

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Economics**



**Bachelor Thesis**

**Business Plan for a Chosen Business**

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**Supervisor: Ing. Tomáš Maier, Ph.D.**

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# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

## BACHELOR THESIS ASSIGNMENT

Iuliia Galliamova

Business Administration

Thesis title

**Business Plan for a Chosen Business**

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### Objectives of thesis

The aim of this Bachelor Thesis is to write a Business Plan to open a beauty salon with a wide range of services in the city of Ufa, Russia.

### Methodology

- Financial analysis
- Basic statistical methods
- SWOT analysis

**The proposed extent of the thesis**

40 – 60 pages

**Keywords**

Entrepreneurship, business plan, beauty, hairdressing, manicure

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**Recommended information sources**

- BANGS, D.H. (1998). The Business Planning Guide : Creating a Plan for Success in Your Own Business. Chicago: Upstart Pub Co., 1998, ISBN: 9781574100990
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## **Declaration**

I declare that I have worked on my bachelor thesis titled “Business plan for a chosen business (opening a new Beauty Salon in Ufa, Russia)” by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 15th March, 2017

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Iuliia Galliamova

## **Acknowledgement**

I would like to thank very much my supervisor Ing. Tomáš Maier, Ph.D. for his advice and time spent during my work on bachelor thesis.

I am grateful to my family who supported me all time during my writing of this thesis. Especially to my parents and my older brother thanks for whom I had the opportunity to study and earn a bachelor's degree in CULS university.

I would like to thank all present for your attention to my bachelor thesis.

# Podnikatelský plán pro vybranou oblast podnikání

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## Business Plan for a Chosen Business

### Souhrn

Bakalářská práce je zaměřena na vytvoření podnikatelského plánu k otevření kosmetického salonu ve městě Ufa, Rusko. Hlavním cílem této práce je vyhodnotit podnikatelský plán z hlediska toho, co je nezbytné pro realizaci podnikatelského záměru, aby investice byla výnosná. Bakalářská práce se skládá z teoretické a praktické části. Teoretická část zahrnuje tyto pojmy: podnikání, podnikatel, funkce a rysy podnikatele, také základní principy, strukturu a význam přípravy podnikatelského záměru. Kromě toho se na základě výzkumu autora, poukazuje na komunální služby na ruském trhu, tavené pro obyvatelstvo.

Praktická část ukazuje strukturu podnikatelského plánu k otevření kosmetického salonu "Edem" městě Ufa. K tomu, autorem této bakalářské práce byla provedena analýza průzkumu trhu, konkurence, marketingu, organizační a produkční části, SWOT analýza, PEST-analýza, a také je produkován výpočet finanční částky pro počáteční investici do doby, kdy bude návratná.

### Summary

Bachelor thesis is focused on writing a business plan for the opening of a beauty salon in the city of Ufa, Russia. The main goal of this work is to evaluate the business plan in terms of what is necessary to implement this business idea, whether investments will be profitable.

Bachelor work consists of theoretical and practical research. The theoretical part reveals the following concepts: entrepreneurship, entrepreneur, functions, and traits of an entrepreneur, as well as the basic principles, structure, and importance of drawing up a business plan. In addition, based on the author's research, are given the data of Personal Service of the Russian market provided to the population.

The practical part demonstrates the structure of the business plan for the planned for opening a beauty salon "Edem" in Ufa, for which the author of this bachelor work carried out studies of market analysis, competitors, marketing, organizational and production plans, SWOT-analysis, PEST-analysis and calculation of the financial part of the initial investment before the payback period.

**Klíčová slova:** Podnikání, podnikatelský plán, krása, kosmetický salon, kadeřnictví, manikúra, SWOT-analýza, PEST-analýza, finanční plán.

**Keywords:** Entrepreneurship, business plan, beauty, beauty salon, hairdressing, manicure, SWOT-analysis, PEST-analysis, financial plan.

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# 1 Introduction

This bachelor thesis mainly focuses on issues related to the opening of a new beauty salon in Ufa, Russia.

A salon business is one of the fastest growing and perspectives in Russia, its growth is 15-20% per year. It would seem that open a new beauty salon is easy, because at first sight it seems very simple and is only necessary to satisfy the desire of the client to help the create an image, in which he sees himself. However, the salon business is a complex and multifaceted. It is based not only on aesthetic but also medical aspects. In addition, the salon business, like any other, requires adherence strict rules, regulations, record documentation, reporting, and other nuances. A salon business seems an attractive and an affordable. However, the competition is very high, the mass fraction of beauty salons is 80-82% among aesthetic enterprises. The rule: “The customer is always right” again highlights the fact that customers have very different requirements and it is necessary to cater to each of them to stay in this business and do not incur losses. Every year in Russia about 30% of the networks of beauty salons lose their profitability or go broke. Every owner of a beauty salon should understand that there are classes of society, whose financial situation and, consequently, the requirements to the quality of service are different. The middle and upper classes are more stable customers and less prone to changes in economics and to revenue decline. However, it should be understood that satisfy these customers is difficult, because they are very exacting and selective.

From the above and having examined the various literature, there are several important factors that influence on the profitability of the salon business enterprise:

- Create a business plan for the company's development;
- Competent management of organizational and financial accounting;
- Selection of the necessary specialists, continuous training of personnel;
- Competent work and individual approach of specialists to customers;
- Preliminary assessment of the target client audience;
- Choosing the right location of the beauty salon and the precise definition of the list of services, service levels, equipment, cosmetics;
- Proper marketing and advertising policy;
- Periodic analysis of the enterprise activity.

This list has no chronological order, but it is impossible not to appreciate the role of the business plan for the company's development. Each of these factors is a part of the business plan, which shows the importance and the expediency of creating a business plan for the company's success. This bachelor work will be revealed the most important aspects for a successful understanding of such questions as: “What is a Business Plan? What is the its importance? Who is an entrepreneur? What is the situation on the market services rendered to population (personal services) in Russia? What form of business organization is the best for beauty-salon in Russia? How to make a financial calculation?” and other calculations and explanations. Theme of bachelor thesis will be interesting to the reading for young entrepreneurs-beginners of a salon business for a great understanding of this business sphere.

## **2 Objectives and Methodology**

### **2.1 Objectives**

The main aim of this bachelor thesis is to create a business plan to open a new Beauty Salon in the city of Ufa, Russia.

The basic moments on which is directed bachelor thesis are following:

- Understanding what is a business plan and its meaning;
- The use of different methods showing how aspects of the internal and external environment influence the business;
- Analysis business plan's structure of a beauty salon from the idea of its opening to calculating the profitability;
- Demonstration of financial analysis required for running a business of a beauty salon.

Mainly, this bachelor thesis will be interesting for young entrepreneurs-beginners of a salon business who after reading will understand that a business plan is a very important tool needed for a successful business working.

### **2.2 Methodology**

In this bachelor thesis, will be used follow methods: PEST-analysis, SWOT-analysis, basic statistical methods and financial analysis. Using these methods will achieve the objectives of this bachelor work.

#### **1. PEST-analysis**

PEST-analysis is a strategic long-term planning tool aimed at studying the macro environment of an enterprise from an economic, political, socio-cultural and technological point of view.

In this bachelor thesis, PEST-analysis shows what factors of the external environment in 4 above-mentioned aspects which are called above can have a positive or negative influence on the activity of planned for opening a beauty salon "Edem". Examples of factors: the influence of seasonality on attendance of the salon, possible changes in legislation, obliging to license even more cosmetology services, the emergence of new technologies in the sphere of the beauty industry.

#### **2. SWOT-analysis**

SWOT-analysis is a method of strategic planning aimed at studying both the external and internal environment of an enterprise. The internal analysis is the strengths and weaknesses of

the company, amenable to changes on the part of the organization. The external analysis is the company's opportunities and threats from the market environment that are beyond the influence of the company.

Through the development of SWOT-analysis, the company determines the factors of the four above-mentioned areas, focusing on opportunities and strengths, minimizing the manifestation of weaknesses and the impact of threats on the activities of the organization.

### 3. Basic statistical methods

In this bachelor work, basic statistical methods are used for analysis the Russian Market Services (Personal Services) rendered to population, as well as to analyze the impact of the market on the activities of the planned for opening a beauty salon “Edem” in Ufa, Russia.

### 4. Financial analysis

“Research into data relating to the stability and profitability of business, especially to guide one’s investing practices.”<sup>1</sup>

In this bachelor thesis, the financial analysis was applied in calculations concerning the future activity of the beauty salon “Edem”:

- Compilation of the price list of products for sale at retail and rendering services taking into account the costs for raw material
- Calculation of the required initial investment from repair costs to the cost of obtaining a medical license
- Calculation of fixed costs (rent, salary fund, promotion, taxes etc.) and other

➤ The necessary formulas used in the practical part of this bachelor work:

- Net profit represents the profitability of the organization after accounting for all costs.  
$$Net\ profit = Total\ revenue - Total\ cost \quad (1)$$

- Calculation of a Single Tax on Imputed Income (UTII):  
$$UTII = BP * PhI * C1 * C2 * 15\% \quad (2)$$

- BP (Basic profitability for household services)
- PhI (Physical Indicator is the number of employees)
- C1 (Correction coefficient – is the same for all activities)
- C2 (Lowering coefficient – is the different for each activity and municipal district)
- 15% - The size of the tax rate

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<sup>1</sup> The financial dictionary: *Definition of financial analysis*. [online]. [cit.2016-07-17]. Available from: <http://financial-dictionary.thefreedictionary.com/financial+analysis>

- Calculation of depreciation by using straight-line depreciation method:

$$\text{Annual depreciation expense} = \frac{\text{Cost of fixed asset} - \text{Residual value}}{\text{Useful life of asset}} \quad (3)$$

- Calculation of profitability of sales (4)

$$\text{Profitability of sales} = \frac{\text{Total net profit}}{\text{Total revenue}} \times 100\%$$

## 3 Literature Review

### 3.1 Defining entrepreneurship and entrepreneur

Entrepreneurship is one of the most important spheres permeating all institutions of the economy and inextricably linked with it. Moreover, the entrepreneurship is carried out by person (entrepreneur) which should be ready for changes both in economic and social, political conditions.

“D.C. McClelland has identified two characteristics of entrepreneurship. Firstly, doing things in a new and better way. Secondly, it is decision-making in conditions of uncertainty.”<sup>2</sup>

Based on the second above-mentioned characteristic, becomes quite clear that business is the risk. Every entrepreneur needs to understand that his work not only creating the product, but also satisfying needs of consumers. Entrepreneurship is the work on the “new product” in order to satisfy the needs in constantly changing conditions.

The development and increasing business had been starting with the industrial activities and is continuing now, more and more gaining momentum. The most economists today agree that entrepreneurship carries the attributes needed to stimulate an economic growth and employment opportunities in all areas of society. Successful enterprises are new workplaces, income growth, and poverty reduction.

Referring to the dictionary to define the word “entrepreneurship” in economics.

“In economics, entrepreneurship combined with land, labor, natural resources and capital can produce profit.”<sup>3</sup>

The existence and development of business is impossible without the presence of entrepreneurs. This is the result of their work. Entrepreneurs are innovators who create new products using the latest technologies, stimulating consumers purchase products to improve the quality of people's lives. Entrepreneur is the main person working on the creation of new products, lines of production and their access to the market.

Entrepreneur - (someone who) exercises initiative by organizing a venture to take benefit of an opportunity and, as the decision maker, decides what, how, and how much of a good or service

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<sup>2</sup> Updated by: Dr. M.C. Garg, Study material. Subject: *Entrepreneurial development. Entrepreneur and Entrepreneurship*. [online]. [cit. 2016-07-17]. p.12. Available from: <http://www.ddegjust.ac.in/studymaterial/mba/cp-401.pdf>

<sup>3</sup> The business dictionary: *Definition of entrepreneurship*. [online]. [cit. 2016-07-17]. Available from: <http://www.businessdictionary.com/definition/entrepreneurship.html>

will be produced. Economist Joseph Alois Schumpeter (1883-1950) considered that “entrepreneurs are not necessarily motivated by profit but regard it as a standard for measuring achievement or success.”<sup>4</sup>

Whatever be a definition, one is clear that businessmen around the whole world united by one thing - a desire to improve the socioeconomic conditions of people at any point of the Earth.

