

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Management



Diploma Thesis

**Business plan to open a new branch of Korean Restaurant
in Prague**

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DIPLOMA THESIS ASSIGNMENT

Bc. Amarzul Boldsaikhan

Economics and Management

Economics and Management

Thesis title

Business plan to open a new branch of Korean Restaurant in Prague

Objectives of thesis

The main objective of this thesis is to develop a business plan for an existing restaurant to open a new branch in Prague. The main reason is to develop the company in both the short and longer-term. Self-study and research of suggested relevant literature and sources will be an integral part of the work process.

Methodology

This thesis will consist of 2 parts: theoretical and practical. Theoretical part is a review of current literature and will consider the general theories of a business plan for a new venture, the role of business planning for small and medium enterprises, and will provide an overview of the structure of a business plan.

The practical part will direct focus on development of the business plan for opening a new restaurant. External and internal analysis of the current environment will be applied using SWOT, PESTLE, competitors analyses, market research, and a determination of target markets by a survey of the population.

The assessment of factors influencing customer behavior will be carried out by questionnaire survey.

The proposed extent of the thesis

Approx 60 – 70 pages

Keywords

business plan, marketing research, restaurant, management, SWOT, PESTLE, survey

Recommended information sources

Berry T. (2006), The Book on Business Planning, 6th edition, Eugene, OR. USA.: Palo Alto Software, Inc; 6th edition, 232pp. ISBN-13: 978-0971218529

Blackwell E. (2017), How to prepare a business plan, London UK.: Kogan-Page, 200pp., ISBN-13: 978-0749481100

Kaye D., (2008), Managing risk and resilience in the supply chain. London UK.: BSI Business Information, 270pp., ISBN 9780580607264.

Srpova J., (2014), Podnikatelský plán a strategie, Prague Czech Republic: Grada Publishing, 200pp., ISBN 978-80-247-4103-1.

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Declaration

I declare that I have worked on my diploma thesis titled "Business plan to open a new branch of Korean Restaurant in Prague" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 06.04.2020

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I would like to thank my supervisor Ing. Richard Selby, Ph.D. and all other persons, for their advice and support during my work on this thesis.

Business plan to open a new branch of Korean Restaurant in Prague

Abstract

The Diploma thesis aims to describe how to create a new business, for the second branch restaurant of Korean food in Prague. This thesis should give the reader a basic knowledge about the establishment of the company. The study is divided into two parts that theoretical and practical. The theoretical part is considered on the business plan such as the essence of a business plan a new venture, the role of business planning for small and medium enterprises and provide an overview of the structure of a business plan. All the information in the theoretical part is based on a literature review.

The second part is dedicated to implemented gained information into a purposed case- the branch of Korean restaurant which should be created in Prague. The practical part covers chosen steps that will help with the realization of the expansion of a business. An opening new restaurant which was applied the external and internal analysis of the current environment by the SWOT, PESTLE, competitor's analyses, market research and determine target markets by the survey of the population.

Keywords: business plan, marketing research, restaurant, management, SWOT analysis, PESTLE analysis, survey

Podnikatelský záměr na otevření nové pobočky korejské restaurace v Praze

Abstrakt

Diplomová práce se zabývá a popisuje, jak vytvořit nové podnikání pro druhou pobočku restaurace korejského jídla v Praze. Tato diplomka by měla čtenáři dát základní vědomost o ustanovení podniku. Studie je rozdělena na dvě části a to na teoretickou a praktickou část. Teoretická část je postavena na podnikatelský záměr a to na jádro podnikatelského záměru a nového fondu, vzor podnikatelského záměru pro malé a střední podnikání a poskytuje přehled struktury podnikatelského záměru. Veškeré informace v teoretické části čerpá z odborné literatury.

Druhá část je věnována na základě získaných informací k realizaci původního účelu-pobočka korejské restaurace, která by měla být otevřena v Praze. Praktická část se věnuje z vybraných postupů, které by měli pomoci k realizaci a rozšíření podniku. Na otevření nové restaurace byli aplikovány vnější a vnitřní analýzy ze současného prostředí a to pomocí SWOT, PESTLE, analýza soutěživosti, studie trhu a stanovit cílový trh na základě průzkumu obyvatel.

Klíčová slova: podnikatelský záměr, marketingové studie, restaurace, management, SWOT analýza, PESTLE analýza, průzkum.

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1. Introduction

The main idea of Diploma thesis is a study aims at determining the viability of specialty restaurants especially Korean restaurants in Prague. The study attempts to critically analyze the behavior of consumers by identifying and extrinsic factors that affect their purchase behavior towards restaurants using the source of an existing restaurant.

The recommends that restaurants should keep improving their food and service quality, ambiance and environment in the restaurant for expanding the business.

Prague has seen a surge in demand for Korean food owing to increasing awareness of people towards the same. In recent years the number of Koreans visiting Prague has exploded. The subject of this study is the restaurant Mamy food that is located in Prague 1. The creation of a business plan leads to comprehensive thoughts on how the company will expand its business, and how it will operate and whether the revenue will be enough.

The overall foodservice industry in the whole of the Czech Republic has acknowledged a decline in the year 2014 due to an increase in demand for other household durable products whose effects were also visible in Prague. (Euromonitor, 2019) The creation of a business plan helps to sort out some key questions in regards to entering the markets, potential customers, and competition.

There are many different types of restaurants depending on the marked served (up-scale, family), concept ort heme (ethnic or dinner house), product range (a type of menu), service style (fast food or full service) and price. Korean restaurants preferred for their ethic value along with exotic cuisine with equally attracts local Koreans, people from other cultures and tourists. In the Czech Republic compared to the previous year, there were 850,000 more foreigner tourists in 2017 along with the most important incoming countries South Korea was up 28.2 percent with 417,438 visitors. (CZSO, 2018)

According to the statistics of South Korea`s Ministry of Foreign Affairs and Trade, there are 2,673 South Koreans in the Czech Republic.

2. Objectives and Methodology

The main aims of my thesis are: what strategies are used to open the new branch successfully, financial analysis of the company to determine the company position, analysis of the advantages and disadvantages.

