stavu a vlastní návrh řešení. Metody a nástroje, které jsou pro analýzu použity, jsou například PESTLE analýza nebo Porterova analýza pěti sil.

Klíčová slova

Podnik, podnikatel, podnikání, plánování, podnikatelský plán, PESTLE analýza nebo Porterova analýza pěti sil, 4P's, marketingový mix, finanční plán, rizika.

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I declare that the submitted bachelor's thesis is original and I prepared it independently. I declare that the citation of the sources used is complete, that I have not violated copyright in my work (in the sense of Act No. 121/2000 Coll., on copyright and rights related to copyright).

In

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Signature of the author

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INTRODUCTION

The topic of the bachelor thesis is the design of a business plan for the establishment and development of the company. The aim is to write a business plan for the establishment of an e-shop for the sale of CBD, which will include the concept of CBDlevnecz. The reason for choosing this topic was the fact that within the ESD study program we are trying to develop an idea or a certain vision and to study and start a functioning business. Writing in a structured document can serve as a basis for real business.

The business plan for the establishment of CBD (technical cannabis) probably does not sound very interesting or innovative given its current popularity among young people, so I should straighten things out. CBDlevnecz is not just a shop where you come to buy technical hemp, ointments or drops. A far better description is a large-scale supplier with a retail character who helps Czech retailers supply Czech and organic cannabis.

In the Czech Republic, this company has no analogues, which could lead to questions about whether there is even a demand for it. In order to avoid the possibility that this idea will be copied before the actual implementation and realization, there was interest in such an idea among anonymous acquaintances. Given the fact that I chose the topic for my bachelor thesis, it is obvious that the responses were positive, and the idea was liked.

CBDlevnecz connects the hemp world. We mean of course entrepreneurial spirit and idea, quality technical hemp and also leap of faith into the world of successful and lucrative business.

In addition, technical cannabis is one of the most sought-after commodities bought by hundreds and thousands of people. No wonder, that the margin for CBD product sold in this sector often reaches up to 70% or more. The topic of the bachelor thesis is also the development of a company. CBDlevnecz has two stages of development. In the first phase is the cultivation and processing of CBD (technical hemp) into finished products. The second phase is to create a brand that will act as a B2B supplier.

1. OBJECTIVES OF THE WORK, METHODS AND PROCESSING PROCEDURES

Main objective

The main objective is to create business plan proposal for establishment and development of a company

Sub-Objectives

- Creation of business model
- Analysis of the general and professional environment
- Product definition
- Creating a marketing strategy
- Writing a financial plan
- Processing of risk analysis

Used Methods and processing procedures.

The following methods were used to write the bachelor thesis:

- Study of professional literature and wording of the law.
- Consultation with practitioners,
- Detecting new trends
- Market, competition, and financial analysis.
- Evaluation of individual findings and their consultation.

The work is divided into four different parts. In the first part are the theoretical basis for creation business plan, including current legislation dealing with business issues. After writing a theoretical part of the bachelor thesis, a practical part was prepared on its basis, which contains a specific draft business plan. The parts of this chapter contain a description enterprise, executive summary, and business model. Furthermore, an analysis was created business environment, on the basis of which a marketing mix was

created, which is part of a marketing strategy. The analysis tools were SWOT, PESTLE, Porter's and 4P's analysis. This was followed by the elaboration of a financial plan and risk analysis. All the findings were in the end summarized in the final evaluation.

2. THEORETICAL PART

The theoretical part will explain all the essential aspects of business and all knowledge needed to draw up a business plan.

2.1. Basic terms and definition of entrepreneurship

To better understand the topic of a business plan, it is necessary to understand what the terms business and enterprise mean and how they are defined. The chapter below further describes the ways and objectives of business, types of companies and their division.

2.1.1. Enterprise

An enterprise is an entity that offers goods or services on the market. The characteristic of the company is the effort to satisfy stakeholders, whether it is about making a profit for investors, or satisfaction customer needs.

According to the European Commission Regulation No. 800/2008, an enterprise means any entity performing economic activity, regardless of its legal form. In other words, they can be considered enterprises the self-employed, family businesses, partnerships and associations on a regular basis performing an economic activity. The decisive factor is economic activity, not legal form (Dotace.eu, 2006, p .50).

According to the Civil Code, an enterprise is understood as a set consisting of a tangible component, a personal component, and an intangible component. The tangible components of the company are movable and immovable property, which belongs company. The personal components are both the entrepreneur himself and his personnel structure, as well as employees and their qualification level and other components. The intangible components are rights and other property values, including trade name, trademarks, receivables, client database, but also, for example, reputation.

(Dědič, Lasák, 2009, p. 173).

2.1.2. Division of enterprises

We can say that every business is unique in its own way. To identify competition and possible benchmarking are divided into different categories according to the grouping

of homogeneous activities on appropriate classification level. It is therefore possible to divide companies according to size, focus, legal form, and other criteria. For the purposes of the bachelor's thesis, the basic divisions that we can follow are listed below.

2.1.3. Manufacturing + non-manufacturing enterprises

One of the first possible divisions of companies is in terms of whether they are engaged in manufacturing or non-manufacturing activities. To understand the difference between these companies, it is necessary to define production. Production is an activity at which transforms inputs into outputs using production resources and production technologies. Resources are materials or semi-finished products that are converted into outputs by the production process, in other words, goods and services. The main activity of manufacturing companies is the sale of their manufactured estates.

Manufacturing companies can focus on several types of production, which are:

- Mass production - Production of a small number of products in bulk predominates amount.
- Piece production - Each product is different and requires a separate one production.
- Mass production - Production of a certain number of products in series or time intervals.

In mass and serial production, the division of labour and standardization of production processes and steps is typical. Often companies based on this type of production use a high degree of mechanization and process automation. In the case of piece production, a high degree of employee qualification and inefficient use of the potential of production facilities often arises.

Non-manufacturing companies direct their activities to other areas of business, and most of them do on offering services.

Non-manufacturing enterprises are enterprises:

- Mercantile
- Financial
- Service companies
- Transport companies
- Other

2.1.4. Division of enterprises by size

The size of a company can be determined by many different quantitative variables, including the size of the profit, sales, production volume and market share. According to size, companies are divided into Act No. 47/2002 on the support of small and medium-sized enterprises business. In addition to the criteria for the number of employees, the size of assets and net turnover are also listed here. Business division according to Act 47/2002 on the support of small and medium-sized enterprises:

Table 1: Division of enterprises according to Act 47/2002

(Source: Own processing according to: Act 47/2002)

	Number of employees	Asset Size	Net turnover
Medium business	Less than 250	They do not exceed 980 mil.	It does not exceed CZK 1.45 billion
Small business	Less than 50	They do not exceed 180 mil.	It does not exceed CZK 250 million
Micro business	Less than 10	They do not exceed 180 mil.	It does not exceed CZK 250 million

The conditions stating the size of the assets and the size of the net turnover may not be met at the same time. Enough, to meet only one of them. The condition for a small and medium-sized entrepreneur is an independent enterprise, i.e., no one or more persons together have at least a 25% share in its share capital or its voting rights. (Act on the Support of Small and Medium-Sized Enterprises, 2002, No. 47).

2.1.5. Division of enterprises according to EU legal form

The reason for the creation of rules for the identification of small and medium - sized enterprises by the European Commission in area of economic growth is the support of these enterprises in the field of raising capital, providing access to technologies and innovations to which they would not be able to access or be provided without assistance. SMEs have access to R&D, thanks to specific European provisions a commission that allows universities and non-profit research centers to contribute financially to their support. In return, companies provide the opportunity for their innovative application work and technology.

The creation of a common definition has improved coherence and efficiency and reduced distortions of competition in the European and international markets.

Micro, small and medium-sized enterprises represent 99% of companies in the EU. They provide an enormous and key role as a source of employment and entrepreneurial skills. The whole European union which constitutes of 28 member states and provides 23 million SMEs. Together, these SMEs create around 75 million jobs.

2.1.6. Division of enterprises according to the legal form

In the Czech Republic, the division of persons into legal and natural persons is similar to other countries. Legal persons are recognized by law as separate entities from their members and can own property, enter into contracts, and sue and be sued. Examples of legal persons in the Czech Republic include corporations, partnerships, and associations. These entities have their own legal personality and are subject to specific regulations and rules. Natural persons, on the other hand, are individuals who have legal rights and obligations by virtue of being human. They can enter into contracts, own property, and engage in various legal activities. In the Czech Republic, natural persons are also subject to various legal protections, such as labour laws and consumer protection laws. The distinction between legal persons and natural persons is important in the Czech Republic's legal system as it helps to define the rights and responsibilities of each entity and ensures that the legal system is able to properly regulate and govern various types of entities (Collection of Acts No. 90 / 2012, p. 1390).