### 3.1.1 Entrepreneurial traits

Every entrepreneur has a certain set of personal traits that help to achieve goals. After studying a various literature is possible to distinguish a very significant character traits that inherent to a successful entrepreneur.

**Table 1: Entrepreneurial traits**

<b>Personal traits</b>	<b>Description of personal traits</b>
Dedication	Moving towards to the right goals is a providing a large part of the success.
Ambitions	Having a desire doesn't stop of achieved goals, work on improving ideas and constantly try to achieve the impossible.
Mental ability	Intellect + an analytical mind. Do not be afraid to be open to new knowledge and skills, engage in analysis of problem and situations, work on improving and develop. Entrepreneurs need to know everything about their product.
Perseverance	The ability doesn't give up after 1 and 100 failures.
Sociability	The ability to communicate with people in order to distinctly, clearly and convincingly make information about the product both to customers and to investors.
Flexibility	In a constantly changing environment must be able to adapt to the situation, immediately abandoning from the old non-working tools by switching to a new one.
Creativity	The ability doesn't think standard. Creativity distinguishes all successful entrepreneurs.
Stress resistance	Being at the head of the business is meaning always be in emotional stress. The entrepreneur must be able to keep emotions and be tactful in any situations.
Authority	Business is a teamwork. It is very important to have the respect of subordinates for the coordinated work of the team.

Source: Author's own creation

<sup>4</sup> The business dictionary: *Definition of entrepreneur*. [online]. [cit. 2016-07-25]. Available from: <http://www.businessdictionary.com/definition/entrepreneur.html>

These personal traits make a successful entrepreneur. Should note, that none of the entrepreneurs don't have all of the above qualities at once. However, everyone can develop them in yourself.

### **3.1.2 Functions of an Entrepreneur**

Working with concepts "entrepreneurship" and "entrepreneur" can identify a number of attributes that define the essence of entrepreneurship from an economic point of view.

#### **1. Risk taking**

An entrepreneur takes on yourself all possible business risks, often acting in an uncertainty. They may be the following: competition, risks associated with changes in consumer tastes, production technologies, and new inventions etc. Most of them are not insured and if they become real, an entrepreneur will incur the loss of his own money. To reduce the risk entrepreneurs need to investigate market conditions, analyze errors of competitors, engaged in planning, carefully choose products and services that going to sell.

#### **2. Organizational functions**

The entrepreneur must create a combination of factors of production that is best able to achieve the goal.

The entrepreneur must have a huge amount of knowledge and skills to successful company management. Determining the direction of the company, the selection of personnel, timely logistical support, knowledge in management, marketing, accounting, and more that needs to know an entrepreneur. According to experts, the main reason of bankruptcy is not a bad idea, is an ignorance in the field of business management.

Business planning is one of the basic knowledge that an entrepreneur should know. Writing a business plan is a complex and laborious work, in which the entrepreneur uses all organizational skills, developing the own successful business strategy.

#### **3. Innovations**

The introduction of innovations in production is one of the most important functions of an entrepreneur according to Joseph Alois Schumpeter.

J. Schumpeter identified five typical changes:

1. "Introduction of new production methods;
2. Utilisation of new source of raw materials;

3. Discovering new markets;
4. Introduction to a new product<sup>5</sup> (a product with new properties)
5. Carrying out the reorganization of production

The aim of an entrepreneur is a constant introduction of innovations in order to increase the efficiency of the enterprise based on the satisfaction of social needs.

### **3.2 The concept of a Business Plan**

Every entrepreneur starting working should have a clear idea of what can be expected of business in the next 1-3 years, or even 10 years (in the case of long-term planning). Give accurate predictions impossible without planning, without building a business strategy. This can be possible only in the drafting of a business plan and further work with him.

A business plan is a working tool used in all areas of business activity. It is the basic document that defines the strategy of development of business, where analyzed the economic and financial issues in detail. The business plan defines the objectives and the time to reach them, as well as helping to identify issues that may arise when doing business.

Business planning is relevant in the present conditions of economic development because it is a required document for creating a small, medium or big business, as well as its restructuring or modernization.

A correctly designed business plan helps the company to occupy a high position in the market, achieve the desired investments and credit resources, develop your own successful business strategy, as well as the production of products and services, with their subsequent implementation in the market.

The business plan is not a final document that is written once and for all. It requires timely changes in connection with rendered external (market, economic, legal, administrative) and internal (logistical, organizational, administrative, economic and social) factors on the business activity, and it is based:

- On a specific project to production of certain goods or services;
- On a comprehensive analysis of industrial and commercial activities, identifying strengths and weaknesses, as well comparison with rival firms;

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<sup>5</sup> Your Article Library. [online]. [cit. 2016-07-30]. Available from: <http://www.yourarticlelibrary.com/entrepreneur/top-3-functions-of-the-entrepreneur-explained/36843/>

- On the study of specific financial, technical, economic and organizational moments used in the economy to realize assigned tasks.

### **3.2.1 The importance and meaning of a Business Plan**

The business plan certainly a written document in which developed the process of setting goals and activities to ensure their achievement. Business planning requires a lot of diligence and the availability of time for its preparation. Therefore, it would be appropriate to give reasons explaining why you should master the art of writing a business plan:

**Firstly**, the new economic conditions require new entrepreneurs and give them the opportunity to realize their entrepreneurial ideas.

**Secondly**, in a constantly changing environment even experienced managers are faces the need to take a look differently at own future steps, at the ways of dealing with competitors, where every action is important.

**Third**, the business plan is a connecting link between an entrepreneur and an investor. If the entrepreneur is counting not only on own funds, and also wants to bring them from the outside, then the best solution would be to show to a potential investor that the entrepreneur thinks realistically and investment of money will be really justified and beneficial. Business plan is a supporting document to potential investors that the entrepreneur really defined own capabilities and has managerial, entrepreneurial skills in order to achieve the objectives with a view to profit.

Do I need a business plan if I have my own money and I do not need investors? Yes, and the reasons described in this chapter: “The importance and meaning of a business plan?” of the bachelor thesis.

**Fourth**, the business plan allows to clearly see all business prospects, determine the actual economic situation in the market, identify an effective direction development of the company, as well as to analyze the ideas to test their reasonableness.

**Fifth**, the business plan can serve as a standard for the head of the company and employees. On it can check practical steps and make adjustments if there are discrepancies with the plan. In this way, a business plan will help employees to see problems that they face and the prospects associated with the overall business vision.

### 3.2.2 The basic principles of a Business Planning

Analysis of the literature related to business planning shows basic principles to follow when writing a business plan.

**Table 2: The basic principles of a Business Planning**

Basic principles	Description of principles
Logicity	Related sequence information; The content of the chapter should follow the titles.
Clarity	Avoid complex stylistic turns; Order and sequence; Do not try to fit all ideas into one sentence.
Brevity	Bankers, investors and other business people do not have much time to read your “essay”.
Visibility	Fewer words, more graphs, tables, and calculations.
Relevance	The provision of an accurate, timely and reliable information is the key to a competent business plan.
Truthfulness	The real view of the owner possibility and the company. Do not fantasize! “Don’t overstate your case.” <sup>6</sup>
Economy	Costs should be commensurate with the income derived from planning.
Variation	The development of optimistic and pessimistic outcomes (risks) of a business plan.

Source: Author’s own creation

### 3.2.3 Structure of a Business Plan

In this chapter, author of bachelor thesis would like to describe the structure of a business plan. After studying a different literature can be concluded that does not exist a unique structure, but there are mandatory items, which should include a standard business plan. I have identified the following eight points and gave to each of them a short description.

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<sup>6</sup> Blackwell, Edward. (2008). *How to Prepare a Business Plan*, p.15

## **1. Executive Summary**

Make it professional, interesting, complete, and brief.

This section summarizes the overall content of the business plan. The summary places at the beginning of the business plan, but should be written at the end of the writing process when all information is available.

It should not be just a listing of topics but should mention the key points to catch the interest of prospective sources of financing. Keep things as brief as possible showing the most important aspects of the business plan and explaining who you are, what you do and why.

Based on these first two or fewer pages, an investor will decide whether to continue reading and therefore deal with the financing of your business.

## **2. Company description**

What business will the owner be in? What will owner do?

This section goes into greater detail about your business and describes the status of future projections for research and development as seen by the owner.

## **3. Product and services**

Describe in details what company plans to make or sell, give a description.

Define costing and pricing, production process, research and development, quality assurance and control, sourcing and intellectual property.

In this section should be answers to questions along the following lines: How and why your products or services are competitive? What are the features and benefits of your products or services? How will your product be made or how will your services be provided? Who will supply the materials? Which end consumer will you address? Etc.

## **4. Market analysis**

In this section should be identified:

- Target market
- Market characteristic and size
- Market segments
- Market trends
- Competition
- The target clients and their needs

## **5. Operational plan**

In this section, should be described all production and other business processes from the beginning to the end. In general, this section deals with issues related to the location venture, its equipment, working staff, suppliers, and payment methods and terms.

## **6. Marketing plan**

The venture cannot succeed without effective marketing.

Expand the theme of how advertising will attract the target clients on the market. It is required to make a plan of marketing tactics, such as press-events, social media marketing (e.g. Facebook, Instagram, etc.) and other online advertising, tradeshow, billboards, magazines and other print media. Include the cost associated with each tactic.

## **7. Financial plan**

This section shows a plan of financing calculations.

This section needs to show a realistic estimate for the investment required (start-up funding), (projected) income statement and cash flow tables, (projected) balance sheet. Also can be included break-even analysis, sales forecast, business ratios. It is necessary to record all of the assumptions used in predicting the profitability (revenues) and unprofitability (expenses) of the business.

## **8. Appendix**

Include in the appendix tables, graphs, charts, and any other supporting documents and materials that may be interesting to the reader.

### 3.3 The Russian Market Services (Personal Services) rendered to population

“**Structure of market services rendered to population** represents useful operating results that satisfy certain needs of citizens for a fee, but it is not embodied in material form. They are the object of the purchase and sell realized at prices that are wholly or largely covering the expenses of the manufacturer (at the expense of proceeds from implementation) and providing him a profit.”<sup>7</sup>

In accordance with Russian Classification of Services provided to People, accepted and enacted decree Gosstandart of Russia (State Committee of the Russian Federation for Standardization and Metrology ) N 163 of June 28, 1993, there are following basic types of market services: personal services, transport services, communication services, housing services, public utilities , cultural services, tourist services, physical culture and sport, medical services, resorts and health improvement, veterinarian services, judicial services, education services, social services rendered to senior citizens and disabled and other services.

Personal services rendered to population are the kind of market services on which will focus this chapter of bachelor thesis since according to the Russian Classification of Services provided to People, in this category, inter alia, includes hairdressing and cosmetic services. Static data presented in this chapter about the Russian market of personal services and, in particular, about the hairdressing and cosmetic services will help in details explore the issue of salon business in Russia.

According to “The Russian Tax Code”, provides the following definition of personal services.

“**Personal services** rendered to population are market services (except pawnshops services and repair services, maintenance and washing of vehicles), classified in accordance with Russian Classification of Services provided to People.”<sup>8</sup>

The level of development of the service sphere can be regarded as an indicator of social and economic development, as well as an essential condition for ensuring the quality of life.

