

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Business Administration



Bachelor Thesis

Business Plan for recycled raincoat

Valeriia Fiutik

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

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Business Administration

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Business plan for recycled raincoat

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The main goal of the chosen bachelor thesis is to establish a firm to make coats from recycled plastic and secondly how to promote this product, in order that a profit can be made.

Methodology

The first part is concerned with a theoretical explanation of the creation of a business. This will use business articles from relevant journals and books. This is followed by a practical presentation of the idea including a review of the existing market for waterproof outer garments, a financial plan, a SWOT analysis and a marketing strategy.

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Jerrard B., Managing New Product Innovation : Proceedings of the Conference of the Design Research Society, Taylor & Francis Ltd 1998, ISBN13 9780748408597

Kolb W.R. & Rodriguez R.J., Principles of finance, Wiley-Blackwell 1995, ISBN-13: 978-1878975560

McKeever M., How to write a business plan, NOLO 2014, ISBN-13: 978-1413320787

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The Bachelor Thesis Supervisor

Ing. Richard Selby, Ph.D.

Supervising department

Department of Management

Electronic approval: 22. 12. 2017

prof. Ing. Ivana Tichá, Ph.D.

Head of department

Electronic approval: 12. 1. 2018

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 26. 02. 2018

Declaration

I declare that I have worked on my bachelor thesis titled „Business Plan for recycledraincoat „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 copyright of any other person.

In Prague on 15.03.2018

Valeriia Fiutik

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

Podnikatelský plán pro recyklované pláštěnky

Souhrn

Tato bakalářská práce se zabývá podnikatelským plánem firmy, která bude dělat pláštěnky z recyklovaného plastového odpadu. Cílem diplomové práce je vytvořit firmu, která prodává pláštěnky online, České ekologické festivaly stejně jako několik veletrhů, řeší problémy v oblasti životního prostředí a v turistických trzích v centru Prahy.

První část se skládá z teoretického vysvětlení podnikatelského plánu, definice různých druhů plastů a rozdílů mezi nimi. Praktická část je o budování obchodního modelu, skutečného malého podnikatelského subjektu v blízké budoucnosti, který bude sídlit v České Republice.

Klíčová slova: obchodní plán, recyklace, recyklované oblečení, finanční plán, SWOT analýza

The Business Plan for recycled raincoats

Summary

This bachelor thesis deals with a business plan of a firm that will make raincoats from recycled plastic waste. The goal of the thesis is to establish a firm set up to sell raincoats online and in Eco-friendly Czech festivals as well as in several trade fairs dealing with environmental issues. Tourist markets in the centre of Prague will also be targeted as possible sales outlets. In the future exporting to other countries may also be considered.

The first part consists of a theoretical explanation of the business plan and is also about the varied kinds of plastic, which exist and their differences. The practical part is about building a business model of the actual small business entity in the near future, which will be based in the Czech Republic.

Keywords: business plan, recycling, recycled clothes, financial plan, and SWOT analysis

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Abbreviation

LLC Limited Liability Company

PET Polyethylene terephthalate

1. Introduction

This work contains a business plan to establish a company to make coats from recycled plastic and includes promotion of the goods. This topic was chosen because of the author's personal interest in developing a new firm and an eco-friendly product. The plan focuses on the description of the idea, the identity of the company, analysis of the situation, the financial recourses available and the determination of its objectives. The author also has the opportunity to actually implement this project.

Plastic pollution is a worldwide environmental issue; plastic is not sustainable, difficult to reuse, not degradable and has a high pollution impact. Moreover, with the increasing scarcity of oil, this material will be less available in upcoming years. That is why young people and in the world of tomorrow, have to find alternatives. This is due to the fact that the availability of plastic will not be endless. At the end of the raincoat's life, it's fully recyclable which means less use of plastic. To avoid unnecessary packaging, the coat will be simply packed in a pocket inside of the raincoat.

The name of the company is «Ré'Cape» means "Re" recycling and "Cape" as coat. The idea is to sell online on an official website, where customers could choose a colour and add customization if they desire it. The raincoat is delivered by postal service.

The purpose of this work is to investigate the area of manufacturing recycled goods, to analyse the background information and the potential financial performance of the proposed firm.

2. Objectives and Methodology

2.1 Objectives

The main goal of the chosen bachelor thesis is to establish a firm to make coats from recycled plastic and secondly how to promote this product, in order that a profit can be made.

2.2 Methodology

The first part is concerned with a theoretical explanation of the creation of a business. This will use business articles from relevant journals and books. This is followed by a practical presentation of the idea including a review of the existing market for waterproof outer garments, a financial plan, a SWOT analysis and a marketing strategy.

3. Literature Review

„Business is not just about starting a new business. This is identification, appreciation and grasp of the opportunity. Entrepreneurship is essential for all firms - whether small or large, new or old, profit-oriented or non-profit. “[Columbia Business School, 2008]

3.1. Entrepreneurship

Entrepreneurship is a type of economic activity aimed at making a profit from the production or sale of goods and services. In the modern economy, entrepreneurship is directly connected with all the tasks of the economy as an economy: production, exchange, distribution and even sometimes consumption. Entrepreneurship is the basic property of a market economy.[1]

3.1.1 The basic functions

- Economic function determines the entrepreneurial activity in terms of market economy.
- Resource function characterizes the efficiency of the use of all resources, reproducible and limited.
- Innovative function implies the ability of the entrepreneur to introduce innovative technologies to increase profits.
- Social function determines the ability of every able-bodied person to engage in entrepreneurial activities. Develops entrepreneurial abilities in subjects who have a tendency to this. [1]

3.2 Business entity

A business entity is a society that uses economic resources or inputs to provide commodities or services to customers in exchange for money or barter. [1]

3.2.1 Types of businesses

- Service
- Merchandising
- Manufacturing
- Hybrid

3.2.2 Service

Economic benefits that the intangible products with no physical form or accumulative form. In some cases, the physical presence of the consumer is required to acquire them, such as providing massages services, medical care.

3.2.3 Merchandising

A merchandising type of business buys commodities at wholesale price and sells the same at retail price. Owners make a profit by selling the goods at prices higher than their expenditure costs. Such as distributors, grocery market, resellers.

3.2.4 Manufacturing

This type of business buys products with the purpose of using them as materials in producing a new product and there is a transfiguration of the products purchased. In manufacturing included raw materials, a skilled labour force and factory overhead in its manufacture process than products will be sold to consumers.

3.2.5 Hybrid

This type may be sorted in more than one type of business. For example, a spa centre sells cosmetics (merchandising) and cater for client's order (service). In this case, spa centres are classified as a service type of business, provided treatment services. [2]

3.3 Forms of Business Organizations

- Sole Proprietorship
- Partnership
- Corporation
- Private Limited Company
- Public Limited Company

3.3.1 Sole Proprietorship

This form of organization consists of an enterprise owned by only one person. The owner is responsible for all risks from the business. The essence of it is that all the property of the firm belongs to the owner, who independently manages the firm, receives profit and bears full personal responsibility for all obligations of the firm. [5]

Advantages:

- It is quite easy to legally register and register a business organization of this kind usually does not require large expenses.
- The owner has considerable freedom of action for making decisions about what and how to produce and does not have to wait for decisions of any meetings, partners or directors.
- The owner can provide the client with personal services.
- The owner gets everything in case of success and loses everything in case of failure.[5]

Disadvantages:

- The financial resources of the sole proprietor are insufficient for the majority of firms to grow into a large business.
- Commercial banks are unwilling to provide them with large loans.
- To exercise full control over the execution of tasks, the owner must perform all major decisions.