2.1.6.1. Limited Liability Company (Společnost s ručením omezením)

A limited liability company (LLC) is a popular legal form for small and medium-sized businesses that provides its shareholders with limited liability protection. The minimum capital requirement for an LLC is 1 CZK, and the company must have at least one shareholder and one director. The primary advantage of an LLC is that the personal assets of shareholders are protected in the event of the company's debts or obligations. Shareholders' liability is limited to the amount of their capital contribution, and they are not personally liable for the company's debts or obligations beyond that initial investment. LLCs are governed by specific legal regulations, which may vary depending on the jurisdiction in which they are established. In addition to providing limited liability protection, LLCs are flexible legal forms, allowing shareholders to distribute profits proportionally to their capital contributions or allocate profits in a different manner through shareholder agreements. The LLC is a convenient and cost-effective legal form for entrepreneurs looking to establish a business with limited liability protection.

(Collection of Acts No. 90 / 2012, p. 1390).

2.1.6.2. Joint Stock Company (Akciová společnost)

A joint stock company (JSC) is a type of corporation in which the ownership is divided into shares, and shareholders have limited liability for the company's debts or obligations. Unlike a limited liability company, there is no limit on the number of shareholders in a JSC, and shares can be bought and sold freely on the stock market. The minimum capital requirement for a JSC is an important aspect of this legal form. In the Czech Republic, the minimum capital requirement for a JSC is CZK 2 million. This minimum capital requirement must be paid in cash or in kind, such as property or services, and must be fully paid up before the company can be registered. The minimum capital requirement serves as a guarantee of the company's solvency and ability to meet its obligations. The JSC is a suitable legal form for businesses with a large number of shareholders, as it provides a way to raise capital through the sale of shares on the stock market. However, the higher minimum capital requirement and the complexity and cost

associated with the establishment and maintenance of a JSC may make it less attractive for small and medium-sized businesses.

The company's bodies are (Collection of Laws No. 90 / 2012, p. 1407).

2.1.6.3. Unlimited Partnership (Veřejná obchodní společnost)

An unlimited partnership is a type of business structure in which two or more individuals operate a business together as co-owners. In an unlimited partnership, each partner is fully responsible for the partnership's debts and obligations, and the partners have unlimited liability for the actions of the business. This means that if the business incurs any debts or liabilities, the partners are personally responsible for paying them. In the Czech Republic, there is no minimum capital requirement for an unlimited partnership. The partners contribute to the business with their own resources, such as money, property, or services, and the partnership can be established without a specific amount of capital. An unlimited partnership is relatively easy and inexpensive to set up, as there are no complex legal procedures or minimum capital requirements. However, the unlimited liability of the partners means that they could potentially lose their personal assets if the partnership is unable to meet its obligations. Therefore, an unlimited partnership may be suitable for small and simple businesses that do not require large amounts of capital or involve significant risks.

The highest organ of an unlimited partnership is composed of all partners in the partnership and is responsible for making major decisions regarding the partnership. The partners' meeting approves the partnership's annual financial statements, elects and dismisses partners, decides on the distribution of profits and losses, and approves major transactions or changes to the partnership agreement. The decisions of the partners' meeting are usually made by a simple majority of the partners' votes, unless the partnership agreement stipulates a different majority requirement.

2.1.6.4. Limited Partnership (Komanditní společnost)

A limited partnership (komanditní společnost, abbreviated as k.s.) in the Czech Republic is a business structure that requires at least one general partner and at least one limited partner. The general partner has unlimited liability for the partnership's debts and obligations, while the limited partner's liability is limited to the amount of capital they

have contributed. The general partner manages the partnership and has the power to make decisions, while the limited partner has limited rights and obligations and is not involved in the management. The partnership agreement sets out the terms and conditions, including the rights and obligations of the partners, capital contributions, profit distribution, and decision-making procedures. Limited partnerships are subject to taxation and must register with the Commercial Register (Collection of Acts No. 90/2012, p. 1388).

2.1.6.5. Cooperative (Družstvo)

In the Czech Republic, a cooperative (družstvo) is a type of business structure that requires a minimum of three members to be formed. The members can be either individuals or legal entities, and they must share a common economic, social, or cultural goal. The members of the cooperative have equal voting rights, regardless of the number of shares they hold. The cooperative is owned and governed by its members, who each have an equal say in the decision-making process. The cooperative's profits are distributed among the members based on their participation or contribution to the cooperative's activities. The formation and operation of cooperatives are governed by the Cooperatives Act, which sets out the legal requirements for their organization and management.

2.1.7. Business of natural persons

In the Czech Republic, a Business of Natural Persons is a simple and popular business structure where an individual conducts business activities under their own name or trade name without creating a separate legal entity. To operate legally, the individual must obtain a trade license from the Trade Licensing Office, specifying the type of business activity authorized. The owner is personally liable for any debts and obligations incurred by the business, which is responsible for taxes and other obligations arising from its activities. The business can hire employees and is subject to labor regulations. The owner can also be a member of other legal entities and carry out other business activities in addition to their own business.

2.1.7.1. Types of business trades

The Trade Licensing Act in the Czech Republic divides trades into two categories based on professional qualifications: those that require only notification and those that

require a license. Trades that require only notification do not require any specific qualifications or certifications, while trades that require a license are subject to specific qualifications and individuals must obtain a license before starting operations. This ensures that individuals engaged in certain trades have the necessary qualifications and expertise to provide high-quality goods and services to the public.

In the Czech Republic, some business trades only require notification to the relevant authorities, rather than obtaining a license or certification. These trades are considered low-risk and have a lower potential impact on public health or safety. Examples of these trades include retail sales, hairdressing, cleaning services, and photography services. Individuals engaging in these trades must simply notify the relevant authorities and comply with any relevant legal obligations, such as tax reporting and bookkeeping requirements. It is important to note that some trades may be subject to specific regulations or licensing requirements despite being categorized as notifiable, so individuals should check the requirements for their specific trade.

2.2. Entrepreneur

In the Czech Republic, an entrepreneur is defined by the Business Corporations Act as a natural or legal person who carries out business activities on their own account and at their own risk with the aim of making a profit.

The definition of an entrepreneur is broad and includes individuals who engage in commercial, manufacturing, agricultural, or service activities. It also encompasses those who establish and manage a business, as well as those who perform freelance work.

According to Czech law, an entrepreneur is required to register their business with the Commercial Register and obtain all necessary permits and licenses to conduct their activities legally. This legal definition of an entrepreneur in the Czech Republic provides a framework for regulating and supporting entrepreneurship in the country.

"Who independently carries out gainful business activities on their own account and responsibility or in a similar manner with the intention of doing so consistently for the purpose of making a profit, is considered an entrepreneur with regard to this activity." (Civil Code No. 89/2012, 2012).

2.2.1. Characterization and attributes of an entrepreneur

Entrepreneurship is a dynamic and evolving field that requires individuals to possess a unique set of personal and professional attributes. Here are some of the characteristics and attributes of a successful entrepreneur: (Bortz for Monster.com, 2021):

- willingness to take calculated risks;
- ability to innovate and adapt to changing market conditions;
- self-motivated, creative, and possessing strong leadership skills;
- visionary and driven to achieve their goals;
- resilient and able to learn from failures and setbacks;
- excellent communication skills and adept at building relationships;
- deep understanding of their industry and market;
- able to identify opportunities and anticipate trends;
- willing to work tirelessly to achieve success.

Cultivating these traits is essential for aspiring entrepreneurs, as they will help them navigate the challenges and uncertainties of starting and growing a successful business. By embodying these characteristics, entrepreneurs can overcome obstacles and achieve their entrepreneurial goals.

2.3. Entrepreneurship

According to § 420, paragraph 1 of Act No. 89/2012 Coll., of the Civil Code, business means continuous activity carried out independently under one's own name and on one's own responsibility, for the purpose of making a profit. This is an activity performed by an entrepreneur.

According to the economic definition, business is: “The process of creating value through spending the necessary time and effort, taking financial, psychological, and social risks, and obtaining the resulting reward in the form of monetary and personal satisfaction.”(Hisrich, Peters, 1996, p. 501).