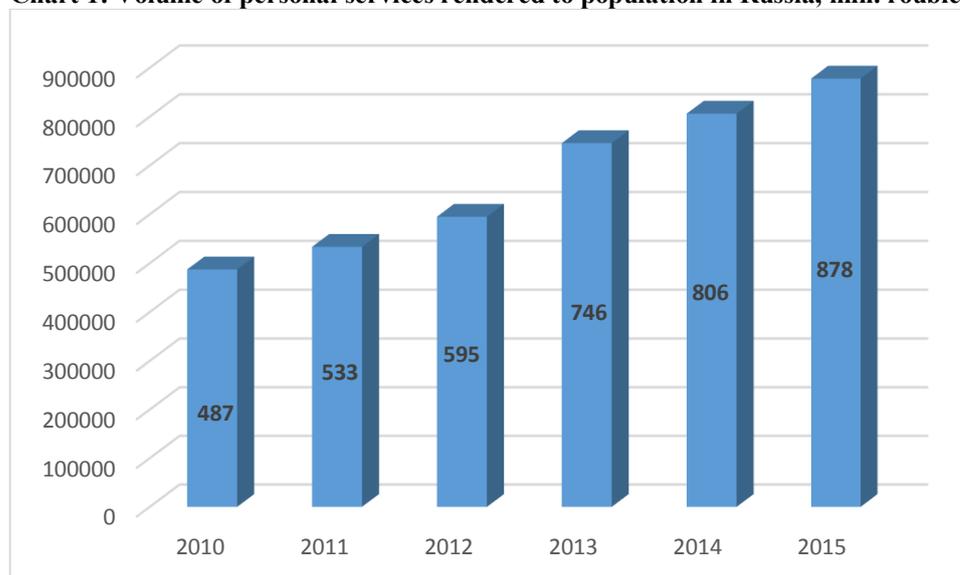
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<sup>7</sup> Federal Service of State Statistics of the Russian Federation. [online]. [cit. 2016-09-04]. Available from: [http://www.gks.ru/bgd/free/b99\\_10/isswww.exe/stg/d000/i000480r.htm](http://www.gks.ru/bgd/free/b99_10/isswww.exe/stg/d000/i000480r.htm)

<sup>8</sup> “The Russian Tax Code”, Article 346.27

Personal services a long time ago came to the high level of quality, whose turnover is increasing more and more in every year (**Chart 1**). The main task of personal services is to create comfortable living conditions by streamlining of the household, thereby freeing up time for other purposes: relaxation, self-education, satisfaction of cultural needs

**Chart 1: Volume of personal services rendered to population in Russia, mln. roubles**



Source: Author's own creation. Data from <http://www.gks.ru/>

As is evident from the above chart (**Chart 1**), in comparison with the 2014 year, the growth of personal services turnover in the 2015 year amounted to 8% and was equal to 877 938 mln. roubles, it is the fourth component in the service sphere, which is equal to 11% of the total turnover in this economy sector. In general, over the past six years (2010-2015 years), the turnover in the sector of personal services grew by 1.8 times.

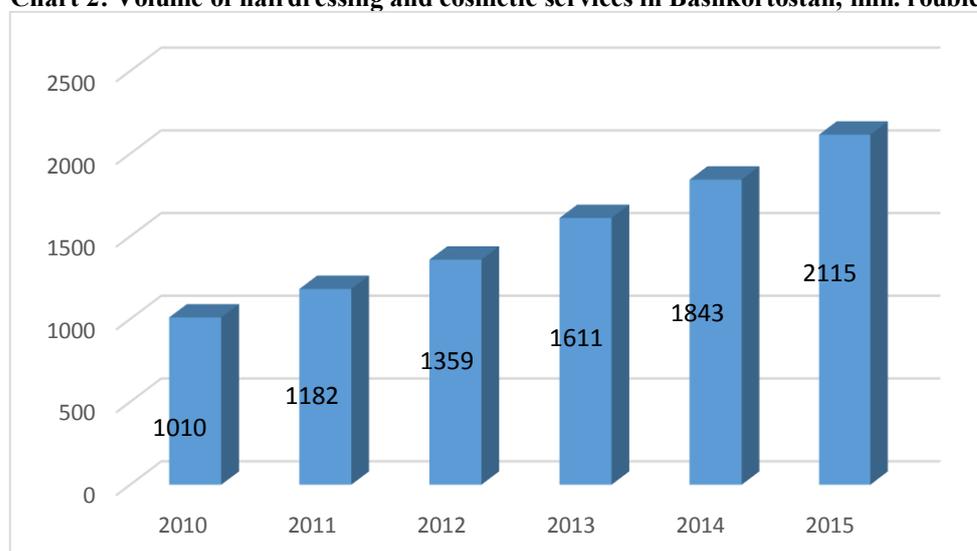
Structure of personal services is uneven, just this industry includes 13 main categories (**Appendix 1: Structure of personal services rendered to population by types in Russia, percent of total**), but almost 70% of the total volume provide three categories: “maintenance and repair of transport, machinery and equipment”, “Repair and construction of dwellings and other buildings”, “Hairdressing and cosmetic services”. The share of these sectors in the turnover of the 2015 year amounted to 30.3%, 27.6%, and 11.6%, accordingly.

Hairdressing and cosmetic services related to the sector of personal services, belong to a number of the most popular in the daily life of people, and, therefore, to one of the most popular in Russia.

As is evident from the **appendix 2: Volume of personal services rendered to the population by types in Russia, mln. roubles**, the market of hairdressing and cosmetic services in Russia demonstrates the growth and according to the results of the 2014 year the volume of this market from 92487 mln. roubles up to 101483 mln. roubles in the 2015 year, in percentage it equals an increase almost at 9%. In general, over the past six years (2010-2015 years), the turnover in this sector of the market in Russia grew by 2.4 times. People like to experiment with their appearance, and as show the data, people are increasingly turning to qualified specialists, because they do not want to spend their spare time to solve personal problems.

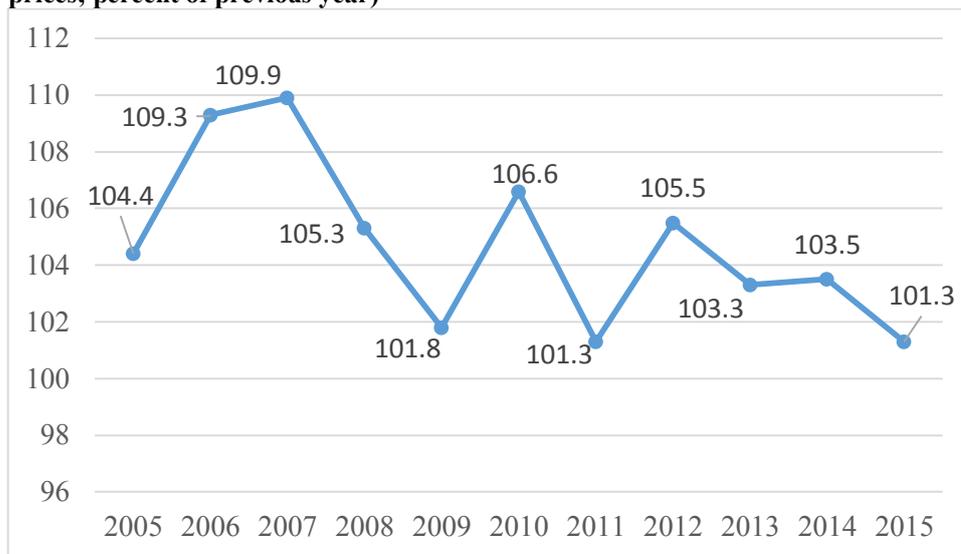
The increase in the volume of hairdressing and cosmetic services takes place both in Russia and in the Republic of Bashkortostan, particularly, whose capital is the city of Ufa (**Chart 2**). The increase in the volume of this market almost amounted to 13% in the 2015 year in comparison with the 2014 year, when the market's turnover of hairdressing and cosmetic services from 1843 mln. roubles in the 2014 year increased to 2115 mln. roubles in the 2015 year. In general, over the past six years (2010-2015 years), the turnover in this sector of the market in the Bashkortostan grew by 2 times.

**Chart 2: Volume of hairdressing and cosmetic services in Bashkortostan, mln. roubles**



Source: Author's own creation. Data from <http://www.gks.ru/>

**Chart 3: Volume indices of hairdressing and cosmetic services rendered to population in Russia (at constant prices; percent of previous year)**



Source: Author's own creation. Data from <http://www.gks.ru/>

The purpose of this chapter: “The Russian Market Services (Personal Services) rendered to population” of bachelor thesis shows that personal services and, particularly, hairdressing and cosmetic services related to this area, showing growth from year to year. Hairdressing and cosmetic services are a third component to ensure the volume of the personal services sector in Russia and the fourth in the Republic of Bashkortostan. Salon's services remain in demand in the daily life of people, so the salon business segment has one of the biggest revenue turnover among all personal services. Despite this, from year to year market of hairdressing and cosmetic services is becoming more saturated, reducing the rate of **(Chart 3)**, therefore it is very important when working in the salon business to focus on customers and their wishes, providing the choice of a wide range of services, thereby satisfying customer needs and making own business successful in a competitive market.

## **4 Application Part**

### **4.1 Executive summary**

The purpose of the project is opening a beauty salon in the city of Ufa, Russia, with a wide range of services, whose democratic prices and qualified specialists will help gain the trust of customers, thereby increase the popularity and gain credibility in the beauty industry.

Planned for opening a beauty salon “Edem” will offer to customers high-quality services in 6 areas:

1. Hairdressing services for women, men, and children
2. Manicure and pedicure (extension, design, correction and care of nails)
3. Cosmetology services (facial cleansing, and peeling, waxing)
4. Cosmetic services (make-up, eyebrows, and eyelashes care)
5. Body care (massage)
6. Solarium

The calculation of the financial model is made for the beauty salon “Edem” located in the new and developing residential neighborhood Glumilino, Oktyabrsky district. The premise under the salon equals 110 m<sup>2</sup> is located in the largest shopping center of Ufa – “Planeta”, whose attendance is about 10 million people for a year. Potential clients of the salon are citizens with average income, mainly women from 25 to 44 years of age and older, as well as men and children.

For the realization of this project will require 25 000 euros upfront investment, to cover which is planned to attract loan funds.

The activity of beauty salon “Edem” will be based on Limited Liability Company (Ltd.) form of business organization, accordingly, the owner of the salon will be registered in the tax inspection, as a legal entity. The main reasons why this form of business organization has been chosen are:

1. The possibility of obtaining medical license for medical workers, and not to the owner;
2. The possibility to choose the type of taxation. Optimal type of taxation for salon “Edem” is a Single Tax on Imputed Income (UTII), used in Russia.

The term of realization of the investment stage, including obtaining allowing documents, redecorating two rooms (solarium and cosmetology parlors), purchase of equipment and

consumables is scheduled for August 2017 year. The opening of the salon is scheduled for September 2017 year.

The competitive advantages of a beauty salon “Edem” is a wide range of services, relatively low prices, which will be available to the majority of the population, the quality of service supported by at least one year experience of specialists, their professionalism and individual approach to each client. Prices, as already mentioned, will be available to many people, and, therefore, price segment will be average. Table 3 represents a brief overview of services and counted the minimum average cost for each of the services provided in a beauty salon “Edem”. Detailed and accurate list of all 66 positions of services and prices which will be offered by the salon “Edem” is represented by appendix 3.

**Table 3: Services and average prices in beauty salon “Edem”**

<b>№</b>	<b>Services</b>	<b>Average price, EUR</b>
1	Hair room	13
2	Nail services	9
3	Waxing	10
4	Cosmetology	26
5	Body massage	18
6	Solarium	7.5
7	Make-up	30
8	Brow bar	8
	<b>Total average price for all services</b>	<b>15</b>

**Source: Author's own creation**

As can be seen from the table 3 and appendix 3 prices in salon “Edem” are not high, and a variety of services with a wide choice, collected in one place, represents a comfortable and attractive place for customers.