- The sole owner is subject to unlimited liability and the entrepreneur risks not only the assets of the firm, but also their personal assets. In this case the personal property of the owner can be sold to pay business debts. [5]

3.3.2 Partnership

Business partnership is a mutually beneficial cooperation, which is a business entity and has certain goals that can be achieved as a result of partnership. A documented partnership has in its content organizations that are engaged in joint economic operation. The basis of this partnership is a contract that regulates the rights and obligations of all partners, as well as the overall distribution of profits and division of property. [5]

Advantages:

- Partnerships indicate a doubling of start-up capital. The increase in monetary resources gives rise to a lot of ideas with the possibility of their implementation.
- Understanding and support in difficult personal and business situations.
- A partner with a positive attitude is a source of confidence in achieving the goals.
- Increases the creditworthiness of the company. Loyalty of banks is conditioned by opportunities of the borrower and when in organization is represented by two and more people, respectively, the chance to receive the credit grows also. [5]

Disadvantages:

- The complexity of the relationship, especially when the views of doing business with partners do not coincide. Such disagreements can lead to the division of business and sometimes even to its collapse and bankruptcy.
- The unequal distribution of power. The result of the work performed is often difficult to appreciate, so business partners may have conflicts.
- Contradictions with the partner or partners can delay the terms of solving important problems and issues.
- Full dependence on a partner who can sell their share to a completely external person. [5]

3.3.3 Corporation

Corporations are legal entities where its owners own business assets by the corporation and no longer. Shares distribute the right of ownership of a corporation and the owners are called shareholders. The corporation itself is a joint stock company, which can be an open form of business organization (an open joint stock company describes where shares can be bought by anyone on the stock-market and can be called a Public Limited Company) or a closed form (closed joint stock company, where the number of shareholders is limited to a maximum of 50. Shares can't be sold on the stock market but existing shareholders have to be given first right to buy. These can be called Private Limited Companies). [5]

Advantage:

- Opportunity to get unlimited financial assets by selling shares and bonds. The shareholders have property rights as the shares represent a stock of wealth and can be added to as speculation. Property rights appear from the purchase of the first share. Shareholders have the right to dividends, as well as the right to receive part of the company's value if it is liquidated. The shareholder also is entitled to vote at Annual General Meetings (AGM) and Extraordinary General Meetings (EGM) and participation in the long-term management of the Corporation. [5]

Disadvantage:

- The company employs managers who make day-to-day decisions. There is therefore a divorce of ownership and control. There is a dependence on those who manage the Corporation and whose decisions may force the company into bankruptcy. [5]

3.3.4 Private Limited Company

A private limited company is a company that can either be limited by shares or by guarantee:

Limited by shares:

This means that the company belongs to shareholders who can be classified as members of the company. The responsibility of each a shareholder is limited to the original value of the shares released to them.

Limited by guarantee:

When a private company is limited by guarantee, it has participants who operate as its guarantors. These participants make a contribution a previously agreed amount to support the company in times of trouble. [5]

Advantages of a Private Limited Company:

- It is a separate legal person, means that in times of adversity the shareholder won't be personally responsible financially or legally.
- There are tax benefits to being a shareholder of a private limited company. With the company paying Corporation Tax on taxable profits, members of the company may be protected from higher income tax rates. [5]

Disadvantages of a Private Limited Company:

- A future company sees the paperwork involved with setting up and running a private limited company as a barrier to setting up. It would be better to find an agency that could manage all the paperwork and legal requirements.
- It is necessary to pay a fee to Companies House after registration.
- An agreement has to be obtained about how profits of a company are shared among shareholders or retained in the business. [5]

3.3.5 Public Limited Company

An open company also gives shareholders limited liability and is one of the forms of business organization. It is the standard designation of an enterprise offering its shares to the general public. The arrangement was first formed in Great Britain and features the benefit of limited liability for business debts for the owners. The share capital of the business is divided and the shares offered for sale to any one with the ability to buy.

A feature of a public company is the availability of shares for any customers. A potential loss to the owner who buys some of these shares is limited to the amount that was spent to purchase shares. To establish a company it is necessary to have at least two people and

£50,000 worth of shares issued. At the same time, the maximum number of participants is not limited (the main condition is the legality of the activity that the enterprise is conducting). The peculiarity of the structures with limited liability is the permission for the firm to sell securities to investors and to attract additional capital in this way. [5]

Advantages:

- Shares can be sold on stock exchanges to anyone so available amount of finance is large.
- It is good publicity for a company as it has the seal of approval from the stock exchange authorities
- Shareholders have limited liability.[5]

Disadvantages:

- Becoming a public limited company is expensive
- The risk of takeover by competitive companies who have bought shares of the company.
- The divorce of ownership and management caused by the potential number of shareholders with one set of objectives and employed managers with possibly conflicting objectives.
- Some of the shareholders will be financial institutions who are concerned with maximizing returns to their savers who are the shareholders rather than the well being of the company. [5]

3.4 Business

Under Paragraph 2 (1) of the Commercial Code, business is "is understood to be systematic activity which is independently carried on for the purpose of making a profit by an entrepreneur in his own name, and at his own liability (responsibility)". [15]

Explanation of the individual points:

- Systematic operation begins from the entrepreneur carries out this activity without interruption, regularly or repeatedly (seasonally or on specific occasions).
- Independence lies in the fact that the entrepreneur is not in employment and does not even have a line management.

- Its own name and on its own responsibility it is understood that the entrepreneur acts for himself and businessman is liable for any violation.
- Achievement of profit seems to be the primary objective of every entrepreneur, however the interpretation of the law it is merely the intention to realize the profit, but it is not decisive whether if it will actually happen.

3.4.1 Business plan

The business plan is simultaneously a search, scientific research. Business planning helps entrepreneurs to realistically assess their weaknesses, to consider the possibility of alternatives, timely measures to prevent risks, which will ensure success of the conceived business. A business plan is a short, accurate, accessible and understandable description of the prospective business, the most important tool when considering a large number of different situations, allowing businesspeople to choose the most promising solutions and determine the means to achieve them. [2]

The business plan can be a good advertisement for the proposed business, creating a solid business reputation and being a kind of business card for the organization. The business plan helps future entrepreneurs to think through the strategy and realize any existing limitations. It will avoid dangerous mistakes, such as a lack of capital for the functioning of the firm, a negative cash flow, incorrect selection of personnel, incorrect choice of the location of the enterprise. It is especially important when planning in commercial activities, where foresight is required in the long run. Mastering the techniques of business planning is becoming an urgent task for entrepreneurs today. [5]

3.4.2 Tips for a successful business

Advice for a successful business:

- The proper choice of the legal form of the enterprise
- Patience. The most important is to be motivated and have the determination to run a business correctly.
- Time is essential to be prepared and a lot of work is to be expected.
- Monetary funds. "That part of a man's stock, which he expects to afford him a revenue, is called his capital." (Adam Smith)

- Ability to cope with success and failure. Almost all successful entrepreneurs have had a failure. You need to prepare possible setbacks in business, learn from them, persevere, adapt and innovate.
- Competitiveness. Get to know about opponents, list competitors and watch it. For this purpose and the processing of the business plan analysis of the competition is important.
- Marketing. There is no uniform definition of marketing, such as Drucker says: "The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself." (Peter Drucker)
- Management is a purposeful influence on an object for the purpose of its stabilization or change according to objectives. Elements of management are planning, organizing, directing, coordination and control. [6]

3.4.3 Functions of writing a Business plan

The first of them is related to the possibility of using it to develop a business strategy. This function is vital during the creation of the enterprise, as well as in the development of new lines of business.

The second function is planning. It allows the opportunities for developing a new direction of activity to be assessed and controlling the processes inside the firm. [7]

The third function allows you to raise funds such as loans. The main reason is not so much the problem of high interest rates, as in the increased non-return of loans. In this situation, banks take a whole package of measures to ensure the return of funds, among which are the requirements of bank guarantees, real collateral and others should be noted, but the decisive factor in granting a loan is the existence of a well-developed business plan.

The fourth function allows the entrepreneur to involve potential partners who want to invest their own capital or the technology they have, in the implementation of the organization's plans. The issue of providing capital, resources or technology is possible only if there is a business plan reflecting the course of the company's development over a certain period of time. [7]

3.4.4 What is necessary in a Business plan?

When drawing up this business plan, the entrepreneur is obliged to consider the following issues:

- Funds required for the implementation of the proposed project
- Source of these funds
- Payback period and the amount of expected income from the project.