The main sense is to develop the company its short-term and long-term. Self-study and research of suggested relevant literature and source will be my integral part of the work process. To scrutinize the current market for Korean restaurants along which those operational in Prague. The research will be applied to a theoretical business, therefore, a business plan must be developed that examines key financial statistics. The first section of the thesis will be dedicated to a literature review of current literature on the topic of starting up a business. The literary review concerns itself with several types of business plans, with writing a business plan and describing all possible steps that should be taken. The main sources used were printed books, the internet, and the author's knowledge.

The second section of the thesis will be dedicated to applying the theoretical information to a concrete case study of opening a new Korean restaurant. This section primarily relies on data, such as direct market research. A public survey was used to analyze potential customers and competitors. Secondary data from the Czech statistical office was used to gather information about the inhabitants and the economic situation in Prague. Strengths, weaknesses, threats, and opportunities will be discovered through a SWOT analysis of the current Korean restaurant. A financial analysis will show the estimated sales and profits. And the time management of the whole business is depicted through a timeline schedule.

The subject of a business plan is a company which is running in the Czech Republic to expand its business to open another branch restaurant. This thesis will detail the steps needed for the creation of a new branch of a Korean restaurant and should provide a blueprint for the actual realization of the restaurant. Also, it will critically analyze the behavior of consumers by identifying varied intrinsic and extrinsic factors affecting their purchase behavior towards the restaurant. This thesis will consist of 2 parts: theoretical and practical.

The theoretical part is a review of current literature and will consider the general theories of a business plan for a new venture, the role of business planning for small and medium enterprises, and will provide an overview of the structure of a business plan.

The practical part will direct focus on the development of the business plan for opening a new restaurant. The study starts with obtaining information about the Korean restaurants operating in Prague based on the existing restaurant. External and internal analysis of the current environment will be applied using SWOT, PESTLE, competitors analyses, market research, and a determination of target markets by a survey of the population. The assessment of factors influencing customer behavior will be carried out by a questionnaire survey.

3. Literature Review

3.1 Business

The Business itself is considered a set of tangible, intangible and personal business field. To have your own business it is very important to know legal, economic, organizational areas.

One need hardly point out that it is easier to obtain funds to expand an existing business than to get money to start one from scratch, assuming the business has been reasonably successful. There are three good, obvious reasons that money for expansion is easier to come by than finance for a brand-new business:

- The fact that there is a market for your product or service has already been demonstrated;
- You and your team have shown yourselves capable of running a business, at least so far;
- The business is already profitable (Blackwell, 1989)

A business must be viewed as a customer-satisfying process, not a goods-producing process. We can define business broadly as all the work involved in providing people with goods and services. A summary of the business plan is mainly used for marketing purposes.

3.1.1 Types of Business Plans

A business plan is not a one size fits all document. Types of business plans include but are not to limited to, lean business plan, start-up, internal, strategic, feasibility, operations, and growth plans. (Berry, 2015)

Business plan for a start-up

New businesses should detail the steps to start the new enterprise with a start-up business plan. Potential investors will also require financial analysis with spreadsheets describing financial areas including, but not limited to, income, profit, and cash flow projections.

Internal business plans

Internal business plans target a specific audience within the business. Internal plans provide information about project marketing, hiring and tech costs also typically include a market analysis illustrating target demographics, market size and the market's positive effect on the company income.

Strategic Business Plans

A strategic business plan provides a high-level view of a company's goals and how it will achieve them, laying out a foundational plan for the entire company. While the structure of a strategic plan differs from company to company, most include five elements: business vision, mission statement, the definition of critical success factors, strategies for achieving objectives and an implementation schedule.

Feasibility of business plans

Feasibility business plans include but are not limited to, sections describing the need for the product or service, target demographics and required capital. A feasibility plan ends with recommendations for going forward.

Operations Business Plans

Operations plans are internal plans that consist of elements related to company operations. It specifies implementation markers and deadlines for the coming year. The operations plan outlines employees' responsibilities.

Growth business plans

Growth plans or expansion plans are in-depth descriptions of proposed growth and are written for internal or external purposes. If company growth requires investment, a growth plan may include complete descriptions of the company, its management, and officers. (Alyson, 2019)

3.2 Components of Business Plan

Steps for creating a business plan

- Title page
- Executive summary
- Company description
- Products and Services
- Analysis of the market
- Marketing Plan
- Management and Organisation
- Financial Analysis
- Risk Evaluation

- Appendices

For the structure of a business plan, these parts will be described precisely in the following chapters below.

3.2.1 Title page

It contains a business name, a logo of the company, a name of the business plan, the name of the owner (or more owners), a phone number, email, date of the establishment of the company, a registered capital etc. (Srpová, 2011) The front page displays the whole concept and provides an important shortcut for investors, in this case, to make a declaration about a business secret and information will be recommended.

3.2.2 Executive summary

An executive summary should be an introduction to the company's aim and usually finalized after the completed business plan. It is a miniature model of the whole business plan which states the founder or manager, the products or services to be sold, the market, strengths, strategy, key financial data, and needed resources. (Koráb, Peterka, Režnáková, 2008)

3.2.3 Company description

It provides information about the company. Company description may answer the question of why this product or service is the best choice and how the customers should be satisfied after their purchases. Despite the fact, many entrepreneurs or companies might think they do not have any competition or competitors, but other offers completely satisfy customer's wants and needs. Therefore, competition or competitors exist. (Srpová, 2011)

The company description describes the most efficient ideas about the business itself. It contains information about the legal form and the chosen branch, the existing name of the company which is a crucial point and therefore it is suggested you choose a name which would provide flexibility in the future. (Koráb, Peterka, Režnáková, 2008)

3.2.4 Food and services

This part describes what the corporation makes or what service it provides, how it is made, and whether there is a possible chance to expand in the future by including better products or services that would result in increased revenue. The advantage of committing the ideas of

products and services to paper is to realize what the main disadvantages and advantages are in comparison with your competitors. (Koráb, Peterka, Režnáková, 2008)

3.2.5 Analysis of the market

Korean cuisine and restaurants are proved the main attraction of Prague's hospitality sector by some successful Korean restaurants. Though there are not so many Korean restaurants in Prague, there are many restaurants that serve Korean cuisine.