Besides of providing services, beauty salon “Edem” will provide retail sale of professional cosmetics “Estel” for household use. The difference from the salon cosmetics is that the volume of products is not more than 400 ml, and the low concentration of chemicals in cosmetics for safe independent use. In addition, the main advantage over purchase in stores is the opportunity to get individual specialist consultation. List of retail goods is presented in table 3, the cost is given with markup 50%.

**Table 4: List of retail goods**

<b>№</b>	<b>Product name</b>	<b>Product types</b>	<b>Price, pcs., EUR</b>
1	<i>Corrector, 50 ml</i>	Corrector “DE LUXE” Neutral/Ammoniac	7
2		Corrector “DE LUXE” Blue, Green, Yellow, Violet, Orange, Red, Brown colors	7
3	<i>Hair-dye, 50 ml</i>	Serie “High-Blond”, 50 ml	7
4		<i>Hair-dye</i> “DE LUXE”, basic colors, 50 ml	7
5	<i>Oxigent, 60 ml</i>	Oxigent “DE LUXE” 3%, 6%, 9%	1
6	<i>Shampoo, Balsam 300 ml</i>	Shampoo/Balsam color stabilizer pH 4,5 for color dyed hair	7
7		Gloss-shampoo for all hair types / Shampoo intensive cleaning	7
8		Light balm for moisturizing hair	10
9	<i>Special treatments</i>	Spray-antistatic for hair, 100 ml	7
10		Oil-gloss for all hair types “Q3 Therapy Luxury”, 100 ml	16
11		Spray-care to facilitate combing hair, 200 ml	8
12		Keratin hair mask, 250 ml	12
13		Masks: nutritional/for curly hair/for cold shades of blond hair, 300 ml	13
14	<i>Styling</i>	Hair spray (strong/ ultra-strong fixation), 400 ml	12
15		Hair spray “Always ON-LINE” (flexible fixation), 400 ml	12
16		Mousse for hair (Normal/Strong/For curly hair fixation), 300 ml	12
17	<i>Suntan cream</i>	Suntan cream with 5 bronzers	1
18		Cream-fixer after sunburn	1

Source: Author's own creation

Products of cosmetics company “Estel” are developed by domestic company Ltd. “Unicosmetic” together with the specialists of the State Institute of Technology in Saint-Petersburg. The company exists from the 2000 year and during that time “Estel” cosmetics has become popular and widely used in Russia and countries of the former USSR by specialists in salons and home users. The company specializes mainly in the hair cosmetics, also produces hand cream and suntan cream. The advantage of this brand is Russian manufacture and combination of quality professional cosmetics at very favorable prices.

## 4.2 Market analysis

In Russia, the salon business began to widely develop relatively recently and was arisen only 15-20 years ago. Previously, the service industry was represented only by the Soviet hairdressing, which hardly be referred to the representatives of salon business. The Russian market of beauty industry has not yet reached the saturation phase when the opening of the new beauty salon would be clearly unprofitable investments.

According to data “Reports and Reports”, the number of women attending beauty salons, from 4% in the 2000 year increased to 40% in the 2014 year. It is known that Russian women a lot of time dedicate for beauty and they are willing to invest in it, and according to data “Reports and Reports” the number of Russian women are ready to buy cosmetic products more expensive than 42 euros a multiple grew for the last 20 years.

Planned for opening a beauty salon “Edem” will work on the professional cosmetics “Estel” not accidental. “Estel” is a brand of the Russian manufacture, given the current devaluation of the rouble this choice is right. The more specific positive arguments influenced on the choice of “Estel”: a complete manufacture of all cosmetic products on Russian factories, the opportunity of producers store a large amount of fat reserves and finished products. Of course, manufacture of “Estel” products involves not only Russian but also foreign chemicals. It is worth noting that at the time when other salons who work on a foreign cosmetic will significantly increase prices for services due to the increase of foreign exchange, salon “Edem” will be able to raise prices for services and products on a percentage that does not frighten the clientele. Thus, the owner of a beauty salon “Edem” before its opening, does everything for the convenience of customers.

Salon business - is not only beauty salons, but also simple hairdressing and nail salons basement type. Having considered these factors, the beauty salon “Edem” is betting on a variety of services gathered in one place, performed by skilled specialists, which will be available to the overwhelming majority of the population of the city Ufa. Satisfying the needs of people in all six directions is one of the main task of the beauty salon “Edem”.

Beauty salon “Edem” will located in one of the biggest shopping centers of the city Ufa – “Planeta”, located in the Oktyabrsky district, in the central part of the city. According the international cartographic company “2GIS” in the Oktyabrsky district operates 178 organizations involved in salon business - beauty salons, hairdressings, beauty-bars and the image studios. At the same time, 174 companies out of 178 are located at a considerable distance from the shopping center “Planeta”, at least 1000 meters and more, and, therefore, they

are not the main competitors for the beauty salon “Edem”. Shopping center “Planeta” located in a residential neighborhood Glumilino, which has a total of 4 organizations salon business located directly in the shopping center. In this case, it would be appropriate to consider these 4 companies, which are competitors of beauty salon “Edem”, while none of them is “direct” competitor.

M.Kuznetsov, E.Ivanova define the “direct” competition in the book “Superpribyl'nyy salon krasoty. Kak preuspet' v etom biznese.” where the authors call 3 indicators, the coincidence of which at both competitive parties possible “direct” competition. Indicators are following: “The same offer (a similar list of goods and services, as well as the same cosmetic line); the same prices for similar goods and services; the same customer audience.”<sup>9</sup> Based on the above information, in table 5 indicate services of salon “Edem” and competitor-salons for comparing and determining the competition.

**Table 5: Services of salon “Edem” and competitor-salons**

<b>№</b>	<b>Hair salon “Maija”</b>	<b>Beauty - bar “Flash&amp;Beauty”</b>	<b>Studio School “Brow maker”</b>	<b>Image studio “CHI”</b>	<b>“Beauty salon Edem”</b>
1	Hairdressing services (haircuts, hairstyles, hair dyeing, weaving braids)	Hairdressing services (haircuts, hairstyles, weaving braids)	Services of bridal hairstyles and weaving braid	Hairdressing services (haircuts, hairstyles, hair dyeing, weaving braids)	Hairdressing services (haircuts, hairstyles, hair dyeing)
2	Nail services	Nail services	X	Nail services	Nail services
3	X	X	Cosmetic services (care for eyebrows, lashes, coloring, brow-spa)	X	Cosmetic services (Make-up; care for eyebrows - form, coloring, care for lashes - extension, lamination)
4	X	X	X	Cosmetology services (facial cleansing, waxing)	Cosmetology services (facial cleansing, peelings, waxing)
5	X	X	X	X	Body massage
6	X	X	X	X	Solarium

**Source: Author's own creation**

<sup>9</sup> Kuznecov, M., Ivanova, E. (2007). Superpribyl'nyy salon krasoty. Kak preuspet' v etom biznese. Moscow: Vershina, 2007, ISBN: 5-9626-0009-6

Showing the services of planned for the opening a beauty salon “Edem” and competitor-salons in table 5, in the following table 6 called strengths and weaknesses of the four above mentioned competitor-salons.

**Table 6: Strengths and weaknesses of competitor-salons**

<b>№</b>	<b>Names of competitor - salons</b>	<b>Strengths</b>	<b>Weaknesses</b>
1	<b>Hair salon “Maija”</b>	<ol style="list-style-type: none"> <li>1. International network of salons</li> <li>2. The base of regular customers</li> <li>3. School training for hair stylists</li> <li>4. High quality service</li> <li>5. The qualified staff</li> </ol>	<ol style="list-style-type: none"> <li>1. Narrow area of services (2 areas)</li> <li>2. High prices</li> </ol>
2	<b>Beauty - bar “Flash&amp;Beauty”</b>	<ol style="list-style-type: none"> <li>1. The base of regular customers</li> <li>2. Discounts for retirees</li> </ol>	<ol style="list-style-type: none"> <li>1. Narrow area of services (2 areas)</li> <li>2. Low quality service</li> </ol>
3	<b>Studio School “Brow maker”</b>	<ol style="list-style-type: none"> <li>1. The base of regular customers</li> <li>2. Service – specialist at home</li> <li>3. School training for make-up artists and brow-specialists</li> <li>4. The qualified staff</li> </ol>	<ol style="list-style-type: none"> <li>1. Narrow area of services (2 areas)</li> <li>2. High prices</li> </ol>
4	<b>Image studio “CHI”</b>	<ol style="list-style-type: none"> <li>1. The base of regular customers</li> <li>2. High-quality products</li> <li>3. The qualified staff</li> </ol>	<ol style="list-style-type: none"> <li>1. Narrow area of services (3 areas)</li> <li>2. High prices</li> <li>3. Expensive products at retail sale</li> </ol>

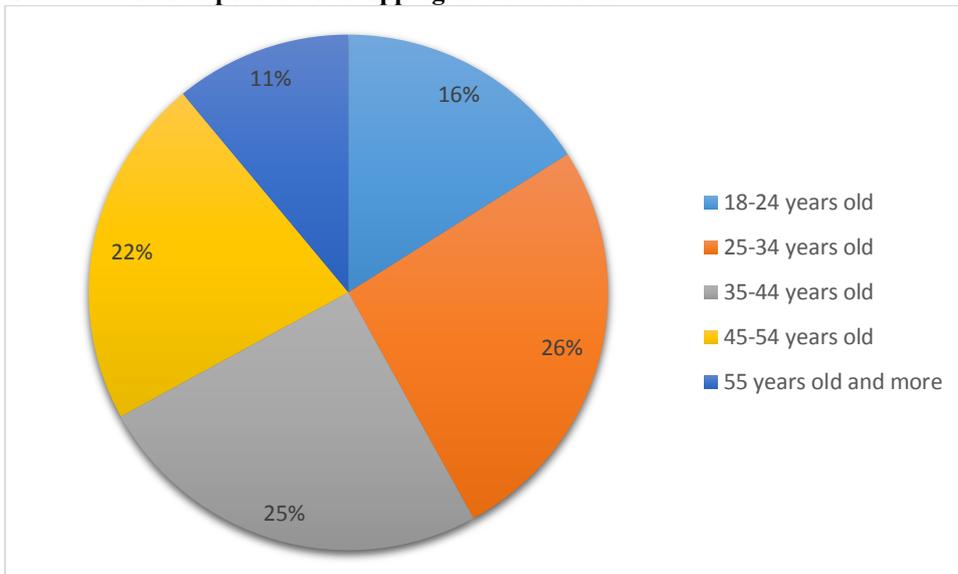
**Source: Author's own creation**

Table 5 and table 6 demonstrated the lack of “direct” competition between already functioning salons and salon “Edem”. Without “direct” competitors in the immediate vicinity, the owner of planned for opening a beauty salon “Edem” will not have to worry about the transition of customers to the competitors. “Indirect” salons competitors are focused totally on a different target audience with an income above average. Beauty salon “Edem” offering high-quality service with a much greater range of services at affordable prices to satisfy the needs of the population of the city Ufa visiting the shopping center “Planeta”.

The target audience of salon “Edem” can be determined based on the visitor's portrait of shopping center “Planeta”, where 51% of visitors age varies from 25 to 44 years. The ratio of visitors represented in the chart 4, is following: 26% of visitors are people from 25 to 34 years old, 25% - 35-44 years old visitors, 22% - 45-54 years old visitors, 16% are visitors from 18 to

24 years and another 11% are people from 55 years and older. The average age of visitors is 35 years.