In addition to these sections of the business plan, it is necessary to include an organizational plan containing a brief description of the organizational structure of the company, information about the personnel and information about the legal support of the company.[5]

The end of the business plan provides factual information, namely: the full name of the company or firm, the legal address, contact phone numbers, email address, fax number, as well as the names of organizations and phone numbers on which the reader of the plan will be able to obtain additional information if necessary.

Therefore, a business plan is a complex document. Its paragraphs and sections should cover all aspects of the enterprise. The composition of the sections may change depending on the type of problem to be solved. [5]

When forming a business plan, special attention should be paid to the language and style. In the preparation of the plan, the correct style of presentation is often the key to success in attracting investors.

If it is understood only by people working in the same industry, but not by the investor, who is usually a specialist in the field of financial management and does not understand the intricacies of production then it is not a good plan and does not achieve its objective. When drawing up a business plan, it is also necessary to remember that the information presented in it should be capacious and clear. However, with a large number of different digital materials, their assessment and evaluation is difficult, especially when you first read the plan. In this regard, it is recommended to verify the method of actual information: it is classified into certain categories and presented in analytical (tabular) or graphical form. In a systematic way, when comparative evaluation is possible, the digital data are perceived much easier, and therefore more effective. [6]

The business plan should be written in business and lucrative language. The use of professional terms is excluded. It should be noted that banks and investment companies consider many proposals every day. Therefore, the business plan should be prepared taking into account the requirements and standards of the organizations and persons to whom the document is to be submitted. [6]

It could be said that the business plan is a flexible document, which allows changes and additions, when necessary, but it has a fixed structure which includes the following items: a brief description (summary); business and its strategy; market and marketing strategy; production and operation; management and decision-making process; legal plan; financial plan; taking into account possible risk factors.

A plan is made so that investors can easily find points of interest in it, as not each of them wants to read the entire business plan. The content is placed on the first page of the plan. Also provision is made for the functional separation of the headings. The use of tables, charts and graphs usually contributes to a better perception of information.[6]

Most often the business plan contains confidential information about the enterprise and its business, so its distribution should be carefully monitored. Sometimes, at the first acquaintance with a potential investor, they are provided with a brief overview or a summary of the data and only if the investor has expressed interest will they be provided with a detailed plan.

The aim of any investor, whether the investor is a potential shareholder participating to get a dividend when a profit is made or a potential finance provider charging an interest payment, is to achieve a financial gain. He needs to be sure that the likely reward is worth the risk being taken. A well-prepared business plan helps convince the potential investor of the attractiveness of the business. In the eyes of a potential investor, the most important factor is personal qualities, as well as the personal qualities of the entire management of your company. Potential lenders want to see the interest, enthusiasm, sincerity, as well as many other qualities that would testify to the leadership talent and competence of the enterprise and would be the key to the successful implementation of the plans. [6]

And in conclusion a business plan is a necessary stage in the management and organization of the enterprise to achieve the firm's economic success, which can be expressed in high values of turnover, profit, growth and other impressive measures. [6]

‘ The significant problems we face cannot be solved by the same level of thinking that created them.’ [Albert Einstein]

3.5 Plastic

In the Czech Republic in 2014 32 million tons of waste was produced. Of the approximately 1.6 million tonnes of hazardous waste and approximately 30.5 million tons accounted for the other waste. On average every citizen of the Czech Republic produces 3043 kg of plastic waste annually. [20]

The main raw material for the production of plastics is crude oil, which is a non-renewable resource, which people are not able to replace. Plastic, in general, is an inert, lightweight, flexible material that is resistant to water, UV radiation and mechanical damage. Due to these properties plastic waste has a negative impact on the environment, since it can only be stored in a landfill site where it will not wear out mechanically or be damaged. The chemical properties will remain unchanged. This stock of plastic waste is added to as every year a larger amount of plastic waste is being produced. [22]

3.5.1 Plastics produced by polymerisation

Polymerization is a simple chemical reaction in which the monomer molecules are chained together to form a polymer without the formation of by-products. This reaction is divided into three parts: initiation, promotion and termination. At initiation, a double bond is split up to form a radical. During the promotion, the chain grows. The resulting radical reacts with another molecule of the monomer while the free electron is still being recovered at the end of the growing molecule. Termination stops growth and restores the double bond.

The most common plastics produced by polymerization include polyethylene, polypropylene, polystyrene and polyvinyl chloride. [9]

-Polyethylene (PE)

Polyethylene is produced by polymerization of ethylene under pressure. Together with polyvinyl chloride and polystyrene these are among the most widely used plastics. It has excellent electrical insulation properties, and is water, frost and chemical resistant. It is mainly used for the manufacture of bottles, cables, hoses and pipes, and is also used in packaging technology in the form of a foil. [9]

- Polypropylene (PP)

Polypropylene is similar to polyethylene using the same method of production and uses. It is resistant to acids, alkalis and organic solvents. Polypropylene products are used for pipes, cable insulation, foil, nonwoven fabrics, ropes or food packaging (sour cream for example). It is also used for the production of synthetic fibres that are used for making underwear for athletes. [9]

- Polystyrene (PS)

Polystyrene is solid, brittle, and soluble in organic solvents and is resistant to acids and alkalis. It is used for the production of various commodities, such as food packaging, disposable cups, crockery and cutlery, toys and other everyday items. In the form of expanded polystyrene foam it is used in packaging technology and as a thermal insulation material in construction and refrigeration equipment. It is produced by polymerization of styrene. [9]

- Polyvinyl chloride (PVC)

Unplasticized polyvinyl chloride (Novodur), manufactured in the form of pipes, bars or slabs, is mainly used for the production of installation materials and consumer goods. Plasticized polyvinyl chloride (Novoplast) is used to produce foils, films, toys, floor coverings or faux fur products and fur products. [9]

3.5.2 Plastics obtained by polycondensation

Polycondensation is a chemical reaction that produces two or more low molecular weight macromolecular compounds by removing a simple product with low molecular weight (water, alcohol). Polyamide, linear, among the most flexible plastics polycondensation polyesters, phenolic plastics, anaplastic and silicones. [9]

-Polyamides

Polyamides are a synthetic analogy with proteins. They are very durable, wear-resistant. They are mainly used for making textile materials (nylon, for example), ropes, gears or small consumer goods such as combs, eyeglass frames and packaging. [26]

-Linear polyesters

Linear polyesters are also used for the production of textile material (clothes, curtains, carpets), usually mixed with natural fibres such as cotton or wool. It can be made of solid, flexible, non-wet, quick dry and easy to handle on textile machines. Their disadvantage is the ignitability, low sweat absorption and the ability to produce static electricity. [26]

-Phenolic

Phenolic plastics are the longest known plastics. They are used for the production of paints and adhesives, for the production of many household consumer goods but mostly in electrical engineering. [26]

- Silicones

Silicones are long-chain compounds in which oxygen and silicon atoms alternate. Silicones can be made in the form of oils, pastes, rubbers or resins. Their characteristic properties are chemical resistance and hydrophobicity. They are resistant to high and low temperatures, do not moisten and have good electrical insulating properties. [26][27]

3.5.3 Recycling

In the Czech Republic, the rate of recycling of waste is increasing slowly every year and in recent years it has been noted that the amount of recycled waste exceeds the amount of landfill waste.