2.3.1. Objectives of entrepreneurship

Entrepreneurship is defined as carrying out business on one's own account and at one's own risk with the aim of making a profit. The objectives and goals of entrepreneurship include creating value, promoting innovation and technological progress, generating profits, creating employment opportunities, and diversifying the economy. These objectives and goals highlight the critical role that entrepreneurship plays in the Czech Republic's economic and social development, contributing to the country's growth and competitiveness in the global economy.

The vision of a company is a statement that outlines its long-term goals and direction, providing a sense of purpose for employees, customers, and stakeholders. Making money is a key goal that a company's vision can include, as it enables the company to sustain its operations, invest in growth, and generate returns for investors. However, a company's vision should not be solely focused on making money, as this can lead to short-term thinking and unethical practices.

A company's vision should include a broader perspective that considers its impact on society and the environment, while also ensuring financial success. In conclusion, the vision of a company should aim to balance the goal of making money with a broader perspective that considers its impact on society and the environment, providing a clear direction for the company's long-term growth and success.

The SMART method is a goal-setting framework that helps companies to create goals that are:

- **Specific:** clearly defined and focused on a specific outcome
- **Measurable:** able to be quantified and tracked
- **Achievable:** realistic and attainable given the company's resources and constraints
- **Relevant:** aligned with the company's mission, values, and long-term objectives
- **Time-bound:** have a specific deadline or timeline for completion.

Using the SMART method for company goal planning can help businesses to set clear and effective goals that are more likely to be achieved, while also providing a framework for tracking and evaluating progress.

2.4.Planning

Planning in business refers to the process of setting goals, identifying actions to achieve those goals, and allocating resources to accomplish the desired outcomes. It is a crucial function that helps businesses to establish a roadmap for success, anticipate and manage risks, and adapt to changing market conditions.

Effective planning requires a thorough understanding of the internal and external factors that can impact business operations. Therefore, businesses need to engage in a continuous planning process that involves regular assessment of performance against objectives and adjusting plans accordingly.

2.4.1. Types and varieties of plans

When it comes to achieving goals and objectives, planning is essential. There are different types and varieties of plans that organizations can use depending on their needs and goals. These plans include strategic, tactical, and operational plans.

Strategic plans:

- Focus on the long-term goals of an organization.
- Analyse the organization's mission, vision, and values.
- Identify opportunities and challenges in the external environment.
- Outline the overall direction and strategy of the organization.
- Allocate resources to achieve long-term goals.
- Provide a framework for decision-making and resource allocation.
- Typically cover a period of 3-5 years.

Tactical plans:

- Focus on the implementation of the strategic plan.
- Break down the strategic goals into actionable steps.
- Identify the resources required to achieve tactical goals.

- Developed for a specific department or functional area of the organization.
- Include timelines, budgets, and performance indicators.
- Typically cover a period of 1-2 years.

Operational plans:

- Focus on the day-to-day activities required to achieve tactical plans.
- Identify specific tasks, assign responsibilities, and set timelines for completion.
- Developed by front-line managers and employees.
- Often updated frequently to reflect changing circumstances.
- Typically cover a period of one year or less.

By using these different types of plans, organizations can ensure that they are taking a systematic and strategic approach to achieving their goals, while also allowing for flexibility and adaptability in the face of changing circumstances. Each type of plan serves a specific purpose and helps to ensure that everyone in the organization is working towards a common goal.

2.4.2. Time planning

Effective time planning and management are crucial components of running a successful business. In the fast-paced and dynamic environment of the business world, effective time management can mean the difference between success and failure. Business owners and managers must balance competing demands on their time, from managing employees and serving customers to strategic planning and financial management.

2.5. Mission and Vision

The mission and vision are key elements of a company's overall strategic plan, providing guidance and direction for the organization.

The mission statement communicates the company's purpose and fundamental goals, including what products or services it provides, who its target customers are, and how it plans to achieve its objectives.

The vision statement, on the other hand, outlines the company's long-term aspirations and what it hopes to achieve in the future. The vision statement serves as a source of

inspiration for employees and stakeholders, driving the organization's growth and innovation.

Both the mission and vision statements should be clear, concise, and aligned with the company's values and objectives. A well-crafted mission and vision can provide a strong foundation for decision-making and help to ensure that all activities and initiatives are in line with the company's overall strategic plan.

2.6. Business plan

Time planning and time management are fundamental concepts in the business world. Time planning involves the process of organizing and scheduling activities, tasks, and events to make the best use of the available time. Effective time management, on the other hand, involves the ability to prioritize tasks, delegate responsibilities, and use time efficiently to achieve specific goals. In today's fast-paced business environment, where businesses face stiff competition and changing market demands, time planning and time management skills have become increasingly important. Business owners, managers, and employees must be adept at managing their time to increase productivity, meet deadlines, and achieve business objectives. By implementing effective time planning and management strategies, businesses can improve their efficiency, reduce costs, and ultimately increase profitability.

There are numerous tools and techniques available to help individuals and businesses manage their time effectively. Some popular time management tools include to-do lists, calendars, scheduling apps, project management software, time-tracking tools, and productivity apps. These tools can help users prioritize tasks, schedule appointments and meetings, set reminders and notifications, track progress, and identify areas where time can be saved or optimized. Additionally, techniques such as the Pomodoro technique, which involves working in focused, timed intervals, and the Eisenhower matrix, which helps prioritize tasks based on urgency and importance, can also be effective time management tools.

Business plan should include:

Introduction and Summary: Concise overview of the main points and goals of the business.

Business Description: Detailed description of the company, including its history, legal form, products or services, market, and target customers.

Market Analysis: Market study, including analysis of competition, trends, and demand for products or services.

Organizational Structure and Management: Information about the company's structure, roles of key team members, and ownership structure.

Product or Services: Detailed description of the offered products or services, their advantages, and uniqueness.

Marketing Plan: Plan for promotion and customer acquisition, including market analysis, customer segmentation, pricing strategy, and distribution.

Financial Plan: Forecast of financial results, including revenues, costs, investments, profitability, and cash flow. It also includes financing plan and returns for investors.

Operational Plan: Description of company operations, production process, supply chain, technology, and infrastructure.

Risk Analysis: Identification and evaluation of risks associated with the business, including competitive environment, legal regulations, and financial risks.

Implementation Plan: Plan for implementing the set goals and strategies, including a timeline, responsibilities, and key milestones.

Evaluation and Control: Methods for monitoring and evaluating the company's performance, including planned revisions and improvement measures.

2.6.1. Porter's five forces analysis

Porter's Five Forces Analysis is a framework for assessing the competitive environment of an industry. The framework was developed by Michael Porter in 1979 and has since been widely used in strategic management and marketing.

The analysis considers five key forces that influence the level of competition within an industry: the threat of new entrants, the bargaining power of buyers, the bargaining power of suppliers, the threat of substitute products or services, and the intensity of competitive rivalry. The Five Forces analysis helps companies to understand the competitive forces at play in their industry, identify potential opportunities and threats, and develop strategies to enhance their competitiveness.

By analysing each of the five forces, companies can identify the key factors that are driving competition within their industry and develop strategies to respond to these forces. As such, Porter's Five Forces Analysis is a valuable tool for businesses seeking to achieve sustainable competitive advantage in their markets.

Threat of New Entrants: Examples of factors that can increase the threat of new entrants include low barriers to entry such as easy access to technology or raw materials, low start-up costs, and weak brand loyalty. An example of an industry with a high threat of new entrants is the fast-food industry.

Bargaining Power of Buyers: Examples of factors that can increase the bargaining power of buyers include the availability of alternative products or services, low switching costs, and high price sensitivity. An example of an industry with high bargaining power of buyers is the airline industry.

Bargaining Power of Suppliers: Examples of factors that can increase the bargaining power of suppliers include limited supply of key inputs, high switching costs, and strong brand reputation. An example of an industry with high bargaining power of suppliers is the pharmaceutical industry.

Threat of Substitute Products or Services: Examples of factors that can increase the threat of substitute products or services include the availability of close substitutes, low switching costs, and low brand loyalty. An example of an industry with high threat of substitute products or services is the music industry.

Intensity of Competitive Rivalry: Examples of factors that can increase the intensity of competitive rivalry include high number of competitors, low product differentiation, and high fixed costs. An example of an industry with high intensity of competitive rivalry is the smartphone industry.

2.6.2. PESTLE analysis

Pestle analysis is a strategic tool used by businesses and organizations to assess the external macro-environmental factors that may impact their operations. The acronym "PESTLE" stands for Political, Economic, Social, Technological, Legal, and Environmental factors. Each of these factors plays a significant role in shaping the market conditions in which a business operates.