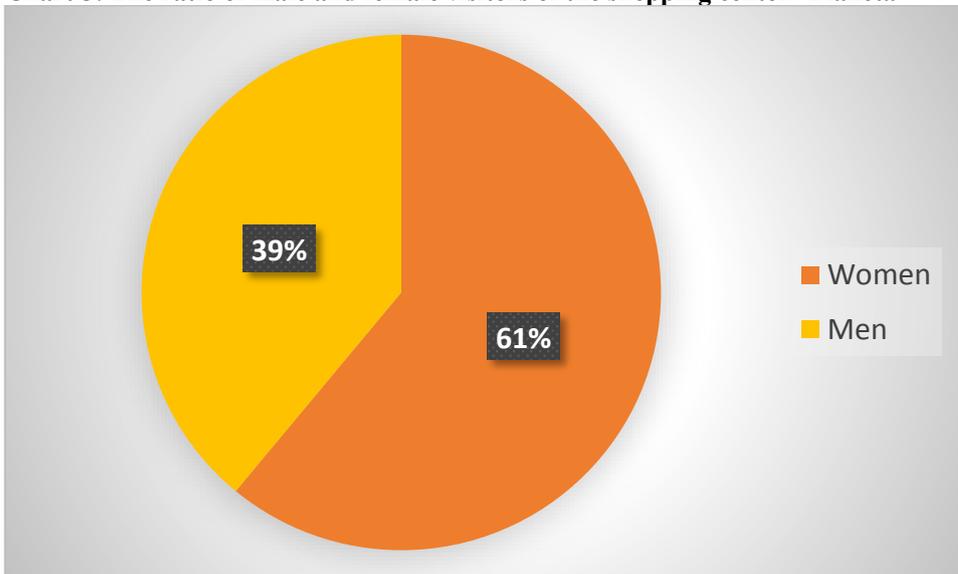
**Chart 4: Visitor's portrait of shopping center "Planeta"**



Source: Author's own creation. Data from <https://planeta-mall.ru/ufa/>

The main visitors, accordingly, and the main consumers of salon services is the female part of the population equals 61%, as opposed to the male visitors equals 39%. (Chart 5).

**Chart 5: The ratio of male and female visitors of the shopping center "Planeta"**

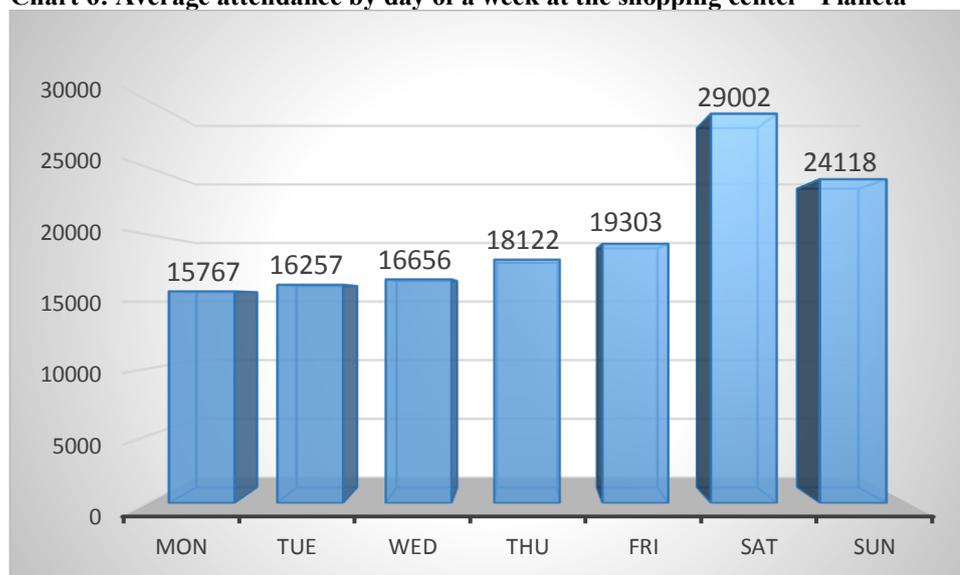


Source: Author's own creation. Data from <https://planeta-mall.ru/ufa/>

Beauty salon "Edem" will be located on the ground floor of shopping center "Planeta", which is the most visited of the three floors, there is the largest number of stores, where visitors enter from the ground parking. According official data available on the website of the shopping center "Planeta" distribution of traffic at this level is 100%, while at -1 floor traffic is equal to 98% and at -2 floor is only 44%.

Thanks to the high attendance at the shopping center “Planeta” which is about 10 million people in a year, and the average daily traffic during the weekdays is 17221 visitors and 26560 visitors on weekends, a beauty salon “Edem” will have high passability of potential customers. Chart 6 shows the average daily attendance in the shopping center during the week in 2016 year.

**Chart 6: Average attendance by day of a week at the shopping center “Planeta”**



Source: Author's own creation. Data from <https://planeta-mall.ru/ufa/>

### 4.2.1 Marketing plan

Provision of services in the salon “Edem” will be performed using pre-recording of telephone, online recording through the website, as well as through social networks such as Vkontakte, Facebook, Instagram. Currently, social networks are very popular, in this regard, they have been chosen as the main channel to attract customers. This choice was made because people like to see results of work in the form of photos or videos on the Internet, where under each such work potential client can put interested questions and receive answers. In addition, the use of social networks is beneficial from an economic point of view, because internet groups do not require cash expenditures. More recently, social networks have introduced the function of the statistic of a social page. Thanks to given function owner of future salon “Edem” will receive important information about gender, age customers, the most and the least popular publications. Thus, this statistic will help salon administration in more detail define the portrait of a potential customer, services, and specialists who are the most in demand among customers, as well as on what administration should pay attention to increasing customer interest to the salon. Maintain

operation groups and accounts will engage administrators in their working hours, and the owner of the salon “Edem”, which will also engage with the site work.

At the same time, will be used other methods of promoting popularity and creating an image of a beauty salon “Edem”. The names of all methods to be used are presented in table 7.

**Table 7: Promotion methods**

<b>№</b>	<b>Name of marketing method</b>	<b>Price</b>
1	Firm's logo creation and design	133
2	Website creation	255
3	Print of distributing material:	67
3.1	Design	17
3.2	Print of 1500 flyers	25
3.3	Promoter's wages for 15 hours	25
4	Banner's creation and placement:	400
4.1	Design	100
4.2	Placement, monthly	300
5	Social networks	0
<b>Total</b>		<b>855</b>

**Source: Author's own creation**

Thus, the cost of marketing expenses before the opening a beauty salon “Edem” will be 855 euros in one time and 300 euros each following month for banner’s placement on Oktyabrskaya Street.

## 4.2.2 PEST-analysis

**Table 8: PEST-analysis of beauty salon “Edem”**

<b>Political</b>	<b>Economic</b>
<ul style="list-style-type: none"> <li>• Changes in legislation               <ul style="list-style-type: none"> <li>- Necessity of licensing all types of cosmetology services that previously did not require a medical license</li> </ul> </li> <li>• Changes in taxation               <ul style="list-style-type: none"> <li>- From July 1, 2018 year, all organizations using the form of taxation UTII should use a cash register</li> </ul> </li> <li>• Position of the state in relation to other countries               <ul style="list-style-type: none"> <li>- Any conflict between Russia and other countries can lead to interruptions in delivery until the complete cessation of business relations</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Fluctuations in foreign exchange rates               <ul style="list-style-type: none"> <li>- Any increase or decrease in the exchange rate of dollar or euro against the rouble leads to a rise or reduction in prices for the services of the salon, because some equipment and materials are produced abroad and come from there</li> </ul> </li> <li>• The rate of inflation               <ul style="list-style-type: none"> <li>- The Central Bank of Russia plans to achieve 4% of annual inflation rate in 2017 year. As a result, there will be prerequisites for economic growth, new business opportunities, decreasing of interest rates</li> </ul> </li> <li>• Seasonality               <ul style="list-style-type: none"> <li>- Affects amount of services provided, respectively, on the profitability of the beauty salon</li> </ul> </li> </ul>
<b>Socio-Cultural</b>	<b>Technological</b>
<ul style="list-style-type: none"> <li>• Changing preferences of customers               <ul style="list-style-type: none"> <li>- Changes in fashion dictate the style and tastes of people. It is necessary take into account these factors in order to satisfy the desires of customers</li> </ul> </li> <li>• Demographic structure of the population               <ul style="list-style-type: none"> <li>- Population of Ufa will increase by 4,000 people in 2017 year and will be 1,128,000 people</li> </ul> </li> <li>• Social mobility of the population               <ul style="list-style-type: none"> <li>- Glumilino is a young and perspective residential area, every year the number of residents in Glumilino is increased</li> </ul> </li> <li>• Changes in the level and style of life               <ul style="list-style-type: none"> <li>- As a result, increase/decrease the use of services in beauty salon</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Innovations in the field of cosmetology               <ul style="list-style-type: none"> <li>- The technological environment ensures the emergence of new developments, thereby expanding the assortment list. The owner of the salon should monitor the market of beauty industry in order not to lose the competitive advantage</li> </ul> </li> <li>• Internet development, using of mobile devices development               <ul style="list-style-type: none"> <li>- Active use of social networks, mobile applications to facilitate communication of customers with the salon</li> </ul> </li> <li>• Computer programs.               <ul style="list-style-type: none"> <li>- Use of accounting and management software for accounting, storage of information about customers, personnel in an electronic database</li> </ul> </li> </ul>

Source: Author's own creation

Based on the analysis of the macro-environment, in the PEST-analysis table were included the main factors for each of the four groups: political, economical, socio-cultural and technological factors. The PEST-analysis shows which factors can influence on salon attendance, the number of services provided, the sale of cosmetic products at retail and, accordingly, the profit of the beauty salon “Edem” in the long-term (3-5 years).

### 4.2.3 SWOT-analysis

Based on the data obtained through PEST-analysis, market research and competitors, the author of the bachelor work compiled the SWOT-analysis, which is an analysis of the external and internal factors that can affect the activities of the organization. SWOT-analysis has identified and correlated the strengths and weaknesses of the beauty salon “Edem”, the threats and opportunities of its external environment.

**Table 9: SWOT-analysis of beauty salon “Edem”**

	<b>Strengths</b>	<b>Weaknesses</b>
<b>Internal</b>	<ul style="list-style-type: none"> <li>• Wide scope of the salon activity - 6 areas (66 positions)</li> <li>• Qualified staff</li> <li>• Qualitative professional cosmetic products of brand “Estel”</li> <li>• High quality of service</li> <li>• Reasonable prices</li> <li>• Convenient location</li> <li>• Convenient working schedule of the salon (24/7, 10:00 - 22:00)</li> <li>• Website, groups in social networks</li> </ul>	<ul style="list-style-type: none"> <li>• Not yet formed image of the salon</li> <li>• Lack of a regular customer base</li> </ul>
	<b>Opportunities</b>	<b>Treats</b>
<b>External</b>	<ul style="list-style-type: none"> <li>• Expansion of the range</li> <li>• Increase the number of potential customers by introducing new and expanding existing services</li> <li>• Staff development</li> <li>• Improving the promotion campaign</li> </ul>	<ul style="list-style-type: none"> <li>• The emergence of “direct” competitors in the neighborhood of Glumilino</li> <li>• Reducing competitors' prices</li> <li>• Loss of customers</li> <li>• Problems with suppliers</li> <li>• Seasonality</li> </ul>

Source: Author's own creation

Based on the SWOT-analysis data, the owner of the planned for the opening a beauty salon “Edem”, considered in more detail how the business will operate before its opening. The

owner's task is to focus on the strengths, expand the salon's capabilities, thereby suppress weaknesses and avoid threats. Beauty salon “Edem” has much more significant advantages than negative factors, thanks to which the salon has all chances to take a firm position in the beauty industry market.

### 4.3 Production plan

#### 4.3.1 Location

Planned for opening a beauty salon “Edem” will be located at the youngest and densely populated district of Ufa, Oktyabrsky, with a population of 241 425 people. The share of the working-age population in this region is about 61%. As the location of the salon was chosen residential neighborhood Glumilino, in the geographical center of the city. The neighborhood located in close proximity to the two main highways of Ufa - Prospect Salavata Yulaeva and Prospect Oktyabrya. Directly the salon will locate in the shopping center “Planeta” with a high-level of regional format on the ground floor, where visitors will come from the ground parking, designed for 1 500 parking spaces. There is also an underground heated parking for 1 000 places and a closed multi-level parking for 700 cars.