Recycling is the term for waste management, which leads to its further use. This is a re-cyclic use of waste and its properties as a secondary raw material in the manufacturing process. The process of recycling is therefore about re-placing new first-use raw material with this second-use material for an environmental reason. [23]

Recycling is divided into direct and indirect:

- Direct recycling - means the re-use things with no other modifications (typical direct recycling is the reuse of car parts from a dump).
- Indirect recycling involves reuse through reprocessing material from the waste stream (typically the use of recovered paper in the manufacture of new). [23]

Recycling is undoubtedly the most important part of the chain flow of raw materials, mainly for the following reasons:

- Economic reason - recycling reduces the cost of waste disposal and secondary raw materials as a whole
- Ecological reason - leads to a reduction of environmental burdens
- Energy reason - to save the released energy for the production of materials and their transportation
- Technological reason - in some cases there is a technological need for the use of secondary raw materials, or is there a time limitation of resources of the primary raw materials. [8]

3.5.4 Bioplastics

Bioplastics are made from plant polysaccharides. It is used for their production agricultural products (corn and potato starch, sugar cane, hemp) and natural raw materials (cellulose, lignin). A certain share can also be used non-biodegradable biodegradable ingredients (polycaprolactone). In life these plastics decompose under the

influence of light, heat, air oxygen and UV -radiation. An important feature of biodegradable plastics is their compost ability. [10]

At present bioplasts are interesting. Replacement of classic plastics bioplastics must be resolved rationally. The solution should be thoroughlife cycle studies of individual packages, carbon footprints and overall impacts onenvironment, including the link to the system of sorting and utilization of plastic waste. [24]

The Czech bioplast market is small today, but due to the development of its use bioplasts in Europe (Germany) and in the US, the Czech market can be expected will expand in the near future. Only two companies operate in the Czech Republic trade bio plasms, namely Bioplast (LLC) and Oskar Plast (LLC). Both those companies are engaged in the production of packaging from materials imported from abroad. [25]

3.6 The principles for the elaboration of a business plan

During the processing of the business plan should be respected generally valid principles:

- Clarity – it is appropriate to express simply, not a lot of ideas in one sentence.
- Logic – thoughts and the fact shall be continuous, must be supported by facts and individual claims should not contradict. Suitable is, for example, the time course of Illustration graphically.
- Deliberate brevity – the thoughts or conclusions should be included briefly, but not at the expense ofthe basic with important knowledge and facts.
- The truthfulness and the correctness - truthfulness of reported data and predictability of reality development is a matter of course.
- Risk-taking – the business plan are more confident whenan entrepreneur respects the future risk, or the variability of the proposed solutions in the critical moments of future development.
- Before starting the compilation of the business plan the entrepreneur must accumulate a sufficient amount of information about the market, products, the estimated financial cost and this knowledge must confront with the objectives and plans of your business.[16]

3.6.1 Structure of the business plan

The topic of the structure of the business plans was written by a literature data, which is varied the number of variants. The structure depends on the purposes and objectives of the business plan.

The basic points of the plan the following:

- Title page
- Content
- Introduction, objectives
- Executive summary
- Description of firm
- Competitive analysis
- Marketing strategy
- Financial plan
- The main assumptions of the success rates and risks. [5]

3.6.1.1 Title page

The title page is the first document from which the reader learns the first content information. The title page should be sufficiently engaging and concise. An extensive and complicated start up can cause the inverters to lose interest from the beginning.

The title page should contains:

- Prediction of what is the document
- The name and address of the organization
- The address and telephone of the business or other contact to the main business representative
- The type and nature of the business.

More information and details on the title page are not appropriate. And again because of this excess information can disturb the readers and potential investors, employees, legal counsel and other people involved. [5]

3.6.1.2 Content

It seems logical to add to the extensive document of its content for easier orientation, often to forget it. The one who gets the document without the content in it then harder to find what is needed right now. The content of the document is recommended to the extent of one to one and a half sides, where it is reported the titles of the first, second and possibly third level. More detailed content is not recommended again for reasons of clarity. [5]

3.6.1.3 Introduction, objectives of the business plan

- For entrepreneurs, those options to reflect in a structured form over the individual areas of their business idea analyse them and pre-treat the risks or dead ends project. The business plan also defines to the project objectives and proposes varied steps, which is the assumption that these goals will lead. [7]

- For investors, banks where are applicable other relevant institutions constitutes a business plan an insight into the nature of the proposed project and assess whether it is advantageous to match the project to invest in the case of investors and banks finance, in the case of incubator time, supporting services and last but not least, also financial means.

The scope of the business plan depends largely on the type and complexity of the business plan. For most start-up companies should be a sufficient document of about 10 – 20 sides of A4. In the documents of this type clearly applies brevity above all else and the text should be maximally supported by verified data, facts and figures. A business plan is usually a document of mid, which means that it should be formed 3 – 5 years. [7]

3.6.1.4 Executive summary

This chapter is processed to build the whole business plan, and in the range of 3-4 pages, whose task is to stimulate the interest of potential investors. Investors on the basis of the executive summary decide whether is worth to read a business plan as a whole.

The summary should succinctly and convincingly present the key points of the plan. Although they are usually entrepreneurs discouraged from, at times, bombastic expressions like unique or unprecedented, in the first paragraph is necessary take, so here superlatives

are not hurt. Descriptive words like rare, unique, exceptional, original consider, but don't be afraid to use them. Describe the essence of his design without the use of the terminology/jargon of profession, because the investor does not take a dictionary to understand meanings. [7]

Suggestion points that should Executive summary include:

- The business idea
- Goals
- The uniqueness of the product and its protection
- Competitive advantages
- Target market segments and their size
- Team
- Financial goals
- The amount of the required capital
- The potential profit. [7]

3.6.1.5 Description of the firm

In this part of the plan should be a detailed description of the new enterprise so that the potential investor has provided an idea of its size and scope.

Key elements in this context are:

- The subject of activity
- The product or service
- The location and size of the business
- The staff, necessary office equipment
- Information about the owners
- History of the company or achieved partial success.

Location is a key factor affecting the success of a business. This is a complex decision, which is later could change profitability of the firm. [13]

3.6.1.6 Market analysis

It rarely happens that the entrepreneurs come to market with something that has no competition. Even though it often thinks it is not. Also the case when it comes with a completely new solution to the problem is market competition, which solves the same problem, just in a different way.

"The founders of companies often do not even think about the fact that a certain problem can be solved in many ways. From Prague to Brno, you may business the representative of travel such a train, bus, car or plane. Often but the competition doesn't even know. Therefore, it is necessary in the processing of a business plan conduct a thorough analysis of the competition." [7]

In the analysis of competition the first determine the companies, which for the business plan are in competition. That means companies that occur on the same target markets and sell the same or similar products or services. These companies refer to actual competitors. Those firms would refer to as potential competitors. The businesses are active on the market for some time and probably will continue to work. Potential business should not forget the firms that are similar to own such companies are also among the main competitors. [7]

After determining the competitors to focus on their strengths and weaknesses.

Accession in particular:

- Growth
- Market share
- The offered product
- Customer service
- Prices
- Travel to customers

Thanks to the comparison of the competitors there is opportunity has an overview of the individual companies and their competitive advantages. In the business plan is not necessary to describe the competitors in detail, but it is recommended to evaluate companies on the basis of more than one person. [7]

3.6.1.7 Marketing strategy

A marketing plan describes the marketing strategy, pricing the product or service, the manner and distribution sales and sales promotion measures and advertising. [7]

3.6.1.8 Financial plan

A financial plan transforms the previous section of the business plan in financial form, and demonstrates the feasibility of the business plan. This chapter should include the planned balance sheet, profit and loss statement, and cash flow. [1]

Balance sheet

Provides information about the financial situation of the company. Individual items in the balance sheet are categorized for assets and liabilities. The assets are sorted according to the degree of liquidity and the group property manager. Liabilities, by contrast, are conceptualized on their own resources and capital. The balance sheet says static about the current financial situation of the company.[7]

Profit and loss statement

In a defined period provides information about the financial performance of the company. This statement distributes the only balance sheet item the economic result (profit or loss). Net profit or net loss is the difference between revenues and costs.

Cash-flow

Statement of cash flows of the enterprise provides information about what is the cash flow for a certain period. The objective of this statement is to translate income and expense items in the form of cash flow, which has to demonstrate change in cash and cash equivalents and cash funds over a specific accounting period. [7]

4 The Business plan for recycled raincoats

4.1 Title page

Name of the firm: Ré' Cape

Address: Tusarova 1384/25, 170 00 Praha 7-Holešovice

Subject of enterprise: sailing recycled raincoats

Legal form: sole proprietorships

Contact information: Valeria Fiutik

Phone number: +420 776 280 105

E-mail: recape@gmail.com

Website: www.re-cape.cz

Operating hours: from 9 am until 4pm (exclude Sundays)

Date of foundation: 15.3. 2020

Logo:



All information in this document is considered to be a business matter secrets and are confidential and reproduction is possible only with the consent of the entrepreneur.