3.2.5.1 Analysis of the competition

The understanding of the competition is an essential part of the business plan.

One of the possible ways of specifying competitors is Porter's Five Forces analysis which consists of five concepts. The concepts are called bargaining power of buyers, bargaining power of suppliers, the threat of entry, threat of substitutes and competitive rivalry within the industry. Also, there is PESTLE analysis which enables an entrepreneur to get a wide view of reality, future, and possibly hidden competition. The main purpose of a competitive analysis is to identify market opportunities, provide information to plan future marketing strategies and exploit the main competitors weaknesses. It is considered the size of the competitor's market share and profitability.

3.2.5.2 Analysis of the customers

The analysis of the customer's aims is to make a detailed segmentation, meaning the customers are divided into sectors.

Market segmentation can be done based on:

- Geography- The geographic segmentation divides customers into segments based on geographical areas such as nations, states, regions, counties, cities or neighborhoods. A company can target one or more areas and must be aware of the fact that data according to geographic segmentation may vary due to population shift. (Pickton, 2005)
- Demography - The demographic segmentation divides customers into segments based on demographic values such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, social class, and nationality. (Armstrong, 2005)

- Psychographic- While the traditional geographical and demographical bases (sex, age, income, etc.) provide the marketer with accessibility to customer segments, the psychological variables provide additional information about these and enhance the understanding of behavior of present and potential target markets. (Gunter, 1992)
- Behavior - Behavioral segmentation is based on the customers' attitude toward, use of, or response to a product. Many marketers believe that the behavioural variables such as occasions, benefits, user status, usage rate, buyer-readiness stage, loyalty status, and attitude are the best starting points for constructing market segments. (Kotler P. K., 2009)

3.2.5.3 Analysis of suppliers

As we know in economic terms supply refers to the quantities of a good or service that producers are willing to provide at a various price; demand refers to the amounts of a good or service that consumers are willing to buy at that time, at different prices. (David J.Rachman, 1985)

In this part of the analysis it is necessary to consider and choose suppliers of products, materials, components, etc.

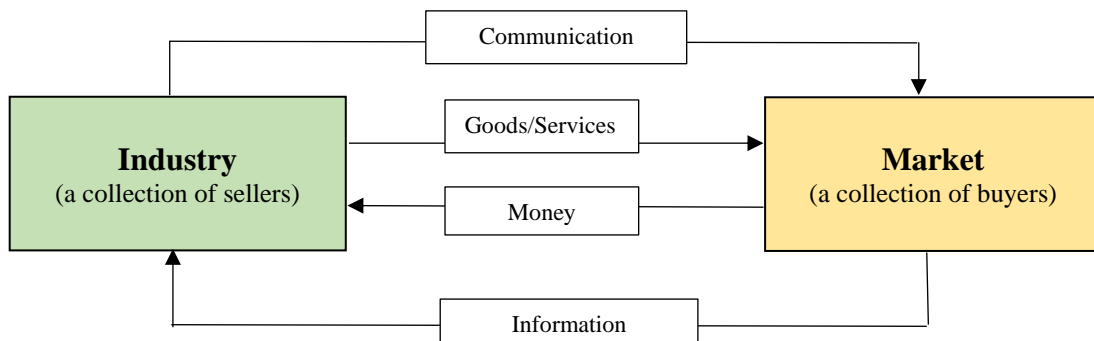
3.3 Marketing Plan

Marketing deals with identifying and meeting human and social needs. In other words, "meeting needs profitably". Marketing management as we can see " The art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value" (Kotler P. , 2006)

Marketing deals with potential customers of products or services. The Institute of Marketing uses the following definition:

Marketing is the creative management function that promotes trade and employment by assessing consumer needs and initiating research and development to meet them.

Figure 1 A Simple marketing system



Source: (Kotler P. , 2006)

3.3.1 Marketing Mix

Determining the marketing mix, the blend of the product price, price, promotion, and place that satisfies the demands of the chosen market segment. (David J.Rachman, 1985)

It involves the integration of the elements of a marketing program that will best achieve the objects of a company in each period. In the short term, there are buyer and trade behaviour, the position and behaviour of competitors, also government action forces beyond the control of the marketing manager. The product lifecycle has an important bearing on the marketing mix. (Applyby, 1991)

3.3.2 Four P

The Four P Components of the Marketing Mix are named by Product, Price, Promotion, Place which present the seller's view of the marketing tools available for influencing buyers.

Figure 2 Components of the Marketing Mix



Source: (Kotler P. , 2006)

Internal marketing

Internal marketing is the task of hiring, training, motivating able employees who want to serve customers well. Internal marketing has 2 levels, those are the various marketing functions- sales force, advertising, customer service, product management, marketing research must work together; marketing must be embraced by the other departments: Think customer. (Philip & Lane, 2006)

Effective implementation of the entire marketing plan-depends on internal marketing, which are focusing on the customer, build employee knowledge, encourage organization-wide cooperation with and commitment to the plan, boost pride in performance and support competitive advantage. (Wood, 2017)

Social Responsibility Marketing

Social Responsibility requires that marketers carefully consider the role that they are playing and could play in terms of social welfare it is about supporting behavior change campaigns (Kotler P. , 2006)

3.4 Market Research

“Market research is a systematic, objective collection and analysis of data about a particular target market, competition, and/or environment. It always incorporates some form of data collection whether it is secondary research (often referred to as desk research) or primary research which is collected directly from the respondent” (Richa Arora, 2013)

The purpose of any market research is to identify and asses how changing elements of the marketing mix will impact customer behaviour. Market research can be defined as the process which provides a business (or indeed any organization which deals with the public) with its basic information. Market research information is needed to make a whole variety of marketing and operational decisions. (Morden, 1991)

What are the results of market research?