It is important to define each of these key factors and explain how they can impact the organization's operations. By analysing these factors, organizations can develop a better understanding of the external environment and make informed decisions to stay competitive and achieve their goals.

Political Factors

These refer to the impact of government policies and regulations on the business environment. Political factors can include issues such as taxation policies, trade regulations, and government stability. For example, changes in taxation policies can affect a company's profitability, while unstable government regimes can lead to changes in regulations and instability in the business environment.

Economic Factors: These refer to the economic conditions in which the business operates. Economic factors can include issues such as inflation rates, interest rates, and economic growth. For example, inflation rates can affect the prices of goods and services, while economic growth can lead to increased demand for products and services.

Social Factors

These refer to the cultural and social trends that influence the business environment. Social factors can include issues such as demographic trends, consumer behaviour, and social values. For example, changes in demographics can lead to changes in consumer preferences and behaviour, while shifts in social values can affect the way products and services are marketed.

Technological Factors

These refer to the impact of technological advancements on the business environment. Technological factors can include issues such as automation, the internet,

and mobile technology. For example, advancements in automation can lead to changes in production processes and the need for new skills and training, while the rise of mobile technology can lead to new opportunities for marketing and customer engagement.

Legal Factors

These refer to the impact of legal regulations and requirements on the business environment. Legal factors can include issues such as labour laws, intellectual property rights, and product safety regulations. For example, changes in labour laws can affect a company's hiring and employment practices, while product safety regulations can affect the way products are designed, manufactured, and marketed.

Environmental Factors

These refer to the impact of environmental issues and sustainability on the business environment. Environmental factors can include issues such as climate change, pollution, and waste management. For example, concerns about climate change can lead to increased demand for sustainable products and services, while new regulations on waste management can affect a company's supply chain and operations.

2.7. Marketing plan

A marketing plan is a crucial component of any business strategy, and it plays a vital role in the success of the organization. Marketing plan should be thoroughly analysed and evaluated to determine its effectiveness in achieving the company's goals and objectives. The marketing plan outlines the strategies and tactics that will be used to promote and sell the organization's products or services.

The plan should include a detailed analysis of the target market, competitors, and the overall marketing environment. It should also specify the marketing budget, timeline, and performance metrics, and provide recommendations for improvements to the marketing plan based on the findings and analysis.

2.7.1. Marketing strategy

The marketing strategy is developed based on the overall business strategy, with strategic plans typically created for a period of several years. In the case of a new business, there is considerable uncertainty, and there is a high probability of deviation

from the long-term plan. Within the first few years, the marketing goals are focused on acquiring new customers and building brand awareness.

2.7.2. 4P analysis

The 4P analysis is a popular marketing framework used to evaluate and develop a company's marketing mix. The 4Ps stand for product, price, promotion, and place, and each element represents a key component of the overall marketing strategy.

The product component refers to the physical or digital product or service being offered by the company, including its features, design, and packaging.

The price component involves determining the appropriate pricing strategy that takes into account factors such as competition, costs, and target market.

Promotion includes all activities related to marketing and advertising, such as public relations, sales promotions, and social media marketing.

Finally, place refers to the distribution channels used to make the product available to customers, including online, in-store, or through third-party retailers. The 4P analysis is a useful tool for businesses to ensure that they are considering all aspects of their marketing strategy and making informed decisions about how to allocate resources to achieve their objectives.

2.8. Financial plan

Any business plan must include a financial plan that outlines the company's financial objectives and methods for achieving them. Over a predetermined time period, typically three to five years, projections for revenue, expenses, and profits are included in the financial plan.

It also includes a look at the assets, liabilities, and equity of the business as a whole. The company's financial performance may be affected by market conditions, competition, and regulatory requirements, all of which should be taken into consideration in the financial plan. A cash flow analysis should also be included in the financial plan to make sure that the business has enough cash on hand to cover its operating costs and need for capital.

When evaluating the company's potential for growth and profitability, investors, lenders, and other stakeholders rely heavily on the financial plan. To ensure that the business is on track to meet its financial objectives and to guide its financial decisions, a well-crafted financial plan is essential.

2.9. Management organisation and personnel strategy

Human capital is a crucial resource. The assumption is that hiring employees is required due to the nature of the business and its size. Otherwise, the staffing strategy is a possibility for the company's future growth.

Information about the owner or owners, including their qualifications and experience, makes up the management organization. It is appropriate to provide a graphical representation of the organizational structure with individual competences even if no additional human capital is utilized. Assuming the design is more perplexing, it is important to the expected capabilities and abilities of every part and the enrolment technique the enlistment methodology.

3. ANALYTICAL PART

A proposal for a business plan for the establishment of a company called CBDLEVNECZ was included in the analytical portion of the bachelor's thesis.

Technical hemp and CBD are gaining popularity not only in the Czech Republic but all over the world.

The company intends to establish a CBD-infused online B2B e-commerce store that will supply local Czech CBD stores with high-quality organic products. The business model, financial plans, and branding are all outlined in the business plan.

The document contains a substantial section on environmental analysis and marketing strategy, organizational and personal strategy, equipment and manufacturing strategy and lastly creation of e-shop with an evaluation of the break-even point and an analysis of costs and sales for the company's first year are included in the financial section. Risk management and analysis are covered in the final section.

3.1. Title page

BUSINESS PLAN PROPOSAL FOR ESTABLISHMENT AND DEVELOPMENT OF A COMPANY

CBD LEVNE.CZ

Image 1: Logo
(Source: Own processing)

3.2. Concluding summary

My business plan calls for setting up an online CBD wholesale shop that will sell high-quality, organic CBD buds.

CBD shops have been acquiring prominence as of late all over the world. Brno, the second-largest city in the Czech Republic, follows the trends as well. Cannabidiol, or CBD, is a compound found in cannabis plants that is thought to have numerous health benefits, such as easing anxiety, decreasing pain, and enhancing sleep and many more.

CBD products come in many forms, including oils, capsules, gummies, creams, and more. CBDLEVNECZ will concentrate on raw CBD buds, which can be used to make the previously mentioned CBD products as well as for smoking.

We followed modern trends, so our primary focus is on the domestically grown, organic, and laboratory-certified CBD. Thus, we can supply high-quality goods to CBD shops, stores, and vendors operating on the B2C market by creating an environment for them.

The business will be run based on a craft trade, which means that it will produce, trade, and provide services in areas that aren't covered by licensed, bonded, or craft trades or any other activity in the company's entire concept and brand are designed to allow for gradual growth, increased production, and international expansion.

(Annex No. 4 to Act No. 455/1991 Coll., on the revised trade business law.).

3.3. Company description and business plan

CBDLEVNECZ is an online store that grows its own technical hemp and processes it further into raw flower buds that it sells to receiving businesses.

We cultivate our own products while simultaneously inspecting the plants from seed to harvest and through the subsequent processing of the plant into its raw form.

Next comes the drying and maturing stage. After this stage comes capacity in airtight fixed containers. Where the item is ready to be shipped to the client.

The primary clients will be the "B2C enterprises," which consists of retail establishments and online stores that offer technical cannabis to end users. As a supplier, CBDLEVNECZ provides the technical hemp flowers. The receiving establishments, which can either accept the flowers as-is or transform them into another technical hemp derivative of their choosing.

Customers will be most persuaded by CBDLEVNECZ hemp, which will be grown naturally and locally at a price that can compete with the foreign counterparts.

3.4. Management organization and personnel strategy

The company has a very straightforward organizational structure. One owner is solely accountable for the operation, which includes making plans, managing the purchase of supplies, communicating with suppliers and customers, scheduling shifts for part-time employees, and making major decisions regarding the company's financing. The CEO, CFO, marketer, operations and logistics manager, and even chief product controller are all held by the owner. The owner will run the e-shop and take care of customers.

