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Abstract of the Diploma Thesis

Business Plan to Establish a Dance Studio

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Summary

The aim of this thesis is to develop the business plan of opening the dance studio in Moscow that would offer the wide range of services, including both solo and partner dances. The thesis includes the literature review of the necessity of business planning and its contribution to the success of the nascent business. The additional attention is paid to the problem of women entrepreneurship and reasons of failure and success of female businesses. The business plan contains the comprehensive analysis of the current situation on the dance services market in Moscow, as long as marketing, financial plan and risk analysis of the business. Thus, the current economic conditions, the chosen location and market are quite favorable for starting up the new business; however, the further in-detailed planning is required to realize the project.

Keywords

Business plan, entrepreneurship, women entrepreneurship, strategy, start-up, marketing analysis, nascent business, SWOT analysis, dance studio.

Introduction

Nowadays, in terms of the tough competition and highly volatile external environment, the success of the nascent business depends on many factors, both internal and external ones. One of the most debatable issue in the related studies, actually, is the necessity of the business planning. Thus there are still both many studies that advocates and argues the importance of business plan preparation in the future success of the business.

Nevertheless, the importance of the preliminary planning and analysis seems to be obvious: what is most important, the business plan helps to understand whether the idea is worth to be implemented. In other words, the preliminary planning allows either taking the opportunity or preventing the entrepreneur from unprofitable investments. Therefore, the high quality of the business plan, including the precise and comprehensive analysis and the reliable information, plays the significant role. The effective business plan should not undermine or miss the existing opportunities, nor underestimate the possible risks.

This means, that the business plan is the main tool of the internal control and strategic planning that help the entrepreneur evaluate both advantages and disadvantages, strengths and weaknesses, opportunities and threats. The properly developed business plan is important not only

for the internal use, but also for the external users, such as banks, investors and other stakeholders. Therefore, the information provided should be reliable and allow making appropriate decisions both for business owners and for the potential investors and partners. Integrity and fairness could be the positive indicator of the founder's competence and intentions. For example, business plan that contains overestimated financial forecasts not just could mislead the entrepreneur and cause the financial loss, but also could seem deceptive for other stakeholders, that could lead as far as reputational loss for the nascent entrepreneur.

Objectives and Methodology

Objectives

The aim of this research is to develop the comprehensive business plan in order to analyze the possibility and appropriateness of starting a dance studio in Moscow, as long as to determine key parameters for the plan's successful completion. Component aim is to summarize findings of the theoretical part in order to use them for the business plan development.

The last aim is making conclusion regarding the perspectives of the starting up the business and developing recommendations for the future actions of the entrepreneur.

Methodology

Methodology of research in the thesis includes literature review, data collection, sampling, classification and systematization, summarizing, deduction, logic and scientific analysis. These methods, particularly the last one, allowed to determine the importance of business planning and the essential parts of business plan, collect the necessary data crucial for the prediction of macroeconomic situation; moreover, these methods were used in clarification of financial plan definition and implementation of appraisal methods.

Particularly, the theoretical part that represents the comprehensive literature review includes both overview of theoretical and empirical researches that analyze the importance of business planning, the crucial factors that affect the persistence and success of the nascent, the content of business plan etc. Actually, the topic is widely discussed; however, there is still no single opinion regarding the influence of business plan preparation on the future business performance. The overview thus includes the arguments of both critics and advocates of business planning. Moreover, the additional attention was paid to the effect of gender differences on the success of the start-up. Indeed the empirical observations have proved that women-owned businesses in general are less effective. The analysis of the related cases helped to develop the

recommendations on overcoming the causes of relative underperformance that were noted during the preparation of the practical part.

The practical part includes two parts: the business plan of the dance studio and the recommendations for the further actions. The business plan contains the description of the market in general, and macroeconomic conditions essential for the opening the business, including the competition, demand and other factors, and particularly the business specifications, such as rationales of establishing the business, competitive advantages, the market entry strategy etc.

Results and Conclusions

The success of startup depends on many factors, both external, such as competition, macroeconomic environment, location etc., and internal ones, such as nascent entrepreneur's managerial skills, experience and education. The role of the preliminary business planning is actually is still the debatable question. Some researches claim that the business plan preparation does not affect the success of the future business, as there are many other important factors. Others has the opinion that the business plan could make the harmful impact, because it creates certain limits for an entrepreneur, so he or she acts within the frameworks set in the plan and becomes less flexible and misses the real opportunities. The third group of researchers, conversely, is convinced in the necessity of the business planning and its positive impact on the future business. Particularly, the development of the business plan has the following advantages:

- Planning encourages the faster decision making, as it allows identifying the missing information without commitment of the resources;
- Planning of the supply and demand of the resources helps to avoid bottlenecks avoiding the waste of too much time;
- Planning allows defining action steps to achieve goals in timely manner.

Nevertheless, the business plan is obviously is not the single factor of success. In the attempt to analyze these factors the particular attention was paid to the women entrepreneurship. Actually, the reasons of the female entrepreneurship failure are different, but all researchers analyzed indicated the lack of the strategic planning as the most important one. Moreover, many women has lack of experience and education that set the additional obstacles for the running the business. Thus, the following recommendations were developed for the achieving the success, based on successful stories of women businesses:

- The entrepreneur should have high level of passion and commitment in achiving her business goals;

- The successful business growth requires the development of the long-term strategy of the development and gaining the competitive advantage;

The discussion conducted in the theoretical part created the background for the practical analysis. These findings and recommendations allowed developing the business plan of the dance school focusing on the most essential parts and details. The business plan allowed making the important conclusion regarding the appropriateness of the starting the business, choosing the location, developing the competitive and growth strategy, determining the target customers and sources of financing. To sum up, the preparation of the business plan helped to solve the following issues:

- Define the strategic development of the dance studio, considering the market peculiarities and current macroeconomic conditions;
- To develop the general plan of the project implementation;
- Estimate the amount of initial investment, breakeven point and payback period, that determine the necessity of external financing;
- Develop the promotion plan;
- Determine the key consumers and the services that should be provided;
- Determine main competitors and develop the competitive strategy;
- Reduce potential risks by analyzing market environment (for example, external financing was considered too expensive and risky at the initial stage).

The main conclusion that could be made considering the comprehensive analysis above is that opening the idea of opening the dance studio is an appropriate one, considering the unsatisfied demand and favorable economic conditions. Therefore, the project is worth to be implemented, however the further and more in-depth analysis is required. The second part of the practical part, actually, contains the preliminary action plan, short-term plan and the long-term strategy, that should be further elaborated and expanded into the project plan with particular terms and objectives. This does not mean, however, that the information that the business plan contains is incomplete or unreliable; conversely, the business plan gave the general vision on the business opportunities and helped to make the decision. Thus, the aim stated for the business plan development has been fully completed. The development of the project plan, actually, should be the next and the no less important stage in the starting up the business.

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