#### 4.3.2 Premise

The owner of the salon “Edem” will rent premise with an area of 110 m<sup>2</sup>. This premise is already equipped with a hairdresser's zone, manicure and pedicure zones, room for disinfection of tools, a warehouse, as well as a seating area for clients and a reception area with a reception desk and a showcase for the retail sale of goods. In addition, there are two free rooms in the salon that will be equipped by the owner of future salon “Edem” with a solarium and a cosmetology rooms.

The following table 10 represents the sizes of each zone in the beauty salon “Edem”:

**Table 10: Sizes of zones in beauty salon “Edem”**

<b>№</b>	<b>Name of zone</b>	<b>Occupied area, m<sup>2</sup></b>
	<b><i>Effective area</i></b>	<b>57</b>
1	Hairdressing zone	14
2	Manicure zone	6.5
3	Pedicure zone	4.5
3	Solarium room	10
4	Cosmetology room	14.5
5	The zone for make-up	7.5

	<i>Auxiliary area</i>	<b>53</b>
6	Warehouse	9.5
7	Desinfection room	10
8	Hall (includes reception area with a reception desk, showcase and seating area for clients)	33.5
	<b>Total area of salon</b>	<b>110</b>

Source: Author's own creation

In appendix of this bachelor work represents the layout (**appendix 4**) of the beauty salon “Edem”, where the numbers from 1 to 9 mark the zones and rooms in the order in which they are given in table 10.

### 4.3.3 Equipment and depreciation

#### ➤ Equipment

The cost for renting of equipped premise including a payment for public services will be equal to 42 euros per 1 m<sup>2</sup>, which in the amount of 110 m<sup>2</sup> is 4620 euros per month. The term of the agreement with the lessor is 2 years, after which the owner of the salon will be able to extend the contract for a longer period.

The room for the salon is equipped with all necessary communications - electricity, centralized water supply system, sewer and ventilation systems. In the purchase of equipment only the rooms of the solarium and cosmetology need (**Table 11**), the rest of the salon is equipped with everything necessary and does not require any changes. In this case, the costs will be 7980.73 euros. In addition to purchasing equipment, the cosmetology and solarium rooms also need redecorating, which will cost 203 euros (14 euros/m<sup>2</sup> \* 14.5 m<sup>2</sup>) and 140 euros (14 m<sup>2</sup> \* 10 m<sup>2</sup>) respectively, the total repair amount is 343 euros.

**Table 11: Equipment for cosmetology and solarium rooms**

<b>№</b>	<b>Name of equipment</b>	<b>Price, unit, EUR</b>	<b>Amount, pcs.</b>	<b>Cost, EUR</b>
	<i>Cosmetology room</i>			
1	Hydraulic chair with stool (facial bed, massage table)	320	2	640
2	A rack with a bactericidal UV-lamp	130	2	260
3	Laboratory with built-in sink and bactericidal UV-camera	433.33	1	433.33
4	Hydraulic esthetician chair	91.67	1	91.67
5	Magnifying Lamp	88.33	1	88.33

<b>Solarium room</b>				
6	Vertical solarium	6166.67	1	6166.67
7	Shower cabin	203.33	1	203.33
8	The curbstone under the sink is outdoor	9.8	1	9.8
9	Sink cup	10.88	1	10.88
10	Wall mirror	5.72	1	5.72
11	Coffee table	21	1	21
12	Poof	50	1	50
<b>In total</b>				<b>7980.73</b>

Source: Author's own creation

### ✓ Depreciation

“According to the Tax Code of the Russian Federation, property with a useful life of more than 12 months and an initial value of more than 1.667 euros is depreciated.”<sup>10</sup>

The solarium is a device that generates ultraviolet radiation. In accordance with Obshcherossiyskiy Klassifikator Osnovnykh Fondov (OKOF), such devices and apparatus belong to the group “Medical and surgical equipment” (code for OKOF - 14 3311263)

According to the Classification approved by the Decree of the Government of the Russian Federation No. 1 of January 1, 2002, the solarium belongs to the fourth amortization group (the code for the Classification is 14 311000). The useful life of solariums can be set in the range from five to seven years inclusive (**Table 12**).

- Calculation of depreciation by the straight-line depreciation method:

$$\text{Annual depreciation expense} = \frac{\text{Cost of fixed asset} - \text{Residual value}}{\text{Useful life of asset}} \quad (5)$$

*Residual value* is equal to zero when the management of the enterprise intends to use the asset before the end of its physical term. It also means that the depreciated base of this asset will be equal to its original value.

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<sup>10</sup> Chapter 25 of the Tax Code of the Russian Federation (in other words - Clause 1, Article 256 of the Tax Code of the Russian Federation).

**Table 12: Depreciation, straight-line method**

<b>№</b>	<b>Name of equipment</b>	<b>Amount, items</b>	<b>Cost, unit, EUR</b>	<b>Useful life, years</b>	<b>Total cost, EUR</b>	<b>Annual depreciation rate, %</b>	<b>Annual depreciation expense, EUR</b>
1	Vertical solarium	1	6166.67	7	6166.67	14.29	881
<b>Total, month</b>							<b>73.4</b>
<b>Total, year</b>							<b>881</b>

Source: Author's own creation

#### 4.3.4 Starting set of tools and materials

As a rule, every master hairdressers, cosmetologists, and others, come to the salon with their standard set of tools and materials. In the salon “Edem” the make-up artist will fully work only with her cosmetics and tools. The owner of the future salon “Edem” was decided in addition to the purchase of large equipment, buy starter kit products (equipment, tools, consumables) for the solarium and cosmetology rooms, hairdressers, manicure and pedicure masters for total cost 4448.21 euros (The entire list of goods is shown in the appendix of bachelor thesis, appendix 5). There will be purchased a basic set of hair dyes, shampoos, balsams and other cosmetic products of a professional cosmetics company “Estel” for total cost 1092.5 euros (**Table 13**).

**Table 13: Basic set of cosmetic products “Estel”**

<b>№</b>	<b>Estel cosmetic products</b>	<b>Amount, items</b>	<b>Cost, EUR</b>
1	Corrector, 50 ml	13	58
2	Serie “High-Blond”, 50 ml	12	48
3	Hair-dye “DE LUXE”, basic colors, 50 ml	147	588
4	Oxigent “DE LUXE”	11	31.2
5	Bleaching powder	6	29.8
6	Shampoo, Balsam	19	104.8
7	Additional compositions	2	10.5
8	Special treatments	14	106.4
9	Styling	11	86.25
10	Suntan cream	20	14
11	Hand cream	2	15.2
<b>In total</b>		<b>257</b>	<b>1092.15</b>

Source: Author's own creation

## 4.4 Organizational plan

### 4.4.1 Form of business organization, license

- The activity of the beauty salon “Edem” will be conducted on the Limited Liability Company form of business organization, accordingly, the owner of the salon will be registered in the tax inspection as a legal entity. The main reasons why this organizational and form has been chosen are:
1. The possibility of obtaining medical license for medical workers, and not to the owner;
  2. The possibility to choose the type of Taxation. In this way, optimal taxation for salon “Edem” is a Single Tax on Imputed Income (UTII), used in Russia.

The costs for the registration of the Ltd. in the tax inspection are given in table 14:

**Table 14: The name of the services required for the registration of Ltd. and their cost**

<b>№</b>	<b>The name of the services required for the registration of Ltd.</b>	<b>Cost, EUR</b>
1	State fee for the registration of Ltd.	66.67
2	Notarial services	21.67
3	Making stamp	8.33
4	Opening of settlement account in a bank	0
<b>In total</b>		<b>96.67</b>

Source: Author's own creation

- For the realization of cosmetology services in the beauty salon “Edem”, which relate to medical services (peeling, waxing, etc.) it is obligatory to get a license.
- State fee – 125 euros

### 4.4.2 Taxes

➤ **A Single Tax on Imputed Income**

As a form of taxation was chosen **A Single Tax on Imputed Income (UTII)** because of the least costs. The calculation of UTII was carried out according to the following formula:

$$UTII = BP \times PhI \times C1 \times C2 \times 15\% \quad (6)$$

- BP (Basic profitability for household services) – 125 euros
- PhI (Physical Indicator is the number of employees) - 11
- C1 (Correction coefficient – is the same for all activities) – 1.798

- C2 (Lowering coefficient – is the different for each activity and municipal district) – 0.3
- 15% - The size of the tax rate

- UTII calculation for the beauty salon “Edem”:

$$UTII = 125 \times 11 \times 1.798 \times 0.3 \times 15\% = 111.25125 \text{ euros} \quad (7)$$

The amount of the UTII can be reduced by 50% of the insurance premiums which were paid for employees.

Thus, the final monthly amount of the UTII payment of the beauty salon “Edem” will be:

$$UTII = 111.25125 * 50\% = 55.63 \text{ euros per month} \quad (8)$$

#### ➤ **Taxes on insurance premiums:**

Taxes on insurance premiums is equal to 30% in total and paid at the expense of the employer for each employee (including employer). The amount of this tax per month for the beauty salon “Edem” is given in table 15.

- Pension Fund of Russian Federation (PFRF) – 22%
- Federal Compulsory Medical Insurance Fund (Russia) – 5.1%
- Social Insurance Fund of the Russian Federation – 2.9%

#### ➤ **Personal income tax:**

This tax is paid by employees independently and makes up 13% of the gross salary of individuals and legal entities.

### **4.4.3 Staff**

The staff of the beauty salon “Edem” is represented in table 15. The responsibility for the functioning of the beauty salon is assigned to the administrative staff. Working hours from 10.00 to 22.00., without days off.

The owner of the salon is planned to recruit as employees only those persons whose professional level is confirmed by a diploma of appropriate training. The passed educational course must be certified by a diploma, and the educational institution that issued it must have a license for secondary vocational education or for higher vocational education. The basic

requirements for employees are at least one year's experience, professional competence, responsible attitude, sociability and ability to work with people.

**Table 15: Personnel costs**

Position	Gross salary per one, EUR	The number of employees	Total Gross Salary, EUR	Personal Income tax, %	Net salary per one, EUR	Total net salary, EUR	Total expenses on insurance premiums (30%), EUR
Director (owner)	65	1	65	13%	56.55	56.55	19.5
Administrator	385	2	770	13%	334.95	669.9	231
Hairdresser-wagon	415	2	830	13%	361.05	722.1	249
Doctor – dermatologist - cosmetologist	510	2	1020	13%	443.7	887.4	306
Master of manicure and pedicure	330	2	660	13%	287.1	574.2	198
Visagiste	500	1	500	13%	435	435	150
Accountant	250	1	250	13%	217.5	217.5	75
Cleaner	250	1	250	13%	217.5	217.5	75
<b>In total</b>	2705	12	<b>4345</b>		2353.35	3780.15	<b>1303.5</b>
<b>Salary fund</b>							<b>5648.5</b>

Source: Author's own creation

## 4.5 Financial part

The financial part is the most important part of the business plan. Financial calculations provide answers to questions about whether investments will be profitable, whether the business will make a profit and how much.

### ➤ Initial investment (bank loan)

To implement the idea of the author of this bachelor work about the opening of the beauty salon “Edem”, initial investments are needed. The author of this work, who is also the future owner of the planned for opening a beauty salon “Edem”, will take a loan in the bank 25 000 euros in

the “Commercial Bank” Center-Invest” for a period of 36 months at a 15% of an annual rate. Payment type is an annuity.

As a result, taking into account all the above conditions were made settlements, according to which the monthly interest rate on the loan would be 992 euros.

The following table 16 shows the investments necessary to open the beauty salon “Edem” and to cover the expected negative net profit (**Table 18**) for September and January during the first year of functioning of the salon.

The total amount of these costs, 21900.43 euros, will be covered by the initial investment.