4.2 Introduction

Ré'Cape brings the rain cape up to date. But why did the author of this thesis choose a cape? After long moments of reflection and various creative activities, a list of products that author would like to create was established. There was a desire for a product based on plants and more specifically algae.

Then the choice fell on the "raincoat". Algae and raincoat, what is the relationship between them? The author had heard about a firm (Algopack) where bio plastics based on seaweeds washed up on the beaches of Brittany was produced. The idea of making windcheater or a coat based on bio plastic from seaweed was settled

Unfortunately, when contact was made with the firm that produces bio plastic the author was informed that the plastic from seaweed was only not flexible enough to be made into a raincoat or cape. A cape or an inflexible windcheater, that's wrong! A choice then had to be made: find another product made of seaweed or stay with a coat and change the raw material. The second option was selected and a market study on this product has already been done.

Another question then arises: which raw material to use?

The author was still eager to exploit the problem of plastic, a huge pollution problem around the world. In addition, since February 2017, The Czech Republic has made the distribution of free plastic carrier bags by markets and other stores illegal. Recycled plastic materials appeared obvious. Research was then undertaken to find suppliers of recycled nylon, degradable inks and all that was needed to stay in the area of ecology and recycling. An addition was added to the business plan: collaboration with a specialized work company.

The question then rests: Why is a raincoat?

We all tend to denigrate capes but they are practical! Raincoats do not take up much space in bags and can keep the wearer from getting wet. Youth movements, walkers, travelers, festivalgoers who wish to keep the same coat for many years could be the buyers of the product. It is could also be customizable with a logo, a sentence or image on the front and the back, thus making it unique!

4.3 Description

Ré'cape offers raincoats that would be available in several colours and standardised. It is made from recycled plastics and assembled in a specialized factory. It can be bought online on an official website, where our clients are able to choose their colours and add a personalization if they want to. The raincoat is delivered by the postal service.

Retail sales will be done by the means of different Czech festivals eco-friendly as well as in several trade fairs dealing with the environmental issue. During these events, our clients will be able to buy a simple cape, without customization.

Customers could find recycled raincoats without design in the tourist markets in the city centre of Prague.

For the realization the author has contacted a number of suppliers of raw materials and selected those that corresponded best to the firm's criteria.

4.4 Brand and logo

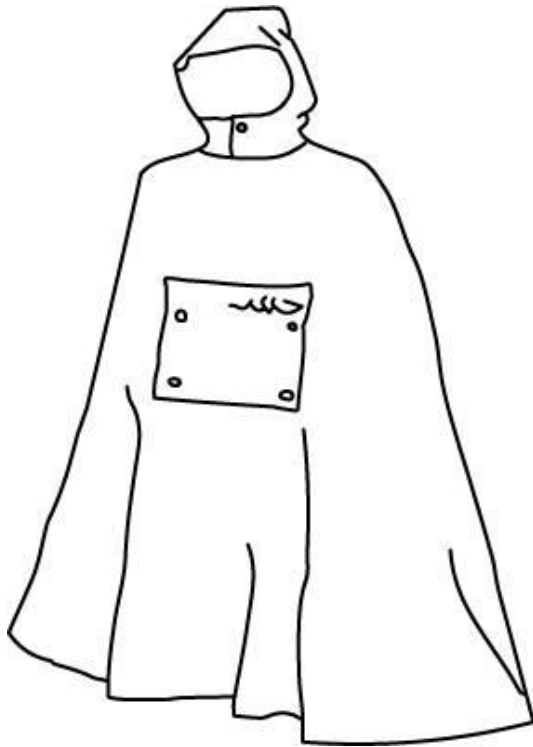
The firm designs capes from recycled plastics, so reusing an otherwise spent item. The name of the firm will be Ré'cape as this explains that capes are made from recycled material. The logo, shown in Figure 1, is more visual; a great cause of plastic pollution is due to the bottles, hence the idea of a wire picture taking place from a bottle.



(Figure 1 source: own creation)

4.5 The product

The product is a raincoat mainly made from recycled materials.



Product Characteristics	
Composition	Recycled polyester: PET (Polyethylene terephthalate)
Size	One size fit all: 180 x 140 CM
Plastic seams	PTFE (Teflon Coated Fiberglass)
Press buttons	6 white
Label	1x polyester: 12 x 3 CM

(Table1 source: own creation)

(Figure 2 source: own creation)

The raw material is impermeable fabric, consists of Polyethylene terephthalate (PET) extracted mainly from plastic bottles, but also credit cards, transparent films for liquid crystal display (LCD) screens and polar textile fibres. The fabric is dyed and coated (with a recycled polyester coating as well) to ensure impermeability. A snap button (recycled polyester) is present under each arm to keep the coat in place during movement. The ventral pocket serves as a pocket when the raincoat is worn and storage pouch when it is not. It closes with a central press button. Two other poppers are present on the sides to reduce the size of the pouch when the cape is stored there.

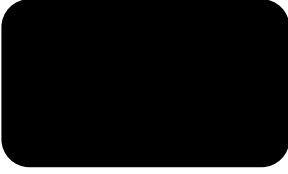



The hood is sewn to the main part of the coat. The seams are covered with PTFE stickers to ensure water tightness at these locations. It closes in front by a press stud in the centre of the collar.

Finally, the manufacturing label shown in Figure 3 will be stuck inside the cape at knee level.



(Figure 3 source: own creation)

The colours we offer are illustrated below:

Black	Bordeaux	Blue	Green
			

(Figure 4 source: own creation)

The consumer can choose the coat to be customized (1 choice possible) with a phrase, a logo or a drawing. The ink used for printing the logo and customization is conductive ink applied by screen-printing.

Production steps:

The first step is to make PET flakes then wash and dry them. Also, small pieces of plastic should be molten (250°C) it would get whole plastic textile. The next step would be assembling raincoat means sewing them together and the last step is to bring the products to a printing factory then is done.

Advantages of the product:

The recycled polyester raincoat meets several needs:

- The decrease in plastic consumption. By using a recycled polyester cladding, the firm will be giving new life to old plastics.
- Durability; the cape is a resistant coat that can be kept for many years.
- Its playful side, with the possibility of a choice of colour and customization that turn the banal rain cape into a product more attractive and attractive to wear.
- At the end of the product's life, it is fully recyclable.
- To use plastic less and to avoid unnecessary packaging, the coat is simply packed in a pocket inside the raincoat.

4.6 Market research

The main sales will be online, on the website: www.re-cape.cz and also at Eco-friendly Czech festivals as well as in several trade fairs dealing with environmental issues. Tourist markets in the center of Prague will also be targeted as possible sales outlets. The customer will be able to create their own raincoat by choosing one of the 4 colors proposed and, if they choose an image or a sentence for personalization. The DHL delivery company will therefore send the capes as soon as possible after processing the order. This customization service also makes coats unique and a great advertising product for companies or other organizations. The target audience is thus rather varied (Table 2):

Target audience	Gender	Average age
Festival-goer	M/F	15-50
Youth movements (guides)	M/F	5-20
Public sensitive to the problem of the environment	M/F	15-80
Occasional walkers	M/F	10-80
Tourists	M/F	15-80

(Table 2 source: own creation)

The selected festivals are festivals with environmental appeal and environmental awareness is strong.

The name of the festival (events)	Number of visitors	Youth movement	Numbers of members
Evolution	16076	The Scouting	50000
Yoga festival	45000	The Guides	28000
Vnitroblock	2500	The Patro	15000
Green glasses	2500		
Colours of Ostrava	40000		
TOTAL	106076		93000

(Table 3 source: own creation)

This total audience was determined by searching all possible interested festivals in this product, as well as through marketing research conducted through Google Form.

4.7 Survey

This survey was conducted via a Google Forms form and shared on the social network Facebook. The market study allowed to the author to identify several trends among the respondents. (Appendix)

Survey analysis:

1. First, our survey reached more women than men.
2. More than half of the respondents are between 21 and 25 years old and are students of high education, the other age categories are represented in the minority. It could reflect on a target audience and the average price. Indeed, the festival's visitors, which are students, will be less inclined to make high expenses.