Market research activities aim to find answers to some of the following questions:

- Who and where are the customers, and what are they like?
- Who are the non-customers and why do they not buy?
- How is the market made up?
- How is the market divided into separate sections or “segments”?
- What are the patterns of market demand?

- What are the size and economic viability of this market?
- What changes are taking place in this market? (Morden, 1991)

3.4.1 Sources of information:

3.4.1.1 Primary information

The research where the data is collected straight from the respondents.

When conducting primary research, the first thing is we have to decide how we will question the target group because there are several ways, for example, interviews, telephone, questionnaire, etc.

- Conducting personal interviews which cover both group surveys and in-depth interview are one of the most effective forms.

Group survey

Group interviews, or focus groups are useful tools for getting information on product ideas, preferences, etc. This way is convenient and quick.

The in-depth interview

There are one-on-one interviews and they are either nondirective or focused.

3.4.1.2 Secondary information

There is available a whole variety of published information which may be relevant to the market researcher. This secondary information will itself vary widely in the degree to which it is general or specific.

- Trade information
- Company records and accounts: annual company reports and accounts may give a clue to what competitors plan to do, and hint at their interpretation of market trends.
- Government publications, national and international statistics: It could be included family expenditure surveys, national income statistics, trade and manufacturing trends so on.

3.4.2 Market research process

The primary research is undertaken within the market itself. There are four main methods by which field (or primary) research may be carried out. They are:

The personal interview

It is a widely used method of contact and communication in market research.

The telephone interview

This method is restricted to a sample population which also happen to be telephone subscribers.

The postal survey

The approach to respondents is usually made by post. Postal questionnaires may also be enclosed in periodicals or attached to the guarantee documentation for a product purchased by a consumer.

The panel

Surveys carried out for market research purposes can't normally cover the whole of the relevant population, so a representative sample of it must be taken. The overall process of market research is summarised, and the emphasis is placed upon the relationship between the approach and method to be used, and the marketing objective and budgeted cost of the investigation. (Morden, 1991)

3.4.3 SWOT analysis

The overall evaluation of a company's strengths, weaknesses, opportunities, and threats is called SWOT analysis. It involves monitoring the external and internal marketing environment. The following SWOT analysis captures the key strengths and weaknesses within the company refers to internal factors and describes the opportunities and threats are external factors.

The SWOT analysis has to be relevant, and objective rather than a summary of subjective opinions.

Table 1 SWOT analysis

	Opportunities (external, positive)	Threats (external, negative)
Strengths (internal, positive)	Strength-Opportunity strategies Which of the company's strengths can be used to maximize the opportunities you identified?	Strength-Threats strategies How can you use the company's strengths to minimize the threats you identified?
Weaknesses (internal, negative)	Weakness-Opportunity strategies What action(s) can you take to minimize the company's weaknesses using the opportunities you identified?	Weakness-Threats strategies How can you minimize the company's weaknesses to avoid the threats you identified?

Source: (Shewan, 2017)

3.4.4 PESTLE analysis

All organizations need to identify external factors within their environment that could have an impact on their operations. Many of these will be things that the organization has no control over, but the implications of which we need to be understood. A tool for identifying these external control is the PESTLE Analysis, which can be used to help you consider Political, Economic, Social, Technological, Legal and Environmental issues.

Political factors

Depending on where the organization is based and where it does business, political factors can lead to profitable opportunities or potential threats. Changes such as new political leaders or new political initiatives and policies can also lead to new marketing possibilities. Political factors are often closely linked to legal factors.

Economic factors

Economic factors influence customer buying power because of the effect on consumer and business income, debt and credit usage. Economic slowdowns often discourage governments from pursuing infrastructure projects.

Social, cultural and ethical factors

Among the most dynamic in the external environment, affecting the size and composition of markets and segments as well as customer's requirements, characteristics, attitudes, and perceptions.

Technological factors

Fast-changing technology has an effect on customers, suppliers, competitors, channel members, marketing techniques and organizational processes.

Legal factors

Legal factors such as legislation, regulation, and governmental actions can affect product purity and labeling, communications, data collection, and customer privacy, pricing, distribution, competitive behavior, and consumer choices.

Ecological factors

It can influence marketing in numerous ways. Consumers are increasingly interested in choosing brands and products that are ecologically friendly. (Wood, 2017)

Competitive factors

As a marketer, all organizations face competition, therefore, business's strengths in three factors can influence competitive position: Differentiation advantage; cost advantage and marketing advantage.

Differentiation:

Product Quality, Service Quality, Brand name

Cost advantage:

Unit cost, Transaction cost, Marketing Expenses

Marketing Advantage:

Market share, Brand Awareness (Wood, 2017)

3.5 Operational plan

An operational plan is an essential part of a business plan as it tells the investor or reader how a company is going to put its products or services out to market. It should reviewer how a company is going to put its products or services out to market.

It should include, at minimum, information about production, facilities, distribution, maintenance, and services. The operational plan establishes steps and time limits for key activities to ensure realization on time and in the right order.

The operational plan can also explain the daily operations of the business, its location, equipment, people, processes, and the surrounding environment.

- Food quality
- Location
- The advantage and qualities of the location and its description.

Physical requirements:

- Amount of space
- Type of building
- Power and other utilities

Access:

This includes:

- The access for transportation or suppliers
- Easy walk-in access
- Requirements for parking

The location section in the operational plan includes a drawing or layout of the proposed facility if it is important, as it might be for a manufacturer.

Construction:

- Estimate occupation expenses, rent, maintenance, insurance
- Make the space suit particular needs

Legal Environment

- Licensing and bonding requirements
- Permits
- Health, workplace, environmental regulations, insurance coverage
- Special regulations governing the chosen industry or profession
- Zoning or building code requirements
- Trademarks, copyrights, or patents (pending, existing, or purchased)

Personnel

- Number of employees
- Type of labour (skilled, unskilled, professional)
- Pay structure
- Training methods and requirements

Inventory

- What kind of inventory you will keep: Raw materials, supplies, finished goods
- The average value in a stock
- Rate of turnover and how it compares with industry averages
- Seasonal build-ups
- Lead time for ordering

Suppliers

Note the following information about key suppliers

- Their names and addresses
- Type and amount of inventory furnished
- Credit and delivery policies
- History and reliability

Important supplier questions:

- Is it better to have more than one supplier for critical items (as a backup)?
- Are shortages or short-term delivery problems expected?
- Are supply costs steady or fluctuating?