**Table 16: The cost needed for opening a beauty salon “Edem”**

<b>№</b>	<b>Name of costs</b>	<b>Costs, month, EUR</b>
1	Equipment for solarium and cosmetology rooms	7980.73
2	Starter kit products	4448.21
3	Basic set of professional cosmetics “Estel”	1092.15
4	Rent (50% from month cost)	2310
5	Marketing (logo, banner, flayers, web-site)	855
6	Bank services	18.17
7	Registration of Ltd.	96.67
8	Obtaining a license	125
9	Redecorating of solarium and cosmetology rooms	343
	<b>Total</b>	<b>17268.93</b>
11	<b>Costs for coverage negative net profit of 4 months</b>	
11.1	September	2584.1
11.2	January	2047.4
	<b>Total</b>	<b>4631.5</b>
	<b>Total costs</b>	<b>21900.43</b>

➤ **Fixed-costs**

The following table 17 shows a calculation of fixed costs of beauty salon “Edem” per month:

**Table 17: Calculation of fixed costs per month**

<b>№</b>	<b>Name of fixed costs</b>	<b>Costs, month, EUR</b>
1	Rent	4620
2	Salary fund:	5648.5
2.1	Gross salary	4345
2.2	Insurance premiums	1303.5
4	Interest rate	992
5	Taxes (UTII)	55.63
6	The cost of bank services	18.17
7	Depreciaton	73.4
8	Promotion	305
9	Communication services	50
10	Office expenses	30
11	Other contingencies	170
<b>Total</b>		<b>11962.7</b>

Source: Author's own creation

➤ **The impact of seasonality on the workload of the beauty salon “Edem”**

On the attendance, respectively, on the profit of the beauty salon “Edem” is influenced by seasonality. Seasonality is especially markedly reduced in the summer due to the vacations of citizens and their departure from the city and rises by autumn when people returning from holidays. In this connection, was taken a decision to open the salon “Edem” in September. There is also a significant increase in customer flow in December before the New Year and Christmas holidays, also in February and March. Undoubtedly, factors such as the popularity and recognizability of the salon among the population affect the attendance. To enhance these indicators will be an advertising campaign described in the previous chapters, also will be provided with an individual and responsible approach to each client

The next free tables (**Table 18, Table 19, Table 20**) represent the impact of seasonality on the salon’s attendance and, accordingly, on the net profit of salon “Edem” month by month.

To calculate the data for these tables were used the formula of net profit which is calculated such as:

$$\text{Net profit} = \text{Total Revenue} - \text{Total Cost} \quad (9)$$

**Table 18: The impact of seasonality on the workload in 9.2017-8.2018 years**

Name of month	Number of working days	Seasonality coefficient, % (9.2017-8.2018 years)	Max Revenue per day, EUR	Max Revenue per month, EUR	Fixed costs per month, EUR	Raw material costs, day, EUR	Raw material costs, month EUR	Net profit, EUR
Sep.	29	20	365	10585	11962.7	41.6	1206.4	-2584.1
Oct.	31	25	484	15004	11962.7	52.9	1639.9	1401.4
Nov.	29	25	484	14036	11962.7	52.9	1534.1	539.2
Dec.	31	40	723	22413	11962.7	78.7	2439.7	8010.6
Jan.	23	25	484	11132	11962.7	52.9	1216.7	-2047.4
Feb.	27	30	551	14877	11962.7	59.4	1603.8	1310.5
Mar.	30	35	643	19290	11962.7	70.4	2112	5215.3
Apr.	30	35	643	19290	11962.7	70.4	2112	5215.3
May	29	35	643	18647	11962.7	70.4	2041.6	4642.7
June	29	25	484	14036	11962.7	52.9	1534.1	539.2
July	31	25	484	15004	11962.7	52.9	1639.9	1401.4
Aug.	31	40	723	22413	11962.7	78.7	2439.7	8010.6
<b>Total</b>			<b>6711</b>	<b>196727</b>	<b>143552</b>	<b>734.1</b>	<b>21520</b>	<b>31654.7</b>

Source: Own authors's research

As can be seen from the table no. 18, showing the first year of the salon's operation 9.2017-8.2018 years, is expected to be minimal attendance of the salon. Despite this, the net profit covers the initial investment in the first year of the salon's work.

For greater clarity of the received data, will be calculated the profitability of sales (ROS) using net profit (in this case the word "sales" means "the number of services rendered"), showing how much money from the services provided is the profit of the enterprise. Profitability of sales reflects the business activity of the enterprise and determines the extent to which the company effectively operates.

$$\text{Profitability of sales} = \frac{\text{Total net profit}}{\text{Total revenue}} \times 100\% \quad (19)$$

$$\text{Profitability of sales} = \frac{31654.7}{196727} \times 100\% = 16\% \quad (20)$$

Profitability of sales > 1 - means that the company for the period 9.2017-8.2018 years will receive 16 cents of net profit from each realized euro.

**Table 19: The impact of seasonality on the workload in 9.2018-8.2019 years**

Name of month	Number of working days	Seasonality coefficient, % (9.201-8.2019 years)	Max Revenue per day, EUR	Max Revenue per month, EUR	Fixed costs per month, EUR	Raw material costs, day, EUR	Raw material costs, month, EUR	Net profit, EUR
Sep.	29	45	816	23664	11962.7	89.70	2601.3	9100
Oct.	31	40	723	22413	11962.7	78.7	2439.7	8010.6
Nov.	29	45	816	23664	11962.7	89.7	2601.3	9100
Dec.	31	55	1035	32085	11962.7	112.3	3481.3	16641
Jan.	23	35	643	14789	11962.7	70.4	1619.2	1207.1
Feb.	27	45	816	22032	11962.7	89.7	2421.9	7647.4
Mar.	30	45	816	24480	11962.7	89.7	2691	9826.3
Apr.	30	40	723	21690	11962.7	78.7	2361	7366.3
May	29	40	723	20967	11962.7	78.7	2282.3	6722
June	29	30	551	15979	11962.7	59.4	1722.6	2293.7
July	31	30	551	17081	11962.7	59.4	1841.4	3276.9
Aug.	31	40	723	22413	11962.7	78.7	2439.7	8010.6
<b>Total</b>			<b>8936</b>	<b>261257</b>	<b>143552</b>	<b>975.1</b>	<b>28502.7</b>	<b>89201.9</b>

Source: Author's own creation

As you can see from the table no.19 given for the second period 9.2018-8.2019 years, net profit will grow almost 3 times in comparison with the first period. This will happen at the expense of increasing the attendance of the salon "Edem" by customers.

Calculation of the profitability of sales for the period 9.2018-8.2019 years:

$$\text{Profitability of sales} = \frac{89201.9}{261257} \times 100\% = 34\% \quad (21)$$

Profitability of sales > 1 - means that the company for the period 9.2018-8.2019 years will receive 34 cents of net profit from each realized euro.

**Table 20: The impact of seasonality on the workload in 9.2019-8.2020 years**

Name of month	Number of working days	Seasonality coefficient, % (9.2019-8.2020 years)	Max Revenue per day, EUR	Max Revenue per month, EUR	Fixed costs per month, EUR	Raw material costs, day, EUR	Raw material costs, month EUR	Net profit, EUR
Sep.	29	55	1035	30015	11962.7	112.3	3256.7	14795.6
Oct.	31	45	816	25296	11962.7	89.7	2780.7	10552.6
Nov.	29	50	960	27840	11962.7	105.1	3047.9	12829.4
Dec.	31	65	1207	37417	11962.7	131.6	4079.6	21374.7
Jan.	23	40	723	16629	11962.7	78.7	1810.1	2856.2
Feb.	28	50	960	26880	11962.7	105.1	2942.8	11974.5
Mar.	30	50	960	28800	11962.7	105.1	3153	13684.3
Apr.	30	45	816	24480	11962.7	89.7	2691	9826.3
May	29	45	816	23664	11962.7	89.7	2601.3	9100
June	29	40	723	20967	11962.7	78.7	2282.3	6722
July	31	40	723	22413	11962.7	78.7	2439.7	8010.6
Aug.	31	50	960	29760	11962.7	105.1	3258.1	14539.2
<b>Total</b>			<b>10699</b>	<b>314161</b>	<b>143552</b>	<b>1169.5</b>	<b>34343.2</b>	<b>136265.4</b>

Source: Author's own creation

For the third period net profit will grow by 1.5 times in comparison with the second period and almost by 4.3 times in comparison with the first year of functioning of the salon “Edem”.

Calculation of the profitability of sales for the period 9.2018-8.2019 years:

$$\text{Profitability of sales} = \frac{136265.4}{314161} \times 100\% = 43\% \quad (22)$$

Profitability of sales > 1 - means that the company for the period 9.2019-8.2020 years will receive 34 cents of net profit from each realized euro.

As can be seen from the above tables (Table 18, Table 19, Table 20), attendance of the salon has the tendency to increase every year, only with occasional drops several times a year due to the influence of seasonality. Even when the salon “Edem” will be functioning with the load by 25% and the number of services provided by one specialist will be equal 5 in average, the salon

will have a positive monthly revenue which from 11132 to 15004 euros, depending on the number of working days in the month.

The following table 21 shows in details the time required to perform one service and the maximum number of services performed per one working day when the salon “Edem” will have functioning capacity from 20% to 65%.

**Table 21: The maximum number of provided services per working day**

			Functioning capacity, %								
			20	25	30	35	40	45	50	55	65
Subdivision	The average price per service, EUR	The average time to service, minute	The maximum number of provided services per working day								
<b>Hairdressing zone</b>	11	63	5	6	7	8	9	10	12	13	15
<b>Manicure and pedicure zones</b>	9	71	4	5	6	7	8	9	10	11	13
<b>Waxing</b>	14	31	5	6	7	8	9	10	12	13	15
<b>Cosmetology</b>	25	68	2	3	3	4	4	5	6	6	7
<b>Body massage</b>	20	64	2	3	3	4	4	5	6	6	7
<b>Solarium</b>	5,5	30	5	6	7	8	10	11	12	13	16
<b>Make-up</b>	27	60	2	3	4	4	5	5	6	7	8
<b>Brow bar</b>	8	41	4	5	5	6	7	8	9	10	12
<b>Average value</b>	<b>14.9375</b>	<b>53.5</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>12</b>

Source: Author's own creation

## 5 Conclusion

Bachelor thesis was written to develop a business plan for the opening of a beauty salon, where the whole concept of business described is based on the author's own ideas and research.

The aim of the bachelor work was to create a business plan for the opening of a new beauty salon with a wide range of services and affordable prices. For this purpose, the author of this bachelor work carried out research of the market of the beauty industry, analysis competition, analysis of the internal and external factors that could affect the activity of the salon. The data obtained during the analysis represent that the Russian market of salon business which an increase of 15-20% per year is not occupied to the degree of full saturation by competitive organizations.

The theoretical part showed how important the presence of entrepreneurial traits for the successful functioning of the business. The absence of mental abilities, resistance to stress, creativity and other personal traits of a person will minimize the success of the company's activities. The presence of traits inherent to the leader is half the success of the organization.

The presented business plan of the beauty salon “Edem” with planning for three years ahead demonstrates how the current situation in the Russian market will influence on the develop the business in this sphere. For this, the author analyzed the competition and made conclusions about how important it is to know who your nearest competitors are, what they offer and at what price. A successfully chosen place for the salon in the shopping center “Planeta” relieves the salon “Edem” from direct competitors in the immediate surroundings, which significantly increases the efficiency of the salon activity.

The calculations presented in the financial part show the expected financial projections of the salon “Edem” in the first three years of activity. Thanks to affordable prices, the wide selection of services and qualified personnel, even with the minimum attendance of the salon demonstrated in the first year, the salon activity will have a positive net profit, which is increased to the end of the third year by 4.3 times in comparison with the first year. Profitability of sales by the end of the third year will increase to 43%.

In a nutshell, all these factors clearly demonstrate the fact that investing in the opening of the salon “Edem” will be justified since this project is profitable.