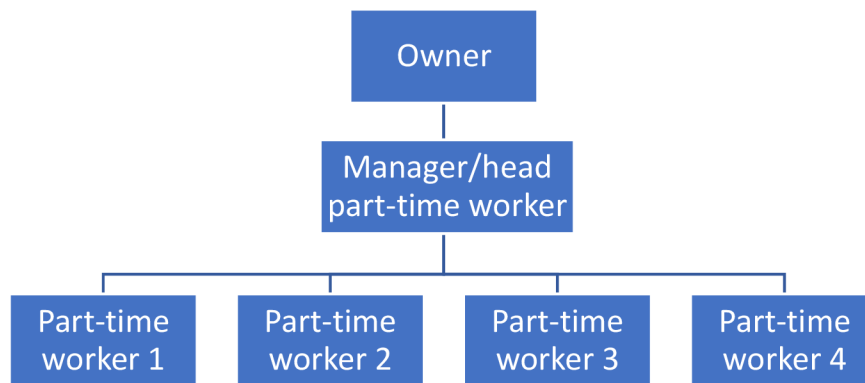


Image 2: Personal strategy

(Source: Own processing)

On a six-hour shift, there will always be only two part-time workers. The complete number of seasonal laborers is exceptionally conflicting offered that they hint a 300-hour contract, with shifts as indicated by their inclinations. Along these lines, it is workable for one seasonal worker to think of one shift each week and his 300 hours will last him for a more extended timeframe, while another seasonal worker will go through his 300 hours rapidly and in the end up in the organization. Additionally, part-time workers are free to quit after shifts and are not restricted by a minimum number of hours worked. Responsibility, dependability, and diligence are essential qualities for a part-time employee. The part-time worker will oversee harvesting adult plants, processing them into raw form, and storing them appropriately in jars.

Personal strategy

The personnel strategy only appears in written form in the business plan, and it is very straightforward. There is an efficient time fund plan that will correspond with the established budget for labour costs, a personnel plan for the first year, and the possibility of expanding the organizational structure as part of the personnel strategy. The selection of the highest possible daily number of hours worked by a part-time worker or the maximum salary budget for the part-time workers. In order to avoid increasing operating costs during the harvest and storage period, a maximum of eight hours was set here. The possibility of adding a manager of part-timer employees or other part-time employee to the staff is outlined in the personnel strategy, which also focuses on the company's future. If the company achieves high sales and the salary budget increases, this personnel change would occur. The personnel strategy aims to align with the company's brand and ensure the smooth operation of the business.

3.5. Analysis of the business environment

The business environment refers to the direct and indirect forces that affect the company's results. First of all, the market that the company plans to enter and the competition it will encounter on the market are analysed. In addition to the description of the market, a PESTLE analysis of the market will be created.

3.5.1. Analysis of the future market

The substance called cannabidiol, which is hidden behind the abbreviation CBD, is added to cosmetics thanks to its (albeit limited so far proven) effects on various skin and mental diseases, but it is also sold in the form of drops, oil tinctures or hemp flowers themselves. Additionally, this is the reason for the unprecedented rise in demand for this kind of hemp product in recent years.

The popularity of cannabis for its medicinal (i.e. not psychotropic) effects began to grow slowly in various European countries around 2015. At that time, European Union states such as Germany and the Czech Republic gradually legalized it - though in restricted amounts. However, it was no longer illegal to cultivate or use such cannabis, although strict regulations and controls are still applied.

In 2018, the United States, Canada, New Zealand, and the United Kingdom became the first nations to fully legalize the sale and consumption of CBD for recreational purposes. Because of this, the worldwide CBD market was at that point worth 2.8 billion US dollars in 2020 (nearly 68 billion CZK) and year-on-year development came to 26.4%.

Between 2017 and 2019, according to data from Fortune Business Insights, a certain slowdown of the market can be noted, when year-on-year growth was at significantly lower values. And a slight drop can also be observed in 2020. However, the covid-19 pandemic dominates this instance as well. The production and distribution of CBD products have also been disrupted as a result of measures taken to prevent the disease from spreading worldwide.

However, the market quickly recovered—the Czech market, as indicated by the companies surveyed—and has been steadily expanding ever since the pandemic. Additionally, it is anticipated that CBD products and the industry surrounding them will experience unprecedented expansion by 2028: from 3.7 billion dollars to 55.8 billion dollars (88 billion to 1.33 trillion CZK).

The world market is so far overwhelmed by North America, which had a share of 37.3% of deals in 2020. However, Forbes magazine predicted in the same year that Europe would soon take over as the largest consumer of cannabidiol-enriched products.

They cite CB Insights, which states that 34 European CBD startups received \$128.5 million (over three billion CZK) in investment in 2019.

In 2020, we could discuss the absolute CBD market worth 1.9 billion bucks (just shy of 45 billion CZK) across Europe. The market is expected to reach 1.3 billion dollars (more than 30 billion CZK) in 2025 in Great Britain alone, which would be equivalent to the entire British herbal market in 2016. Notwithstanding, the progress of the CBD market in Europe relies essentially upon administrative specialists in regards to its legalization, licensing and monitoring. (Finmag.penize.cz 2022).

Porter five forces analysis

Supplier power

As a CBD business, having independence from suppliers is crucial for success. CBDLEVNE as a company operates with a certain level of self-sufficiency, which means it only requires seeds that are readily available from multiple sources. This allows the company to have the flexibility to switch suppliers if we need to, which in turn reduces the dependence on any one supplier. Moreover, company has the ability to keep a close watch on market trends and stay informed about any price increases that may occur. Thus, it is highly unlikely for all CBD seed suppliers to raise their prices simultaneously, and we are confident that we can maintain our commitment to quality products without compromising our bottom-line price. Overall, the Supplier power is considered to be minimal.

Buyer power

The company doesn't currently have many target customers, and this could potentially lead to lower prices if those customers hold substantial power. The company plans to expand its target audience but acknowledges that establishing new relationships may be difficult. However, the company is not the only domestic supplier with low prices. In order to mitigate the effects of buyer power, the company could consider moving directly to the B2C market where there are many potential customers, and their influence is negligible. Overall, the buyer power is considered to be moderate.

Competitive rivalry

Even though there is no large significant rival in the Czech Republic, there are numerous foreign ones. Particularly those from Spain or Italy can rival us on product prices. They are advantageous due to their favourable climate for cultivation. They likewise have their weaknesses, to be specific transport and shipping costs, collaboration across half of Europe and the intricacy of controlling the conveyed items.

The quality of our products is comparable when compared to our prices. However, in contrast to us, it also provides higher-priced options of superior premium quality. I can see where the competition falls short in marketing. Since they are long-running enormous providers, they couldn't care less about marketing. As a new competitor, we can capitalize on this feature. Social networks, different rivalries or pay per click advertisements can be our benefit. Overall, the competitive rivalry is considered to be moderate.

Threat of substitution

The potential for substitution is significant in the CBD market. Customers have many other suppliers to choose from, and while the prices may be slightly higher, they may opt to outsource the growth and adjustment of CBD to another company or even grow their own products. However, this could lead to difficulties in marketing and resale for CBD stores. While growing CBD is not particularly difficult, the demand in the Czech Republic is still relatively low. As a result, the biggest challenge is selling out a few kilograms of CBD during the season. Although customers can easily find the product elsewhere, most are unlikely to change their long-term resale plans. Overall, the threat of substitution is still considered high, which makes it challenging for the company to establish itself in the market.

Threats of new entry

In recent years, the CBD market has seen a surge in interest, both in the EU and globally. While this presents a lucrative opportunity for existing players in the market, it also brings with it the threat of new entrants. The ease of access to know-how and technology required to cultivate CBD cannabis means that even a small and unknown entity can potentially grow an unlimited amount of cannabis with minimal formalities. As a result, it is expected that new rivals will emerge in the market, posing a challenge to established players. However, to mitigate this threat, the long-term vision should be to

become the largest supplier in the Czech market. This can be achieved through a combination of competitive pricing, an established brand and cooperation, and a proven track record. It is worth noting that the CBD market in the EU is dominated by a few large suppliers, and there is currently no such supplier in the Czech Republic. Therefore, there is an opportunity to establish a strong foothold in the market and position oneself as a leader in the industry. Overall, the Threat of new entry is considered to be extremely high.

Table 2: Porter's five forces

(Source: Own processing)

Individual factor	Ranking of impact
Supplier power	MINIMAL
Buyer power	MODERATE
Competitive rivalry	MODERATE
Threat of substitution	HIGH
Threats of new entry	Extremely HIGH

3.5.2. PESTLE market analysis

Political factors

The government's decision to promote an economic program based on business support, a functioning and transparent state administration and an efficient labour market is essential for the company. In addition, the government has pledged to actively work toward establishing the conditions for the euro's adoption. In its program, the government undertakes to promote the following priorities: Development of conditions for free enterprise, law enforcement, starting sustainable economic growth, increasing the competitiveness of the country's economy and creating jobs. Small and medium-sized businesses will be supported through the development and capital strengthening of the Czech Moravian Guarantee and Development Bank. The government will also support the education of aspiring entrepreneurs and, by simplifying the law on awarding public contracts, their access to public contracts. (Government of the Czech Republic, 2018).