3.6 Financial Plan

The Financial Plan is the most important aspect of a business plan. It determines the needed volume of investments and shows if the business plan can be economically viable as a whole. (Koráb, Peterka, Režnáková, 2008) It usually contains these parts: initial budget of the company, initial investment, company's balance sheet, price of the products, estimated revenues, income statement, cash flow statement, and costs or break-even point.

3.5.1 Company's balance sheet

The balance sheet covers the physical and financial resources that the company will be able to use for business activities in the future. The balance sheet displays the company's total assets, and how these assets are financed, through either debt or equity. It can also be referred to as a statement of net worth, or a statement of financial position. It consists of two main elements: assets and liabilities. The assets and liabilities are also separated into two categories: current asset/liabilities and non-current (long-term) assets/liabilities. (CFA, 2019)

Every company prepares its balance sheet at least once a year. The most often done at the end of the year, January 1 to December 31.

3.5.2 Break-even point

Most companies price their products to cover costs, at least over in long run. In the short-term, the company may be willing to price for little or no profit when establishing a new branch of an existing restaurant, competing with aggressive rivals or seeking to achieve another objective. When the company has limited control over the variable costs that vary with production and sales, such as the cost of raw materials and needed to find pricing for profit. Unless the company makes some change in price (which will affect demand) or variable cost, the company's product will not become profitable until the unit volume reaches the break-even point. The equation for this calculation is:

$$\text{Break – even point} = \frac{\text{Total fixed costs}}{\text{unit price – variable costs per uni}}$$

(Wood, 2017)

3.5.3 Income statement

Financial statements are written records of business finances, including balance sheets and profit and loss statements. They stand as one of the most essential components of business information, and as the principal method of communicating financial information about an entity to outside parties. In a technical sense, financial statements are a summation of the financial position of an entity at a given point in time. General-purpose financial statements are designed to meet the needs of many diverse users, particularly present and potential owners and creditors. Financial statements result from simplifying, condensing, and aggregating masses of data obtained primarily from a company's (or individual's) accounting system. (Owner, 1999)

3.5.4 Cash flow statement

The Statement of Cash Flows shows how much cash is generated and used during a given period. The main categories found in a cash flow statement are operating activities, investing activities, and financing activities of a company and are organized respectively. The total cash provided from or used by each of the three activities is summed to arrive at the total

change in cash for the period, which is then added to the opening cash balance to arrive at the cash flow statement's bottom line, the closing cash balance. (CFA, 2019)

3.7 Management and Organization

Japanese Management

It refers to continuous improvement and the idea that any managerial process can be perfected. The main point is that quality is the most important thing, therefore Japanese management will be more relevant for a new branch of a Korean restaurant.

Implementing Japanese management namely Kaizen

- Encourage a corporate culture in which new ideas are rewarded and employees are interested in improvement.
- Promote shared responsibility; all employees are responsible for improving business processes/
- Stress that even small processes can be improved.
- Hold regular reflection meetings about the regular progress in which improvements are discussed and promoted.

3.8 Risk evaluation

In this part it is necessary to describe the biggest risks that may result from the reaction of competitors, a weak marketing plan, poor production, an inefficient management team, or poor technological development. It is very important for the potential investor as shows that the businessman is aware of risks and is ready to face them. (Koráb, Peterka, Režnáková, 2008)

Identification of risks

Markets- risks of significant changes or collapse of demand

Products- risks coming from ex aggregated price, the decline of demand or quality

Trade- risks of non-profitable trades, unsuccessful fulfilment of planned turnovers, capacity issues

Management- risks of impact inner regulations, or incorrect management.

Development- spending excess of resources on development, production of non-saleable products.

Quality- poor product quality, negative references and harm of image of the company, loss of customers

Resources- insufficient or untapped resources

Productivity- low productivity, low loyalty of employees

Stocks- risks of insufficient stocks and thus loss of customers, risks of unnecessary high level of stocks

Investment- risks of ineffective marketing or education

Information technologies- risks of loss of data and recovery system, using old limited technologies

Cash-flow- lack of financial resources, loss of liquidity, too conservative or too aggressive financial management

Macro-economic risks- risks of an increase in interest rates and rise of credits

This list of factors can be used as a base but can be completed by adding other areas. It is necessary to consider on several risks. The most complicated risks to consider are the behaviour of customers, competitors, etc.

Qualification of risks

Qualification of risks means using the appropriate technics to numerically express risks, for example, to estimate the probability of negative factors and the deduction of possible consequences. (Koráb, Peterka, Režnáková, 2008)

3.9 Planning of scenarios

It is a preparation of the strategies, steps and procedures businesses should take in case the risks factor has a negative development. This part should also include a financial analysis, which would present the impact of the scenario on the financial situation of the company. Risk analysis also covers the what-if analysis and in the case of a very bad situation, there is usually a worst-case analysis, which is a guideline for exiting the industry with a minimum of negative impacts on the businessman. (Koráb, Peterka, Režnáková, 2008)

3.10 Monitoring

Every company that is preparing for the risks must continuously monitor the progress of critical factors. Monitoring is part of the implementation. It represents continuous and permanent control and tracks the possible risks. A risk analysis is in general considered to be a very sophisticated activity, which is based heavily on knowledge and experience of

doing business, rather than knowledge of the economy, macro-economic, financial management, etc. (Koráb, Peterka, Režnáková, 2008)

4. Own work

4.1 Executive Summary

A new branch of Mamy food will be the second restaurant of the owner Park Eunjoo who wants to expand her business to open another one. The new restaurant is going to be situated in the biggest district in Prague, from the Dejvicka circle only one more station. The restaurant will offer Korean traditional dishes. Moreover, we will offer seasonal drinks, and the main intention its serve healthy meals at a competitive price.