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## 7 Appendix

**Appendix 1: Structure of personal services rendered to population by types in Russia, percent of total**

Types of personal services	Year, %					
	2010	2011	2012	2013	2014	2015
<b>All services rendered</b>	100	100	100	100	100	100
including:						
Maintenance and repair of transport, machinery and equipment	26.5	28.5	29.8	30.1	31.0	30.3
Repair and construction of dwellings and other buildings	30.1	29.3	29.0	28.0	27.1	27.6
Hairdressing and cosmetic services	8.8	9.0	9.0	11.3	11.5	11.6
Funeral services	7.7	7.6	7.5	6.8	6.8	6.7
Repair and maintenance of radio and television apparatus, household machinery and instruments, repairs and manufacture of metal ware	5.3	5.1	5.1	4.7	4.8	4.8
Repair and individual manufacture of clothing, fur and leather articles, hats and textile haberdashery articles, repair and manufacture of knitted goods	4.3	4.2	3.9	3.7	3.6	3.5
Repair and manufacture of furniture	3.7	3.5	3.4	3.4	3.4	3.4
Bath and shower house services	2.8	2.8	2.8	2.7	2.7	2.6
Photographic and cinema services	1.7	1.6	1.6	1.6	1.5	1.6
Repair, dyeing and individual manufacture of footwear	1.7	1.7	1.6	1.5	1.4	1.4
Hiring and rent services	1.2	1.1	1.0	1.1	1.2	1.3
Dry cleaning and dyeing	0.7	0.6	0.7	0.7	0.7	0.7
Laundry services	0.4	0.3	0.3	0.3	0.3	0.3
Other personal services	5.1	4.7	4.3	4.1	4.0	4.2

Source: Author's own creation. Data from <http://www.gks.ru/>

**Appendix 2: Volume of personal services rendered to population by types in Russia, mln. roubles**

Types of personal services	Year, %					
	2010	2011	2012	2013	2014	2015
<b>All services rendered</b>	487178	533466	595026	745747	806022	877938
including:						
Maintenance and repair of transport, machinery and equipment	128953	152212	176625	224758	250520	268043
Repair and construction of dwellings and other buildings	146644	157036	172759	208601	218366	242003
Hairdressing and cosmetic services	43087	47846	53802	84058	92487	101483
Funeral services	37316	40277	44518	50900	54664	58868
Repair and maintenance of radio and television apparatus, household machinery and instruments, repairs and manufacture of metal ware	25875	27134	30463	35344	38798	42122
Repair and individual manufacture of clothing, fur and leather articles, hats and textile haberdashery articles, repair and manufacture of knitted goods	21183	22233	23303	27416	28769	30589
Repair and manufacture of furniture	17941	18462	20106	25299	27320	29894
Bath and shower house services	13588	14986	16706	20023	21577	23067
Photographic and cinema services	8259	8741	9351	12077	12425	13867
Repair, dyeing and individual manufacture of footwear	8394	8898	9645	10823	11238	11878
Hiring and rent services	5964	5644	6233	8458	9436	10978
Dry cleaning and dyeing	3232	3439	4007	5288	5729	6163
Laundry services	1758	1704	1805	2275	2329	2475
Other personal services	24984	24855	25704	30426	32365	36507

Source: Author's own creation. Data from <http://www.gks.ru/dbscripts/cbsd/dbinet.cgi?pl=1812004>

**Appendix 3: List of all 66 positions of services and prices which will be offered by the salon “Edem”**

<b>№</b>	<b>Name of services</b>	<b>Price, EURO</b>
<b>Hair services</b>		
1	Women`s haircut	12
2	Women`s hair styling	10
3	Men`s haircut	8
4	Men`s hair styling	5
5	Children	4
6	Hair extensions (per 1 item; min 10 items)	17
7	Removing strands	17
8	Blow dry	2
9	Washing hair	3
<b>Color services</b>		
10	Single process hair color	15
11	Double process hair color	25
12	Roots touch-up	13
13	Full (head) highlights	24
14	Half head/ Partial highlights	18
15	Ombre / Balayage	21
<b>Nail Services</b>		
<b>Manicure</b>		
16	Classic manicure	7
17	Combine manicure	9
18	Apparatus manicure	8
19	Men`s manicure	8
<b>Polish</b>		
20	One color manicure	3
21	Color change (no manicure)	3
22	French manicure	5
23	Acrylic + One color manicure	18
<b>LED Gel</b>		
24	One color Shellac (UV/non-LED)	6
25	Color change (no manicure)	8
26	French manicure Shellac (UV/non-LED)	11
27	Acrylic + One color manicure Shellac	21
<b>Nail art</b>		
28	Nail art (per finger)	2
29	Add Swarovski (for 1 item)	1
<b>Pedicure</b>		
30	Classic pedicure	15
31	Apparatus pedicure	20
<b>Paraffin Treatment</b>		
32	Paraffin treatment	5

<b>Waxing (Shugaring)</b>		
33	Lip	3
34	Chin	4
35	Full arm	8
36	Half arm	7
37	Underarm	8
38	Full leg	18
39	Upper leg	6
40	Low leg	13
41	Brazilian bikini	20
42	Regular bikini	16
43	Back	8
44	Chest	8
<b>Cosmetology</b>		
<b>Facial cleansing</b>		
45	Ultrasonic cleaning	12
46	Mechanical cleaning	25
47	Mixed cleaning	35
<b>Peeling (with HolyLand)</b>		
48	Glycolic peeling 35%	25
49	Yellow peeling	23
50	Salicyl peeling	30
51	Almond peeling	27
52	Milk peeling	28
<b>Body massage (60 min)</b>		
<b>Classic</b>		
53	Full body (75 min)	27
54	Back + arms + shoulders + neck + head	15
55	Buttocks + thighs + calves and feet	13
<b>Relaxing</b>		
56	Honey massage of problematic areas	12
<b>Anticellulite</b>		
57	Anticellulite massage	25
<b>For pregnant women</b>		
58	Pregnancy massage	13
<b>Solarium</b>		
59	1 minute (minimum 15 min)	0.5
<b>Subscription</b>		<b>1 minute</b>
	2 weeks = 40 minute	13
	3 weeks = 60 minute	18
	1 month = 90 minute	26
<b>Make-up</b>		
60	Day make-up	22
61	Evening make-up	32



13	Crest	0.58	2	1.16
14	Rasche for naches	0.6	2	1.2
15	Comb with a tail	0.62	2	1.24
16	Two-way tunnel brush with long teeth	1.3	2	2.6
17	Two-way tunnel brush with short teeth	1.27	2	2.54
18	Brush “fish bone”	1.23	2	2.46
19	Massage brush	2.03	2	4.06
20	Brush-brushing	7.17	2	14.34
21	Brush for dyeing hair	0.98	4	3.92
22	electronic scales	27.92	2	55.84
23	Bowl for coloring	1.4	4	5.6
24	Set: cap for highlighting + hook, set 4 pcs.	5.45	1	5.45
25	Foil, 50 meters	5.07	1	5.07
26	Corolla for mixing paint, set 2 pcs.	3.75	1	3.75
27	Scrunchies for hair, disposable, set of 100 pcs.	1.28	4	5.12
28	Eraser reusable, set 50 pcs.	0.63	4	2.52
29	Hairpins, set of 500 pcs.	8.33	2	16.66
30	Hair clips, set of 12 pcs.	4.12	2	8.24
31	A set of invisible hair, set of 40 pcs.	1.3	4	5.2
32	Hair Sprayer	1.25	2	2.5
33	Apron	5.17	6	31.02
34	Peignoir for shearing and painting reusable	5.07	4	20.28
35	Peignoir for painting disposable, set of 50 pcs.	16.17	10	161.7
36	Disposable paper collars, 100 pcs.	1.05	10	10.5
37	Disposable polyethylene gloves, 100 pcs.	1.67	10	16.7
38	Reusable towel	10	10	100
<b>Sum</b>				<b>1244.97</b>
	<i>Manicure, Pedicure</i>			
39	Apparatus for manicure and a pedicure	81.67	2	163.34
40	Spare attachments for the machine, set of 2 sets	20	1	20
41	UV-lamp	39.33	2	78.66
42	Spare ultraviolet lamp	3.5	4	14
43	Manicure set of 5 items	56.33	2	112.66

44	Manicure bowl	2.15	2	4.3
45	Paraffin bath	24	1	24
46	Replaceable bowl for paraffin bath	10.5	2	21
47	Paraffin "Aravia" natural, 500 gr	8	5	40
48	Tonic for cleansing and moisturizing the skin before the procedure, 500 ml	8	2	16
49	Terry towels for SPA-procedures	6	4	24
50	Terry mittens for SPA-procedures	6	4	24
51	Cotton pads, 120 pieces	0.87	20	17.4
52	Cotton wool, 2.5 kg	7.6	4	30.4
53	Cotton sticks, 100 pcs	0.22	20	4.4
54	Hydrogen peroxide 3%, 1 liter	1.17	5	5.85
	<b>Lacquers</b>			
55	KODI lacquers kit: base and top, 12 ml	20.83	10	208.3
56	Gel- lacquers, 5 colors in the set, 12 ml (from light to dark)	50	10	500
57	Gel- lacquers, 5 colors in the set, 12 ml (from light to dark)	5.47	4	21.88
58	Liquid for removing gel-varnish and acrylic, 500 ml	9.92	4	39.68
59	Acrylic powder for nails, 20 different colors	5.83	20	116.6
60	Monomer, 120 ml	12.82	6	76.92
61	Swarovski crystals, 1.8 ml, 30 pcs. (10 sets of different colors)	2.17	10	21.7
<b>Sum</b>				<b>1585.09</b>
	<b>Waxing</b>			
62	Scrub-gel before depilation, 300 ml	12	4	48
63	Cleansing lotion before depilation, 350 ml	13.17	4	52.68
64	Talcum (without perfumes and additives), 140 gr.	3.83	8	30.64
65	Chlorhexidine, 1000 ml.	2.17	10	217
66	Cream to restore skin pH, 300 ml.	7.52	6	45.12
67	Lotion 2in1 against ingrown hairs and slowing their growth, 160 ml.	7.5	6	45
68	Pasta for shugaring, soft-consistency, 3500 gr.	59.83	4	239.32
69	Pasta for shugaring mediu-consistency, 3500 gr.	59.83	4	239.32
70	Pasta for shugaring, dense-consistency, 3500 gr.	59.83	4	239.32

<b>Sum</b>				<b>961,1</b>
	<b><i>Cosmetology</i></b>			
71	Ultrasonic device	325	1	325
72	Disposable sheets, set of 50 pcs.	0.066666667	4	0.266666667
73	Towels in a roll, 100 pcs.	0.066666667	4	0.266666667
74	Hygienic face mask, 50 pcs.	5.17	4	20.68
<b>Sum</b>				<b>346.2133333</b>
	<b><i>Body massage</i></b>			
75	Massage oil, various, 10 kinds, 500 gr.	14.83	10	1483
76	Aroma oils, various, 12 kinds, 50 ml.	5.83	12	69.96
77	Honey, 3 liters	20	1	20
<b>Sum</b>				<b>238.26</b>
	<b><i>Solarium</i></b>			
<b>78</b>	Vertical solarium	6166.67	1	6166.67
79	Slippers are disposable, one pair	0.25	50	125
80	Stikini, 50 pairs	0.033333333	2	0.066666667
81	Glasses	0.016666667	1	0.016666667
82	Disinfector for solarium	0.033333333	2	0.066666667
<b>Sum</b>				<b>6179.32</b>
	<b><i>Make-up</i></b>			12.65
82	Makeup artist's own cosmetics and instruments	0	0	
<b>Sum</b>				<b>0</b>
	<b><i>Brow bar</i></b>			
83	Set for laminating natural eyelashes and eyebrows (designed for 27-30 procedures)	59.93	1	59.93
<b>Sum</b>				<b>59.93</b>
<b>TOTAL SUM</b>			<b>10614.88</b>	<b>4448.21</b>

Source: Author's own creation