Economic factors

The main economic factors include inflation, which can lead to a decrease in the purchasing power of money, and last but not least, interest rates, which determine not only the economic situation of the company, but also of suppliers and customers.

Social factors

Because they both come from the same plant, cannabis, people frequently confuse CBD and THC. However, these two substances have very different effects. While CBD is non-psychoactive and has a calming effect, THC is the psychoactive compound that causes the sensation of being "high." Unfortunately, many people are unaware of the distinctions between THC and CBD due to the stigma associated with cannabis and products derived from cannabis. Additionally, these compounds' legal status varies from state to state, which can exacerbate confusion.

Technological factor

The research and analysis did not reveal any relevant technological factor that could have a major impact on the project.

Legal factors

The main legal factors would be domestic and EU regulations or laws that could change the legal amount of CBD/THC in the technical cannabis and changes in growing procedures and processes.

Environmental factors

When it comes to growing CBD, environmental factors play a crucial role in determining the quality and yield of the crop. These factors include soil quality, temperature, humidity, water availability, and sunlight exposure. Growers need to ensure that the hemp plants are grown in an environment that is conducive to their growth and development to produce high-quality CBD. Additionally, farmers must take measures to protect their crops from pests, diseases, and environmental hazards while minimizing their impact on the environment. This includes the responsible use of fertilizers and pesticides and adopting sustainable farming practices to help preserve the integrity of the soil and surrounding ecosystems. By considering these environmental factors, farmers can ensure the sustainable growth of CBD and contribute to a healthier planet.

Table 3: PESTLE analysis
(Source: Own processing)

Factor	Characterization of threats	Characterization of opportunities
Political	Government moves that could hinder companies from doing business in the Czech Republic.	wide movement in legalization of CBD cannabis and in the future maybe THC cannabis
Economical	Competition from Czech Republic or abroad	The market in Czech Republic is B2C saturated. However, B2B market is on the rise and there is still room
Social	Aging population	Large representation of end customers in the age between 18-35
Technological	change in technology of growing and making CBD products	New platforms for visibility and customer contact. Utilization of new process control applications.
Legal	Financial penalties from breaking the law set rules	Loosening cultivation laws for CBD and THC cannabis
Environmental	strict measures for the handling of sprays and pesticides increased pressure from customers to focus on environmental protection	the opportunity to be a leader and a role model in the field of ecology, the use of new, more ecological substitutes and procedures in cultivation and cultivation

3.6. Marketing strategy plan

The marketing strategy is planned for the first three years of the company's activity. As a rule, the strategy is planned for a longer period of time, but due to the variable and uncertain nature of the first years, a shorter period is chosen for strategic planning. Marketing activities are divided into planning time, marketing campaign execution and evaluation time. The planning process is in the order of one to two weeks, and the campaigns take place in the order of one to two months.

Definition of target audience

Our particular B2B clients are going to be small to medium sizes CBD retail shops that sell dried buds or CBD oil. There are numerous individual CBD retail shops in the Czech Republic that can be targeted. CBDLEVNE's ability to offer a competitive price and the additional benefit of Czech CBD grown locally, which saves money on shipping costs, will be the primary advantages for CBD shops.

In order to identify needs of our target audience. We made research that focused on finding those needs but also align with our need. We chose analytical-research method to diagnose the situation. Research led to an outlined key decision factor of our target customers. We reached out to 13 potential customers which 11 answered and from those who have answered 69 % were interested.

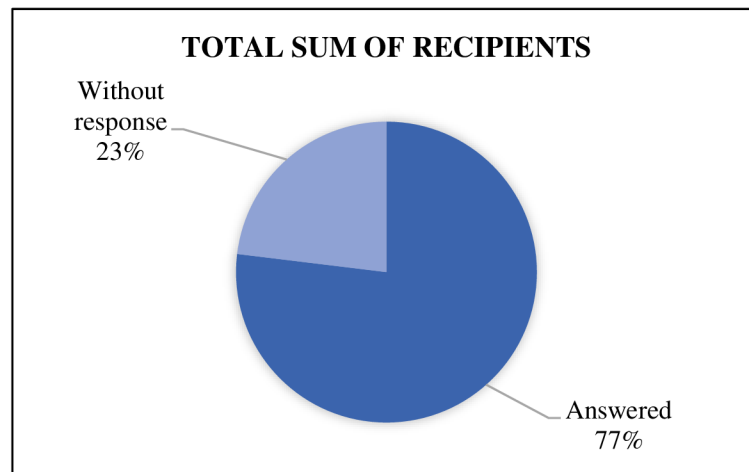


Figure 1: Total number of recipients in percent
(Source: Own processing)

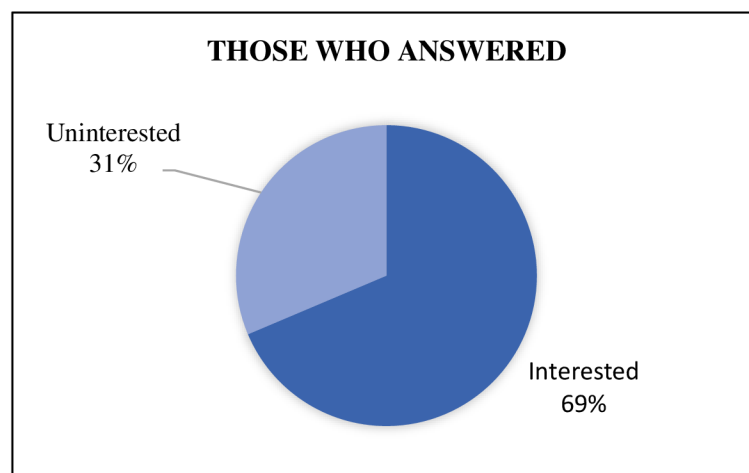


Figure 2: Percentage of recipients who expressed interest
(Source: Own processing)

Definition of decision-making factors of the target audience

Several important factors that influenced the decision-making process were identified after additional communication. The most important factor was the quality of the CBD product, including its allowed percentage of THC and highest percentage of CBD. Price was also a significant factor, although it remained open for discussion with customers. A lot of people who responded liked the idea of testing products. The quantity of CBD that each shop consumes and sells as well as their preferences for various CBD varieties were additional factors. Last but not least, think about how to prepare the finished product to attract more customers and boost sales.

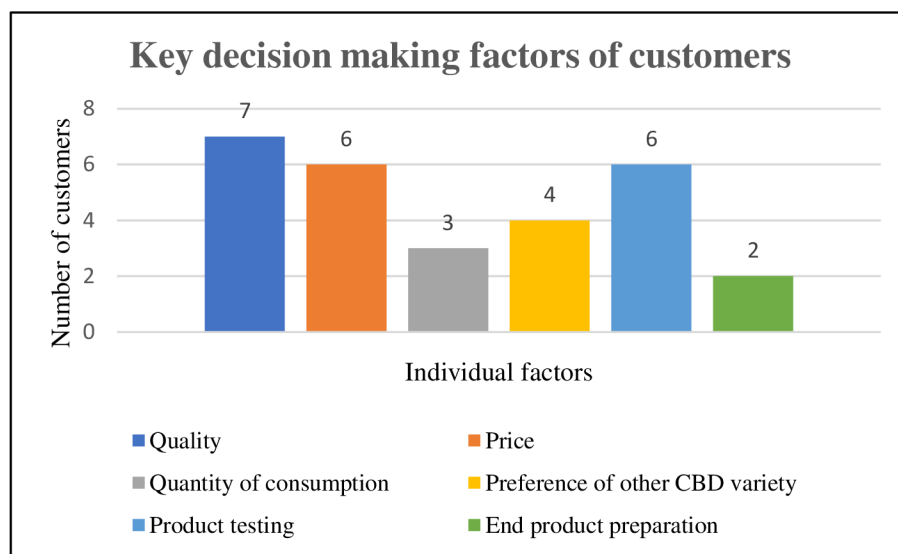


Figure 3: Individual key decision making factors of customers
(Source: Own processing)

3.6.1. Selection of the target market, determination of the market position of the product and decisions about the marketing mix

There are countless economic entities that offer CBD in various forms. For the entire year 2022, almost 27,000 prescriptions were issued to more than 6,000 patients. The total amount exceeded 155 kilograms of dry matter. Compared to the previous year, this is more than a 40% increase in consumption (in 2021, patients consumed 109 kilograms). It is also a 38% increase in the number of issued prescriptions. Last but not least, the number of individual patients increased by 1478, or 32.1%, as well. (SAKL, 2023).