3. 44% of survey respondents never wear raincoats. The remaining 66% - use mainly for festival and traveling.
4. Most of respondents are sensitive to recycling and care about environment.
5. During an individual analysis of the results was found that most people look for a coat that would be useful for a few years (most frequent answers: 2 and 5 years).
6. 60% of potential buyers would be interested in customizable raincoats. Most of potential customers would like to have a drawing, a name or a quote. The remaining 40% prefer a functional and a good quality of raincoat.
7. The price analysis tells that:
 - Potential buyer wish customizable coat (60%) wanted to put an average price of 650 Czech korunas. Among these, there are different price categories:
 - 125- 600 CZK: people wanting a customizable raincoat but of lowerquality, to use a few times (for example scout, festival with friends)
 - 625-2 500 CZK: people wanting a coat of high quality with a personalization.
 - Buyers would like a coat without customization (40%) wanted to put an average price of 590 Czech korunas, which by surprise is similar to custom. Here could be distinguished 2 categories of people:
 - 125-450 CZK:consumers would buy a discreet raincoat, only for using rarely.
 - 500 – 2 000 CZK: consumers would buy a simple coat, functional and high quality, they could keep itfor a long time.

4.8 Location of the company - the geographical situation

The main office is located in the Prague 7, Tusarova 1384/25, Holešovice.It is around 15-20 minutes to get near to historic center by public transport. Access to truck carrying finished products is facilitated by near roads. Parking is also easy.

Production (manufacture tissue from recycled plastic)	Concordia Textiles, Flanders-Fieldweg 37, 8790 Waregem, Belgium	
Assemblage	Atelier Jean Regniers, Rue Baronne E. Drory 5 B- 6543 Bienne- lez-Happart, Belgium	
Print	COGEAF Chaussée de Gilly 254 6221 Fleurus, Belgium	

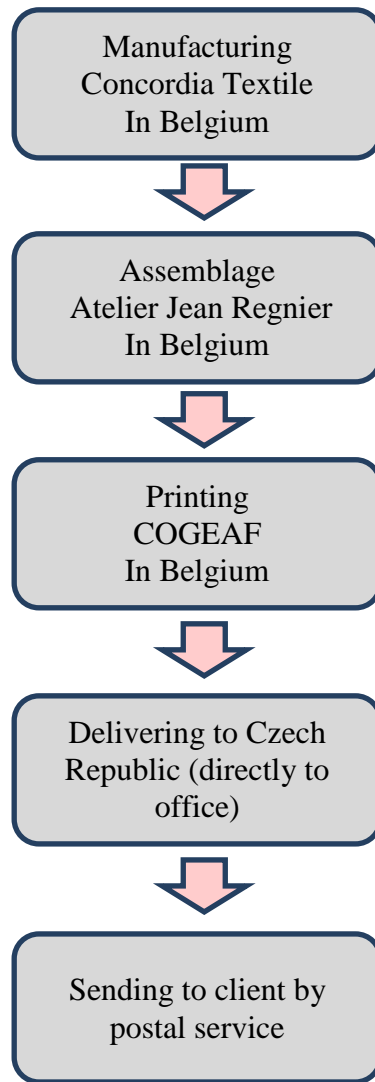
Assembly production distance
= 125 km (1h 26)

Print production distance
=33 km (26m)

(Table 4 source: own creation)

After the raincoats are manufactured in Belgium it will be sent by the delivery service to the Czech Republic, Prague 7, Tusarova 1384/25, Holešovice. It takes 2 business days.

The diagram in figure 5 helps to visualize the path that routes the goods from the textile factory to the customer.



(Figure 5 source: own creation)

In Belgium, the firm has part-timecoworker; this person transport by truckfrom one factory to another also quality control products and sending finished goods to the Czech Republic directly to office.

4.9 Characteristics of the office

The premise is used as office, space for keeping finished products as well as showroom. The aim of the office is not to sell in premise. In order reduce a fee in the first year was decided to have office, showroom and storage area at the same premise.

Office and showroom	25 m ²	Cloakroom and reception area	5m ²
Storage area	35 m ²	W.C	3m ²
Total area: 68 m ²			

(Table 5 source: own creation)

Near to office there is no a private parking, but free spaces are located within 100 m of the premise.

4.10 The benefits of the product

- Rain capes are already available on the market and it is made from virgin polyester, which generates fumes of toxic gases.
- Raincoats are environmentally friendly because it requires the use of recycled plastic bottles and used clothing. The pollution of air, water and soil is lower than caused by the production of virgin polyester clothing.
- The production of waste is minimized, as well as the emission of toxic gases generated by incinerators in waste disposal centers. At the end of their life, the customer can return the product to the store so that it is recycled again.
- The eco-friendly product is made in Belgium, European Union.
- The manufacturer in sheltered workshops will help to improve the lives of people with disabilities and to promote the local aspect of the sociality and Ré'Cape firm.

4.11 Cost of the product

It remains to estimate the unit price of the two types of coats to be able to determine our goals in terms of annual income. Table 6 outlines the cost associated with the manufacture of the coats, while table 7 shows us the price of sales and profits that we can take from it.

Raincoat		Raincoat with customization	
Material	price	Material	price
PET	58 CZK	PET	58 CZK
Press buttons	26 CZK	Press buttons	26 CZK
Plastic seams waterproof	5 CZK	Plastic seams waterproof	5 CZK
Label	1 CZK	Label	1 CZK
Assembling	182 CZK	Assembling	182 CZK
Ink (Ré' Cape)	55 CZK	Ink (Ré' Cape + 1 logo)	135 CZK
Transmission	50 CZK	Transmission	50 CZK
Price total	377 CZK	Price total	457 CZK

(Table 6 source: own creation)

Type of raincoat	Raincoat	Raincoat with customization
Sale price	550 CZK	660 CZK
Manufacture price	377 CZK	457 CZK
Profit	173 CZK	203 CZK

(Table 7 source: own creation)

4.12 Sales strategy

Raincoats, customizable, made from polyester, recycled. To use plastic less and to avoid unnecessary packaging, the coat is simply packed in a pocket inside of the raincoat.

Originality

- Environmentally friendly because the raw materials are mostly recycled.
- Fully customizable through Internet platform (own website).
- Entirely made and assembled in Belgium, European Union.

The quality-price ratio is excellent. The prices correspond to the expectations of the potential customers according to the market research carried out in the framework of a business plan.

In fact, the reasons:

- The lack of premises for the retail sale;

- The adapted to enable the inclusion of people with disabilities in the world of labor;

The service in a store

There will be no shop but an office in which to process the commands.

The offices will also serve as a showroom.

A website is available to the client. The presentation will be purged and it will be easy to access. It will be available in four different languages: English, Czech, German and French. After-sales service will also be offered for customers.

The more compared to the competitors

- Participation in the development of a series of waste, (for example, clothing, users, bottles, plastics, tires) which pose many problems for our environment.

By - products mostly manufactured from waste polyester recycled.

- Customization available is a unique product.

-

The distribution channels:

- Website www.re-cape.cz and home delivery.
- Directly in our offices (B2B)
- At events where a firm will be present (festivals, fairs, shows) and coat will be without customization.
- Raincoats without design in the tourist markets in the city center of Prague.

4.13 Price Policy

- Our prices do not include shipping costs
- No payment deadline is proposed
- During the year are not offered rebates / balances / discounts.