Start-up funds will be utilized for facility improvements, furnishing the facility, purchasing equipment to prepare and store products, working capital to cover operational expenses, implementing traditional and online advertising necessary to the market business prior i tis opening, and purchasing of goods and services. Over the first 12 months of operation, revenue will be generated from the sales of its products, a portion of profits generated from the first years will be earmarked for future expansion.

4.2 Description of the company

Date of the establishment of the company: 21 April 2012

Mamy food is a business that should make people love the Korean tradition dishes, it is inspired by the current Mamy Korean restaurant-style and this style will be reflected in the design, equipment and the offered range of products. The main purpose is to have more customers, better service and quality at a competitive price to be a well-known successful bigger restaurant. A restaurant will be reflected in the Korean style with Korean music and typical Korean food. About the interior, the whole design is followed up with the current restaurant that customers would recognize it easily. The service and products will be served in a restaurant, or “to go”. The second Mamy restaurant will be under the company which is called SOJUPRAHA s.r.o. The overall capacity of the restaurant is between 60 and 80.

4.3 Products and Services

Upon opening the branch restaurant of Mamy will offer its customers a wide selection of dishes during their dining experience. The products will be more authentic Korean, fresh,

made to order, and will be served lunch menu during weekdays. The restaurant will serve tasty food and special drinks. It will be based on current restaurant menu and drinks.

- Menu
- Starters
- Main dishes
- The Korean Grill
- Lunch menu (Weekdays)
- Drinks
 - Soft drinks
 - Romerquelle- still, sparkling
 - Pepsi
 - Fanta
 - Sprite
 - Arizona iced tea
 - Hot drinks
 - Korean instant coffee
 - Ice Coffee
 - Tea-fruit, black, green, milk
 - Fresh tea- such as ginger
- Fresh juices
 - RH
 - Orange
 - Grapefruit
 - Mango
 - Kiwi
 - Mix berry
 - Green grape
 - Ginger ale
 - Lemon ale
 - Yuja ale
- Alcoholic drinks
 - Wines

Red Wine

White Wine

Beer

Pilner Urquell

Staropamen

Kozel

- Traditional drinks
 - Korean vodka – Soju
 - Japanese rice wine- Makgeoli
- Deserts
- Korean traditional deserts

Oriental Menu:

Daily menu – Lunch menu

Every weekday between 11:30-14:00

Korean dishes – Every day the restaurant will cook fresh and tasty food, based on the current menu in Mamy restaurant.

Food to go

During the busy day, people prefer their food to go and have them in the office or at home. In our new Mamy restaurant, it will be possible as we will be providing our superb service to go.

4.4 Market analysis

Korean cuisine and restaurants are proved the main attraction of Prague's hospitality sector by some successful Korean restaurants. Though there are not so many Korean restaurants in Prague, there are many restaurants that serve Korean cuisine. The restaurant gets hundreds of tourist reservations via Korean tourist agency companies. A weekly report provides that 2 groups of reservations that Mamy restaurant gets at minimum every day. Also serving a lunch menu attracts the Czech residents to love the Asian cuisine during their lunchtime.

4.5.1 Market Description

According to the Czech Statistical Office, there is a population of 1.309 million living in Prague, moreover, 564 thousand are foreigners. The number of permanent residences and

the number of long-term residences over 90 days is almost equal. The area that we have chosen, in Prague 6, there are 104,356 people who live there, and the district is the largest Prague district it has 100,600 inhabitants.

4.5.2 Analysis of competition

Competition is one of the crucial factors why the owner of the restaurant decided to set up the business in Praha 6. A newly Korean-themed restaurant has almost any direct competition in that area. The competitors might be Asian-themed restaurants such as Japanese sushi restaurants and local traditional restaurants. Competitors by the sector:

Asian-themed dining: Modry zub, Spicy Mama, Wokin, Public Chilli

Korean-themed dining restaurants namely: Koba, Hanil, Newly-Zubang, Ryze

Competitors by the location:

Mash Hana

Badeniho 291/3, 160 000 Praha 6 – Hradčany.

It seems to be one of the biggest competitors in the area of Praha 6. Asian-themed restaurant, People usually choose this place because of sushi or Japanese traditional food which is similar like to Korean traditional dishes.

Strengths

- Capacity
- Location
- Well-known restaurant

Weaknesses

- High prices

HIRO

Terronská 727/7, 160 000 Praha 6 – Bubeneč

A Korean-themed restaurant.

Strenghts

- BBQ offer

Weaknesses

- Location
- Fewer customers
- Limited menu

Wabi Sabi

Nám.Svobody 728/1, 160 000 Praha 6-Dejvice

A Japanese-themed restaurant

Strengths

- Good location
- Well-known
- High prices- Sushi

Weaknesses

- Limited parking

4.5.3 Customer analysis

There are approximately 100,600 inhabitants in Praha 6. Year-on-year growth tourists from among Asians, nearly of half 1.2 million Asian new arrivals came from South Korea. Therefore South Korea is one of the top 10 countries by a number of arrivals. During the last 7 years, most people who love multi-national dining or especially Korean food has been increasing, the brand name Mamy food is already well known which could be a big opportunity.

4.5.4 Market segmentation

It is necessary to determine who will be the customers of a new Mamy restaurant. According to the survey that was carried out, the most potential customers were aged from 18 to 25. Secondly, 26 to 35 year people and half of the respondents were women and the rest were men. Our chosen location is located in the biggest districts in Prague with 100,600 inhabitants.