Which means that the trend is growing and isn't likely to stop the following years.

3.6.2. Marketing mix 4P

The marketing mix consists of product, price, place and promotion.

Product

CBDLEVNE.CZ products are dried and cured CBD buds that can be inhaled or made into CBD oil, which can be used to make a variety of other products with the known health benefits of CBD. CBD buds will have approximately 9-15 % of cannabidiol (known as CBD) and less than 1 % of Tetrahydrocannabinol (known as THC) in order to be legal with accordance with the law. Our item is an actual item conveyed in a raw state, then it has an extensive variety of uses. We primarily focus on the business-to-business market to meet customer demand. As a result, we can supply more CBD to individual retailers or stores. If there is a demand for the packages, there is still room for negotiation or seasonal sales. The product comes with additional services like packaging and transportation.

CBD flowers are from our own farm, which CBDLEVNE.CZ takes care of and operates, which allows the company to monitor the quality of the product, the possibility of insight and supervision of the CBD cultivation process from the beginning to the final sale.

Price

The price was set at the limit of 30 to 40 per gram from a minimum intake of 1 Kg. Since CBDLEVNE.CZ will operate on the B2B market, it is important to set the price in such a way that the competition is fair and at the same time remains profitable for the company, but also leaves room for negotiation.

Place

CBDLEVNE.CZ will sell its products primarily through e-commerce for retailers. CBDLEVNE.CZ owns and operates storage facilities. Because CBD retail shops are the target audience, meetings will be preferred either online or offline to ensure clear understanding. On our Facebook and Instagram pages, where our addresses will be posted, a place for communication will be available and the maintenance of the page is very low and easy to manage. Therefore, the company does not have to pay and run expensive websites or landing page.

Promotion

The CBDLEVNE.CZ will employ a variety of online and offline strategies, primarily social media marketing, for product promotion. Fundamental channels will be Facebook and Instagram pages. The primary function of these pages will be to present the business through visual stimuli as well as informational advertisements that include an address, email address, and phone number. Paid presentations or partnerships with social media influencers who support CBD or use it on their own are another method. Last but not least use of social media marketing is for promotional strategy such as seasonal sales and packages.

For the offline promotion we will rely on word of mouth, or referrals. This method is built on trust and satisfied former customers or customers who are aligned with our mission and vision. Since it does not cost anything. It's very effective way of promotion that builds trust and a good image of the brand.

3.7. Financial plan

The financial plan of CBDLEVNE primarily centers around its B2B CBD operations. Through market analysis and detailed cost calculations, the plan enables relatively accurate financial forecasting. A significant part of the plan are financial resources dedicated to cost analysis, including the initial costs. Expected expenses and incomes are presented in two tables. The forecast of the company's financial performance is divided into different sections.

3.7.1. Financial resources

The minimal cost of the idea allowed the team to cover all production, processing, and distribution costs from their own resources. The team, consisting of 1 colleague, had a total of 70,000 CZK to invest in the project 35,000 CZK each. In addition to the low cost, the absence of employees further reduced labour expenses. The team estimated that the production and processing of the product would require no more than two weeks of labour, and a maximum of 5 part-time workers would be needed.

3.7.2. Initial costs

The essential expenses for producing the product are inclusive of basic items like seeds, plant feed, and transportation costs to the field. Additionally, the production of

8 kg of CBD flowers incurs costs as well. The table presents the expenses for renting the field, which was offered without charge. It also includes the rent for administering and maintaining an e-commerce platform, which is currently not required for the project.

Table 4: Initial costs for the first season

(Source: Own processing)

Year 1

Item needed for 300 m ² field	Amount/pcs	Price per piece	Total	Total purchases (without rent)
Seeds CBD	250	100 Kč	25 000 Kč	36 750 Kč
Nutritions	1	2 000 Kč	2 000 Kč	
Water 1000l	10	90 Kč	900 Kč	
Pesticides	1	2 100 Kč	2 100 Kč	
Petrol 1l	200	25 Kč	5 000 Kč	
Pots	250	7 Kč	1 750 Kč	

(The company is not a VAT payer)

E-commerce rent for domain rights per month	12	750 Kč	9 000 Kč
Rent per month	12	500 Kč	6 000 Kč
Rent Total			15 000 Kč

The initial expenses amount to 36,750 CZK, which were calculated at the time of planting last year. These are actual costs incurred by the company and may not reflect the current costs.

The company incurred a significant expense for labour, specifically for the part-time workers hired to harvest and process the product. The total amount spent on these expenses was 32,400 CZK p.a. (social and health contributions are excluded).

Table 5: Calculation of expenses for part-time workers

(Source: Own processing)

Items	Amount	Cost per worker in CZK	Number of worked hours	Total price in CZK/p.a.
Harvest Part-time workers	5	150	21	15 700
Processing flowers Part-time workers	5	150	22,2	16 650
Total	10	150	43,2	32 350

The total initial expenses for the CBD product project amount to 69,150 CZK, which includes the initial investment of 36,750 CZK and a significant expense of 32,400 CZK for part-time workers hired for harvesting and processing. The project does not incur any additional operating costs as packaging is not required. It is noteworthy that the team behind the project covered all production, processing, and distribution costs from their own resources, and only a maximum of five temporary workers were needed, with no permanent employees. The essential expenses for producing the product include basic items like seeds, plant feed, and transportation costs to the field.

3.7.3. Acquiring financial information

To ensure accurate calculations, research was conducted via email to obtain necessary data. Thirteen potential CBD customers in the Czech Republic were contacted, with inquiries regarding their preferred CBD quality, pricing, desired quantities, willingness to establish long-term cooperation, and any additional conditions. Of the thirteen, ten responded with interest and provided answers. From these responses, the three most suitable CBD stores were identified for the calculation process.

Identification of the three most suitable CBD stores for our business

The three potential CBD stores for the startup are:

Clement's CBD Store which has a receptive owner and meets the required quality of 8 % of the CBD value. The store has the capacity to purchase 1-5 kg from the startup with an expected average of 2.5 kg. Although the purchase price of 25 CZK per gram may not be the most profitable, the startup views Clement's CBD Store as their number one customer due to the possibility of long-term cooperation and the potential for growing other varieties.

The second store, **CBD Store**, was chosen due to the offered purchase price of 40 CZK per gram. Although it requires high quality, the startup meets at least part of their harvest requirements. The store has the capacity to purchase 1 kilogram after testing.

CBD Group was ranked third on the list due to the larger purchase capacity of up to 5 kilograms. Although it pays only 20 CZK per gram in the event of the need to sell out, the store is a suitable customer for long-term cooperation.

After analysing the results of the email, the cooperation with the three CBD stores is considered by the company. The company evaluates the potential benefits and drawbacks of working together with the aforementioned stores. Factors such as the quality of their products, their reputation, and their customer base are taken into account to make an informed decision. Any possible challenges or risks associated with the partnership are also assessed to ensure a mutually beneficial collaboration.

Table 6: Store willing to buy CBD and the amount in Kg

(Source: Own processing)

Individual stores	Amount of Kg of CBD
Clement's CBD Store	2,5
CBD Store	5
CBD Group	1
Total amount	8,5

The three CBD stores mentioned in the email analysis have expressed their interest in purchasing up to 8.5 kilograms of the company's product. This amount is considered sufficient to meet their supply and stock needs, as determined by the company's evaluation process.

Table 7: Amounts of CBD and it's price per 1 gram

(Source: Own processing)

Individual stores	Price per 1 gram in CZK
Clement's CBD Store	25
CBD Store	40
CBD Group	20
Average	24

On average, the three shops will be paying 24 CZK per gram for their purchases.

3.7.4. Expected expenses and incomes

The cost per gram of CBD can be calculated based on the total costs mentioned earlier, which amounted to 69,150 CZK and included the production of 8 kilograms of CBD flowers.

$69\,150 \text{ CZK initial expenses} / 8\,000 \text{ grams of CBD} = 8,64 \text{ CZK per gram of CBD}$

The expenses incurred per gram of CBD amount to 8.64 CZK. However, there is considerable room for profit and margin.

After the final processing of the product, all stocks can be sold directly to three stores mentioned, which can result in a realistic profit for the first season or year.