Type of advertising	Names	Frequency over 2 years	Price (czk)
Blog	Mr globalization	As soon as possible	0 CZK
	Affordable newspapers		500-2500 CZK
Partnership with Youtuber	Professional Wild Child	As soon as possible	Price of a cape (457 CZK)
	Weef's World		Price of a cape (457 CZK)
	Restless Child		Price of a cape (0 CZK)
The festivals	Evolution	Per 2 years	2500 CZK
	Green glasses		
Social networks	Influential Facebook groups like Mr Globalization	As soon as possible	0 CZK
All social networks	Creation of an official Facebook page	1X	0 CZK
	Official Instagram account	Daily publications	0 CZK
	Twitter	Daily publications	0 CZK

Crowd funding	Kiss Kiss Bang Bang	1X (44 days) after the first sales and it will increase the sales rate per month	7 500CZK
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(Table 8 source: own creation)

4.14 SWOT Analysis

internal factors	<p>+ Strengths</p> <ul style="list-style-type: none"> • Use of recycled products • Recovery of waste • To use plastic less and to avoid unnecessary packaging, the coat is simply packed in a pocket inside the raincoat. • Coats are long-lasting that allows them to be kept for many years. • At the end of the product's life, it is fully recyclable 	- Weaknesses	<ul style="list-style-type: none"> • Dependence on suppliers for the raw material • Author of the business plan is a student so a lack of experience in the professional field. • No price stability
external factors	<p>+ Opportunities</p> <ul style="list-style-type: none"> • The issue of the use of plastic is at the heart of the news (ban free bags) • Collaboration with festivals and various events promoting eco-responsibility and awareness of the problem of pollution of plastic. • Possibility of Government finance to open a factory to produce plastic tissue in the Czech Republic • If this domestic production is set up exporting is possible. 	- Threats	<ul style="list-style-type: none"> • High cost of production because the right equipment and labour expensive. • Cost of plastic may go up

4.15 Financial plan

1. Calculation of settlement expenses

Subject	Price per month	Total price per the first year
Furniture	One off 16000 CZK	16000 CZK
Computers \ Printers	One off 60000 CZK	60000 CZK
Internet	500 CZK	6000 CZK
Complete website	One off 16000 CZK	16000 CZK
E-shop service	600 CZK	7200 CZK
Marketing	13871 CZK	13871 CZK
Registration payment	One off 1000 CZK	1 000 CZK
Delivery service (from Belgium to Czech Republic, also in Prague to markets\ festivals)	11500 CZK	138 000 CZK
Paper box (packaging)	2500 CZK	30000 CZK
Rent fee (include electricity, water, gas)	15000 CZK	180000 CZK
Deposit	One off 14000 CZK	14000 CZK
Repair cost	One off 15000 CZK	15000 CZK
Bookkeeping	5000 CZK	60000 CZK
Reserves	50000 CZK	50000 CZK
Total per the first year	220971 CZK	607071 CZK
(Exclude one off payments: Furniture, Computers \ Printers, Complete website, Registration payment, Deposit and Repair cost)		
Total per the second year	98971 CZK	485071CZK

(Table 9 source: own creation)

The budget of the firm to be established is 607 071 CZK for the first year. For the second year expenses will be less, because some tangible items were bought and are one off payments in the first year.

2. Optimistic plan

Estimated monthly sales over the next two years are shown in Table 10.

Since it is difficult to evaluate monthly sales on the Internet, we base our monthly sales on the sales of competitors' products that are newly made from plastic.

This is consistent with taking all steps taken to increase our visibility (participation in exhibitions, presence in social networks, partnership with Youtubers).

Following this scheme, we expect a total of 14 500 raincoats (with or without personalization) for 2020 and 48 390 for the year 2021.

	Year 2020		TOTAL raincoats	Year 2021		TOTAL raincoats
	Without design = 40%	Logo = 60%		Without design = 40%	Logo = 60%	
January	120	180	300	770	1160	1930
February	160	230	390	840	1260	2100
March	200	300	500	920	1370	2290
April	260	400	660	1030	1530	2560
May	400	590	990	1150	1710	2860
June	590	890	1480	1290	1910	3200
July	610	920	1530	1480	2220	3700
August	630	940	1570	1700	2560	4260
September	650	960	1610	1950	2940	4890
October	690	1030	1720	2300	3470	5770
November	730	1090	1820	2710	4090	6800
December	770	1160	1930	3200	4830	8030
Total	5810	8690	14500	19340	29050	48390

(Table 10 source: own creation)

3. Sales revenue

	2020 year (CZK)			2021 year (CZK)		
	Without design	Logo	Total revenue	Without design	Logo	Total revenue
1	66 000*	118 800	184 800	423 500	765 600	1 189 100
2	88 000	151 800	239 800	462 000	831 600	1 293 600
3	110 000	198 000	308 000	506 000	904 200	1 410 200
4	143 000	264 000	407 000	566 500	1 009 800	1 576 300
5	220 000	389 400	609 400	632 500	1 128 600	1 761 100
6	324 500	587 400	911 900	709 500	1 260 600	1 970 100
7	335 500	607 200	942 700	814 000	1 465 200	2 279 200
8	346 500	620 400	966 900	935 000	1 689 600	2 624 600
9	357 500	633 600	991 100	1 072 500	1 940 400	3 012 900
10	379 500	679 800	1 059 300	1 265 000	2 290 200	3 555 200
11	401 500	719 400	1 120 900	1 490 500	2 699 400	4 189 900
12	423 500	765 600	1 189 100	1 760 000	3 187 800	4 947 800
Total	3 195 500	5 735 400	8 930 900	10 637 000	19 173 000	29 810 000

(Table 12 source: own creation)

* (Quantity of coats x Sales price of raincoat)

After two years of sales of the raincoats predicted revenue will be about 38 740 900 CZK.

4. Profit

On Table 11 the profit of the firm for 2020 and 2021 are estimated. These are calculated for two years with results increasing, so at the end of the second year the profit will be estimated to be 9 242 970 CZK, if the optimistic plan (Table 10) is the actual truth.

Month	2020 year (CZK)			2021 year (CZK)		
	Without design	Logo		Without design	Logo	
1	20 760*	36 540	57 300	133 210	235 480	368 690
2	27 680	46 690	74 370	145 320	255 780	401 100
3	34 600	60 900	95 500	159 160	278 110	437 270
4	44 980	81 200	126 180	178 190	310 590	488 780
5	69 200	119 770	188 970	198 950	347 130	546 080
6	102 070	180 670	282 740	223 170	387 730	610 900
7	105 530	186 760	292 290	256 040	450 660	706 700
8	108 990	190 820	299 810	294 100	519 680	813 780
9	112 450	194 880	307 330	337 350	596 820	934 170
10	119 370	209 090	328 460	397 900	704 410	1 102 310
11	126 290	221 270	347 560	468 830	830 270	1 299 100
12	133 210	235 480	368 690	553 600	980 490	1 534 090
Total	1 005 130	1 764 070	2 769 200	3 345 820	5 897 150	9 242 970

(Table 11 source: own creation)

* (Quantity of coats x profit)

After two years of sales of the raincoats profit is estimated to be about 12 012 170 CZK.

5. Financial turnover

Financial turnover = Credit sales / Average accounts receivable

It equal to 0.3578 for raincoats without design (3 195 500/ 8 930 900)

For coats with customization equal to 0.6421 (10 637 000/ 29 810 000)

6. Payback

Since customers offer capes with or without customization, it is necessary to determine the break-even point for each of these products. (see Table 13 and Table 14)

- To cover 18 100 CZK in fixed costs, 104.62 non-personalized capes would have to be sold. According to monthly sales forecast, the target is reached in a month. Thus, in a month, sales are just enough to cover variable costs.

- To cover the 32 483 CZK of fixed costs, it would be necessary to sell 160.01 personalized capes. According to our monthly sales forecast, the target is reached in a month also.

Simply raincoats	
Fixed price	18100CZK*
Selling price per unit	550 CZK
Variable costs unit	377 CZK
Gross margin per unit	173 CZK
Break even point	104.62**

(Table 13 source: own creation)

Raincoats with customization	
Fixed price	32483 CZK
Selling price per unit	660 CZK
Variable costs unit	457 CZK
Gross margin per unit	203 CZK
Break even point	160.01

(Table 14 source: own creation)

* Financial turnover multiply by Total expenses for the first year and divided by quantity of months $0.3578 \times (607\,071 / 12)$

**Fixed price divided by Gross margin per unit $(18\,100 / 173)$

5. Conclusion

Plastic pollution is a worldwide environmental issue; use of plastics is not sustainable, they are difficult to reuse as they are not degradable and have a high pollution impact.

