

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



BACHELOR THESIS

SUMMARY

FINANCIAL ANALYSIS OF BUSINESS PLAN IN THE AREA OF GASTRONOMY

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• **Introduction**

Nowadays, not only young graduated people imagine or even plan to set up their own business. The vision of independency and high earnings which is seen by their successful idols is usually the greatest motivation to leave a position as an employee and become an entrepreneur. However, the process and development are usually much harder than plans and imagination.

The topic of this bachelor thesis comes out of the intention of setting up a business project in the area of gastronomy, called Rikšafood. The fact that this project is not just a made up thing contributes to the closer connection between suggestions and plans put down on the paper and real operations that happen in the market environment.

The theoretical section deals with a right approach for creating a structured and useful business plan. The sources of the practical part come mainly from the real experiences within the Rikšafood project supported with findings from the theories. The content of the thesis has to be simplified and made brief enough because the real process of planning, organizing and operating is far too wide. Nevertheless, the most important aspects are described, analyzed in detail and subsequently summarized into conclusions which turn into valuable findings.

The gastronomic project consists in a moveable rickshaw operating on a fast food basis. One kind of product is being sold from the rickshaw – baked potatoes, also called jacket potatoes. The retail is located in the campus of CVUT in Dejvice. The purpose of this project is an effort to change the eating habits of students, widen the meal offer and develop the basement for future growth of the business.

• **Objectives**

Main goal of this thesis is to setup a business plan for a business which means, for example, to evaluate market environment, evaluate costs, production and many other parts of business. The purpose of the thesis is to deal with basic but the most important aspects connected with establishing a small business.

The basis of the theoretical section is to introduce an area of the small business in particular. Furthermore, it deals with a business plan and its phases where the structure and content of a plan is described from the theoretical point of view. The second section covers the steps of business plan formation applied already on the concrete gastronomical project. The aim of financial analyses is to estimate and evaluate a real realization capability of the business.

• **Key words**

Mobile fast food, financial analysis, setting up a business, administration, competition, place of selling

- **Methodology**

The plan includes all the theoretical preparations from the very beginning of setting up the Rikšafood project, continuing with concrete analyzing methods gathered through the synthesis of various planning tools. These analyses are applied in the practical section. The process is compiled systematically in a chronological order how, in fact, the individual parts of planning are fulfilled in real life.

The methodology involves internal and external insights into the project, quantitative methods used especially during the market research and specific financial calculations utilized in order to obtain as accurate estimations as possible. An emphasis is put on results of the survey which provides information about the state of market.

As an advantage can be considered the fact that this project has been already put into the trial run. That is why the majority of issues such as market, product, costs or marketing are described on the practical basis. Especially the part at the end of the thesis regarding costs or sales estimations could be helpful also for the future planning.

- **Main findings**

The majority of findings obtained in the thesis are internal. The marketing mix revealed the originality of the project and its product. According to the strengths the three profit estimations are predicted. The management of the Rikšafood counts on the level of profitability between realistic and optimistic. This estimation suggests the sales will reach about 30-40 baked potatoes per day. It was also found out that even if these sales would be fulfilled, the earnings will not be any high because of the huge labour costs.

Maybe the most important fact is the calculation of the break-even point which states the number of units needed to be sold per month and subsequently also per day. The total sales must reach 26 024 CZK in May to break even which represents the 531 pieces. In other words it means 25 potatoes per day. Other calculation connected with sales and costs shows a level of the contribution margin which is 55%. In case the optimistic profit estimation would be achieved, the return of investment will take 7 months. On the other hand, the worst scenario regarding the return should not exceed 18 months.

The most useful information from the external point of view is represented by the results gained from the market research. The research unveiled a high awareness of the jacket potatoes among students, their requirements while choosing the meal and eating conditions in the campus in particular. Generally, the needs and preferences of students meet the capabilities of the Rikšafood. Therefore the implementation of the project is judged as very promising.

• **Conclusion**

The thesis tried to fulfill its objectives to gather as much information about the whole process of establishing a small business. Firstly, the appropriate theoretical approach for creating a business plan was set. The clarification of the characteristics of business environment and useful qualities of potential entrepreneur helped to realize whether a person is eventually aware and determined to enter the world of entrepreneurship.

The division of the business plan into three phases made the planning very well organized. Following to the structure of the plan will prevent from forgetting and omitting any important part.

The precise market research revealed a lot of positive facts which basically proves the baked potato could be a welcomed product. Furthermore, over 60% of the respondents like this meal. The analyses applied in praxis evaluated the internal and external factors. The greatest threat is represented by competition, authorities providing the placement permission and weather. Among promising aspects belong product, place and bad eating conditions in the CVUT campus that might be improved by Rikšafood project.

The financial analysis dealt with investment, operating costs, profit estimation and break-even point. The project will not be probably as profitable as it seemed, due to the high labour costs. Anyway, Rikšafood perceive high potential and ambitions which will be supported with marketing activities.

On the other hand, the reality can differ from the expectations despite the fact that pros exceed cons. For instance, students will not be willing to buy their meal from the moveable fast food. However, regardless the form of the retail, the effort to improve the eating habits of the university students which is one of the main goals could be fulfilled.

It is not expected that the project is going to generate a huge profit after several months of operation. The predictions do not count on this scenario anyway. The focus will be put on development of the stable basement for a growth of the business, strengthening of the reputation and offering as good product and service as possible. From any point of view, the thesis should surely serve as useful document for Rikšafood also in the future.

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