Table 8: Assumed sales and expenses for the first year

(Source: Own processing)

	Clement's CBD Store	CBD STORE	CBD GROUP	Total
CBD sold in grams	2 500	1 000	4 500	8 000
Sales in CZK	62 500	40 000	90 000	192 500
Costs in CZK	21 600	8 670	38 880	69 150
Profit in CZK	40 900	31 330	51 120	123 350

The realistic profit for the first year, based on calculations, amounts to 123,350 CZK.

Summary of the financial plan

Based on the financial plan, it has been observed that the start-up business is expected to remain operational in the initial years. Although it is not considered a profitable business, but more of a hobby or side job. Nevertheless, the potential for growth is significant if the concept can be expanded to other customers and markets with a current margin. The profit and loss statement indicates that the start-up is not expected to incur losses in the first year or subsequent years.

3.8. Project risk analysis and risk management

A risk management plan is an essential component of every business plan. It is important to acknowledge potential risks that may arise in relation to plan. By identifying and analysing these risks, preparations for alternative strategies or countermeasures can be prepared to minimize potential losses.

Measurement and identification criteria for the company's risks

Firstly, the likelihood of occurring from **1 to 5; 5 indicates a very high probability of happening; 1 indicates a very low chance of happening.**

Furthermore, the negative financial effect that can hurt the business or even lead to closing down the business totally. There are three choices: **HIGH, MEDIUM, and LOW.**

HIGH meaning an especially huge financial effect, which could lead to the liquidation of the venture.

MEDIUM indicates a significant financial impact, which may not result in the company's liquidation, but would entail a substantial loss that may pose a challenge to the company as it moves forward.

LOW refers to a very minor financial impact that would not otherwise pose a threat to the business or force it to take additional actions.

List of company's potential risks

There are internal risks and external risks on the list. There are three subcategories of external risks: political, natural, and economic factors. There are four subcategories of internal risks: human, physical, technological, and operational factors.

3.8.1. External risks

a) Political factors:

1) regulations enacted by the Czech government could alter the permitted concentration of CBD/THC in our products. This could lead to an expensive removal of

(according to the public authority) illegal CBD that has been as already grown - **3 HIGH** (very improbable because of wide development in legitimization of CBD cannabis)

2) EU guidelines or regulations that could change the lawful measure of CBD/THC in our items - **3 HIGH** (a similar circumstance as expressed above, very far-fetched to occur because of developing support for legitimization)

b) natural factors (there is no certain way intervene these events)

1) floods

2) earthquakes

3) droughts

4) wildfires

5) long winters

Natural disasters such as floods, earthquakes, droughts, wildfires, and long winters are uncontrollable events that can have a significant impact on finances of the company. For each of these, the score is **-1 MEDIUM**: However, the likelihood of these events occurring is uncertain. In the Czech Republic, floods and droughts are the two worst-case scenarios related to natural factors. To prevent crop damage from floods, it is essential to choose suitable areas for cultivation. In the case of droughts, in order to mitigate the lack of natural water by providing irrigation of additional water. While this may be costly, it is still a worthwhile investment. These event could be at least compensated by use of insurance by insurance company that specifies in agricultural insurance.

6) The absence of a harvest **4 MEDIUM**: No harvest is a significant concern as it can lead to financial losses. Even though it can be an unpleasant experience, it may not necessarily have a catastrophic impact on the business. However, it is essential to prepare for such scenarios to minimize the potential losses. In the worst-case scenario, the loss may be significant, but it may not be severe enough to shut down the business.

c) Economic factors

1) Competition from Czech Republic or abroad - **3 HIGH**: (because of growing trend of popularity there is possibility to encounter some degree of competition in Czech Republic, yet at the present moment there are relatively few Czech suppliers. As for CBD

grown in the Czech Republic, the market is currently quite empty, even if there were additional suppliers.)

2) Buyers would prefer other suppliers – **2 HIGH:** (This could happen, but CBDLEVNE can offer domestic CBD product at an appealing price)

3) Buyer pricing pressure – **3 HIGH** (At the moment right now a lot of buyers that sell CBD buy CBD from abroad for high prices compared to CBDLEVNE Czech grown CBD)

4) Customers would stop purchasing our CBD products – **3 HIGH** The reason doesn't have to be specific why would customers stop purchasing our product. However, there are few examples that could occur e.g. CBDLEVNE CBD would not have the quality according to customers or a competition would arise with more competitive price than CBDLEVNE's price. There is always a way to please a customer, tailor the product to his needs. These are situations that might happen.

5) Dark swan occasion (crisis) - **2 MEDIUM** concerning Coronavirus, it doesn't meaningfully affect CBD business. We have zero control over other unexpected situations. Only counter measure is to have financial funds for these situations.

3.8.2. Internal risks

a) human factors

1) No workers - **1 LOW** There is the risk of not having enough workers, which is a low risk as part-time workers are generally available.

2) Damaging the product - **4 MEDIUM** There is the risk of damaging the product during the growing process which is a medium risk as it is possible to mitigate against it.

3) Theft of product – **2 MEDIUM** There is a high risk of theft which can be addressed by using clear signs indicating the type of crop and having a large number of plants and also use of insurance and security products.

4) Growing low quality CBD product – **4 HIGH** There is a high risk of producing low-quality CBD product, which can be mitigated through the use of fertilizers and various preparations, but ultimately depends on environmental factors.

a) Physical factors

- 1) Transportation risks - **2 LOW**: Precautions were taken to minimize the risks during transportation. Although there is a slight chance of breakage and contamination of the product, This risk can be mitigated by sturdier and secure packaging.

- 2) Insufficient growing space - **1 MEDIUM**: one square meter of optimal growth for a single plant. There are ways to make sure that crops grow even if there isn't enough room. Crops of higher quality can be produced by either reducing the number of plants or expanding the growing space by renting or moving the "farm."

- 3) Limited warehouse space - **2 LOW**: In case of insufficient storage space, personal storage spaces can be utilized to store the products temporarily.

- 4) Excess inventory - **3 LOW**: CBD products can be stored for up to 2 years without significant loss in quality. In the unlikely event of oversupply, discounts can be used for the products to minimize any losses and enhance the sales promotion.

- 5) Humidity levels during processing - **4 HIGH**: Dehumidifiers must be used in storage spaces.

3.8.3. Limiting Factors and Obstacles

Among the main limiting factors of business in the B2B market sector are the competitive environment, the ability to assert yourself and the selectivity of customers. However, with this factor comes the opportunity to think unconventionally, be original and bring something new to the market. Another limiting factor is the rented premises for storage and cultivation, which can only be modified to a certain extent with different criteria and have a limited lease agreement. A business will not want to invest heavily in something it does not own or cannot influence or control. There will not be any large-scale construction modifications that would best adapt the premises to the business plan, which would help make the business more efficient and protect it. The most limiting factor is the inexperience of new entrepreneurs and their learning to run and manage a business. This factor prevents effective and quick decision-making in crucial situations that can affect the further development and growth of the company. In addition, there is

a higher risk of errors occurring at the beginning or at the end of processes, which will affect business results.

CONCLUSION

The theoretical part of a business plan deals with the characteristics of the entrepreneur, their risks, and entrepreneurship in general. Defining the business plan and start-up and its development is another crucial part. The situational analysis of Porter's five forces, 4P's of marketing, and risk management is discussed in the last part. The above theoretical knowledge is subsequently used in the analysis of the current state and transferred to a practical example of a starting company.

The goal of the bachelor thesis is to establish and develop a proposal for a business idea of supplying CBD cannabis to stores throughout the Czech Republic. The goal of the bachelor thesis was met, and a business plan was created, which enabled the establishment of the CBDLEVNE.CZ start-up. It has also been analysed from all possible angles. Finally, the financial plan broke down the numbers, i.e., costs and profits.

The development proposal describes the business model, which integrates the entire business plan in a straightforward, structured way. This led to insights about the customers they serve, what value propositions they offer through what, and how their company makes money. The financial plan analyses all the costs and provides a real cash flow and earnings. It also evaluates the feasibility of the start-up that bears the risks of new competition or the uncontrollability of the weather. On the positive side, there is a growing interest in CBD products in the Czech Republic, and thus the possibility of greater potential sales.

To evaluate the whole business plan, it is assured that it will stay alive in the first years and can be realized as a profitable business with a good margin. However, there is not much room for huge profits on the Czech market at the moment. Nevertheless, if the whole concept can be scaled to other customers and markets with an already current margin, the potential is great.

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