Moreover, with the growing scarcity of natural oil, this material will become more expensive in the future. Young people and those interested in the future have to find alternative ways of life. Excessive plastic use on unnecessary items should be curtailed and ways found to reuse existing plastic waste should be investigated. That is why the author of this thesis came up with the idea of a coat made from recycled plastic. A business plan was written to investigate the feasibility of setting up a firm to produce and sell raincoats made from plastic waste, but came to the conclusion that the manufacture could be more viable in Belgium and sales via the Internet and festivals was a more feasible opportunity.

Our society wants to give new life to recovered plastics. Therefore, after a long period of thought Ré'cape emerged.

Ré'cape fits in the Czech's market by selling raincoats made from recycled plastics.

Moreover, Czech Republic has a rainy climate and hosts a lot of festivals visited by a vibrant youth movement. Consequently this public could be interested in buying an ecological raincoat.

Another important point is that this kind of business does not exist yet in The Czech Republic. Raincoat exists but they are made from blank polyester leading to significant air pollution.

Moreover, Ré'cape collaborates with an adapted work enterprise, which promotes the social insertion of disabled people.

Furthermore, the product can be customized, making of it an unique good sold at an attractive price.

In order to do the advertisement of the raincoats, a firm will be present in several eco-friendly festivals and environmental exhibitions where customers will be able to buy the products. Ré'cape will also collaborate with some well-known bloggers and Facebook pages. That is why the main method of distribution is through the Internet with a website www.re-cape.cz.

Thanks to market research, Ré'cape has targeted the following potential customers: festivalgoer, youth groups, travelers and walkers.

Most of them are really interested in buying a customized product as the same commentary appeared several times: “raincoats are boring; let’s make them more interesting by customization!”

Financial summary

The financial part of the business plan shows up what are the potentials of Ré’cape to become a great company. We want to spread our vision of a sustainable future throughout a business.

The objective of Ré’cape is to produce and sell 14500 raincoats for the first year. There is potentially a maximum of 3 million people that are possible customers for our recycled products; there is opportunity in the country. That’s why, in a first phase, the author had decided to focus on the Czech’s market.

The prices are respectively 550 CZK for the uncolored coat and 660 CZK for a personalized cape.

After some research was found out that the price of the production capes are 377 CZK and 457 CZK that let us find a profit margin of 173 and 203 per cape.

Break even-point uncolored cape 1 st year	
Annual fixed post	18 100 CZK
Unit selling price	550 CZK
Unit variable cost	377 CZK
Profit margin per unit	173 CZK
Break-Even point	104

Break even-point personalised capes 1 st year	
Annual fixed post	32 483 CZK
Unit selling price	660 CZK
Unit variable cost	457 CZK
Profit margin per unit	203 CZK
Break-Even point	160

In order to reach the break-even point we need to sell 104 basic capes and 160 personalized capes. After this point all extra capes allow us to have benefits. We can qualify our company as superprofitable, as you can see in the second year we are making a profit of 9 242 970 CZK.

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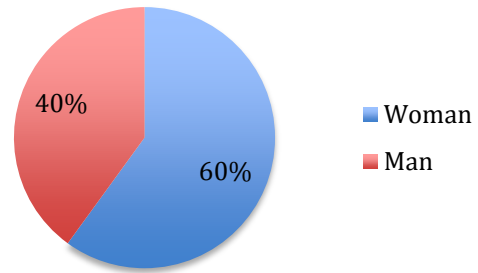
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7. Appendix

1) What gender you are?

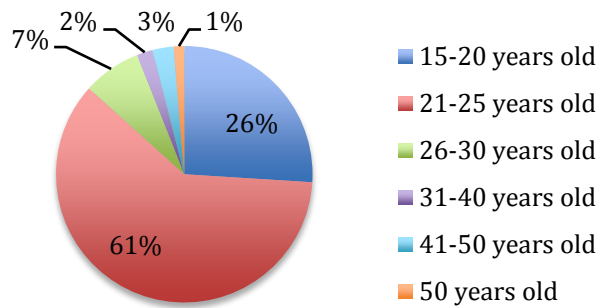
- A man
- A woman



(Graph A Distribution of the gender)

2) Age is:

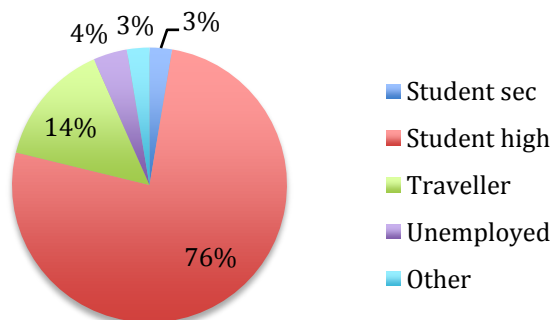
- 15-20 y. o.
- 21-25 y. o.
- 26-30 y. o.
- 31-40 y. o.
- 41-50 y. o.
- + 50 y. o.



(Graph B Age groups)

3) What is your occupation?

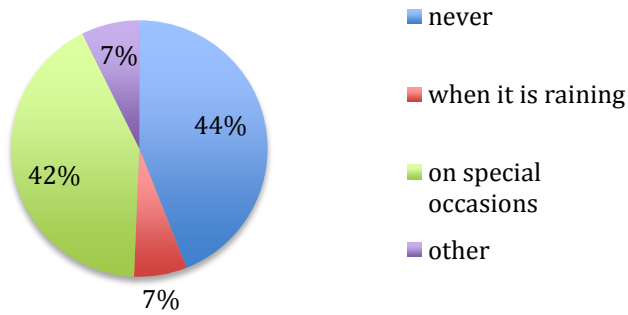
- Student in the secondary school
- Student in higher education
- Worker
- Unemployed
- Other



(Graph C Occupation group)

4) How often do you wear raincoat?

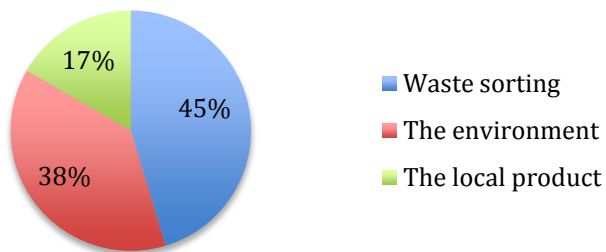
- Never
- Just when it's raining
- On special occasions
- Other



(Graph D Frequency of wearing coats)

5) Are you sensitive to?

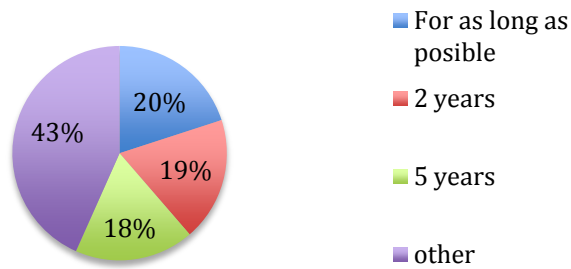
- Waste sorting and recycling
- The environment
- The local production



(Graph E Sensitivity)

6) How long do you keep a coat of rain-resistant and of good quality?

- Free-Response



(Graph F Keeping coat)

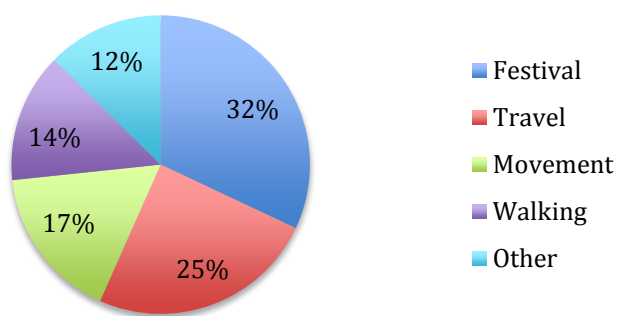
7) What price would you be willing to pay for a raincoat, rain resistant, comprising an inner pocket that also serves as a storage pouch when the cape is not in use, made from recycled materials 100% and recycled at the end of life?

- Free-Response

The average price is 595 Czech korunas.

8) When to wear/ would you wear this type of raincoat?

- Festival
- For youth movements
- For walking
- Travel during big sudden rain
- Other



(Graph G When to wear/ would you wear this type of raincoat?)