4.5 Front page

Figure 3 Own Logo



Source: Mamy food logo

Title: Mamy restaurant SOJUPRAHA s.r.o

Address: Dejvicka, Praha 6

Contact person: Eunjoo Pak

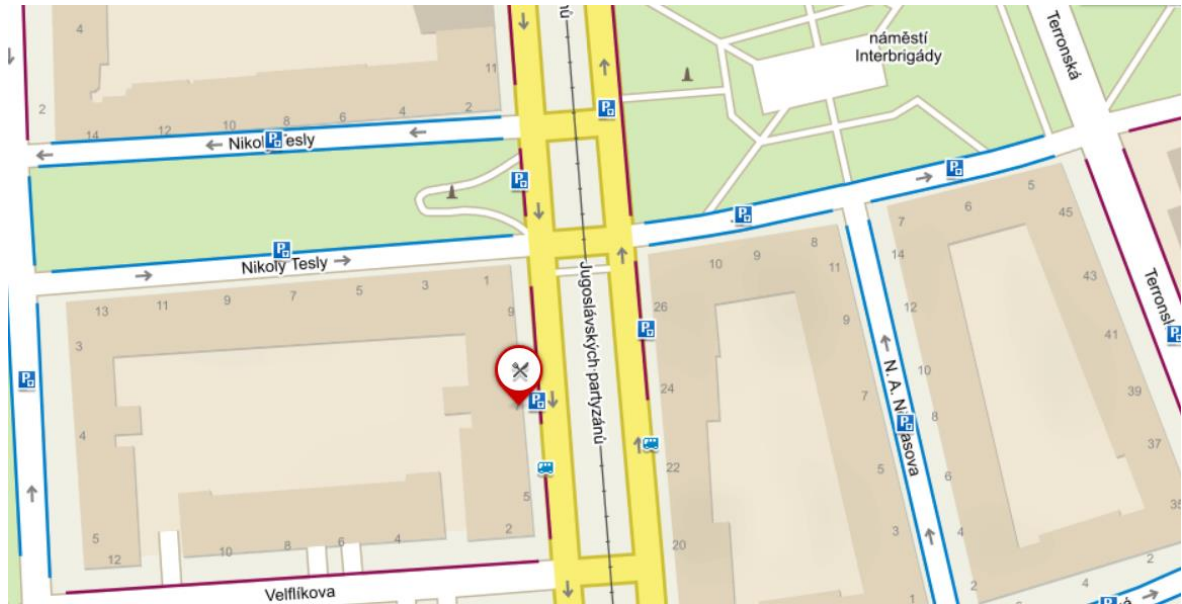
Phone number: +420224815009

www: www.mamyfood.cz

Email: mamypraha@gmail.com

The address: Jugoslávských partyzánů 1426, 16000 Praha, Dejvice

Figure 4 Location



Source: Own elaboration

Hours of operation

The second branch of Mamy restaurant's hours of operation will consist of the following:

Table 2 Operating Hours

Monday-Saturday	11:30-22:00
Sunday	Closed

Source: Own elaboration

Employees: Expected to hire 4 cooks and 5 employees including dishwasher, waitress/servers, cooks and manager.

Table 3 Monthly Salary

	Number of employees	Gross wage	Insurance including social and health	Total
Dishwasher	1	20,000	6,800	26,800
Server	3	60,000	20,400	80,400
Cook	4	120,000	40,800	160,800
Manager	1	50,000	17,000	67,000
Total	9	250,000	85,000	335,000

Source: Own elaboration

4.5.5 SWOT analysis

The following table no.4 shows that how the SWOT analysis looks like in a new Mamy restaurant.

Table 4 SWOT analysis of Mamy

<p>Strengths</p> <p>Healthy meals</p> <p>Good location</p>	<p>Weaknesses</p> <p>Competition for discretionary income</p> <p>Limited-service restaurant</p> <p>Opening hours</p>
<p>Opportunities</p> <p>Lack of qualified mid-level management personnel</p> <p>Lack of competition in Korean-themed well-known dining</p> <p>Expanding the company</p> <p>More customers</p> <p>Tourist attractions</p>	<p>Threats</p> <p>New competitors in the market</p> <p>Economic crisis</p> <p>Rising product and transportation costs</p>

Source: Own elaboration

Strengths: Location

Weaknesses: Competition for discretionary income. The limited-service restaurant (“fast food”) offers a much cheaper alternative to dining out. Specialty restaurants offering Italian, Mexican, and Asian cuisine are increasing their product selections. Fine-dining restaurants are actively marketing to customers locally and nationally.

Opportunities: Lack of qualified mid-level management personnel, Lack of competition in Korean-themed well-known dining

Threats: Rising product and transportation costs

4.5.6 PESTLE analysis

Political

Many Korean companies have chosen the Czech Republic as an ideal place for their investments and the Korean public is keenly interested in the Czech culture. More than 350 000 Korean tourists visit the Czech Republic every year. In 2015 the Czech Republic and

the Republic of Korea established the Strategic Partnership to further intensify the relationship in all relevant areas.

Economical

Korean restaurants and similar Asian-themed restaurants such as Japanese, Chinese, Vietnamese they all go through difficult times in the beginning when started to expand their business.

According to the statistical office, the Czech business economy of newly born enterprises, about 80% of start-ups survive after one year of establishment. But in our case, the existing restaurant has the background itself. Moreover, the data we obtained are valid for the year 2014, in the Czech Republic, there were not so many newly born enterprises as they are being established nowadays. On the other hand, the years of newly established companies rise, the number of successful start-ups declines. The enterprises after the 3 years of operation more than half of the start-ups launched in the Czech Republic are still running. companies fail within the first three years of establishment, mainly due to an insufficient investment system and difficulties with finding a market and selling products.

Social

Fast-food restaurants struggle with social issues that associate negative feelings from consumers to the brands. Nowadays people are more health conscious.

Technological

Technology can give a competitive edge. It helps restaurants reach consumers in new and easier methods. The restaurant will try to have the electronic menu on tablet on the future.

Legal

In the Czech Republic, when you run a business such as a restaurant, they do the controls like checking the kitchen, store to check the different food items quality and expiry, staff and hygiene conditions regarding the Czech law. Therefore, we manage these things from the beginning, setting up everything in the way how it should be.

Environmental

Running a business is complicated. Some certain factors can be controlled but so much of our success will depend on the environmental factors. It could include traffic in front of our restaurant.

4.6 Market Research

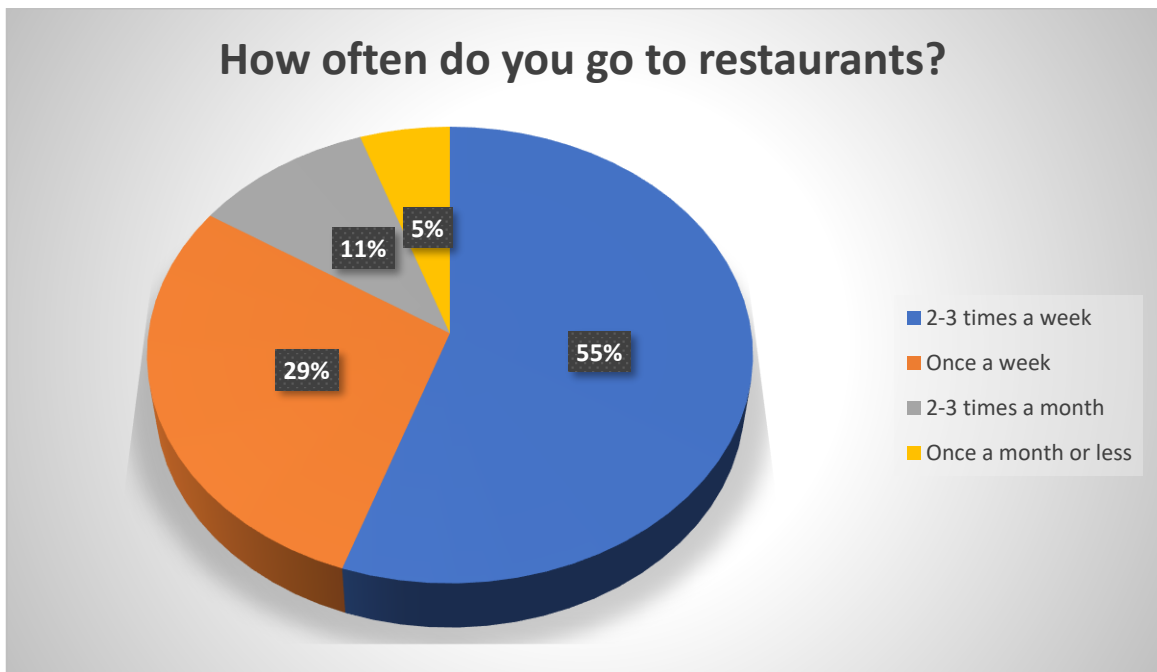
According to the survey: Customer's attractions resulted in the survey.

In the questionnaire, a totally of 114 respondents filled in. For collecting the data, a survey questionnaire was distributed both physically and online. A "snowball sampling" was adopted for questionnaire distribution. This method of sampling the researcher makes initial contact with a small group of people who are relevant to the research topic and then use to establish contact with others. For this study, firstly questionnaires were designed on the website (www.survey.com), later the survey links were sent out to initial contacts that were carried out through emails and social media.

Structure of co-respondents:

- The following graph no.1 shows the answers to the question "How often do you go to restaurants?"

Graph 1 Evaluation of question: How often do you go to restaurants?

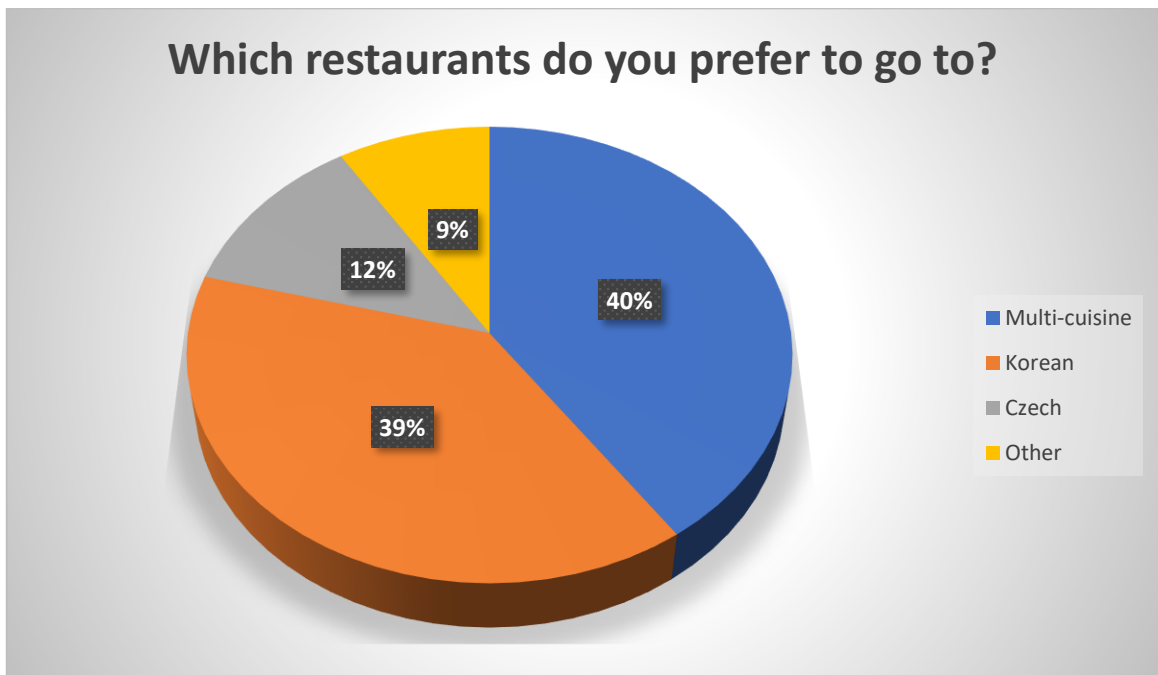


Source: Own elaboration

Evaluation of lovers of Korean cuisine

- The following analyses are focused on the customer's preferences. The first graph (no.2) of this group shows the preferred cuisine of restaurants

Graph 2 Evaluation of question: Which restaurants do you prefer to go to?



Source: Own elaboration

Evaluation of Korean food lovers

The graph no.3 shows that people who prefer to visit a specific Korean restaurant.

Graph 3 Evaluation of question: Do you usually visit a specific Korean restaurant?

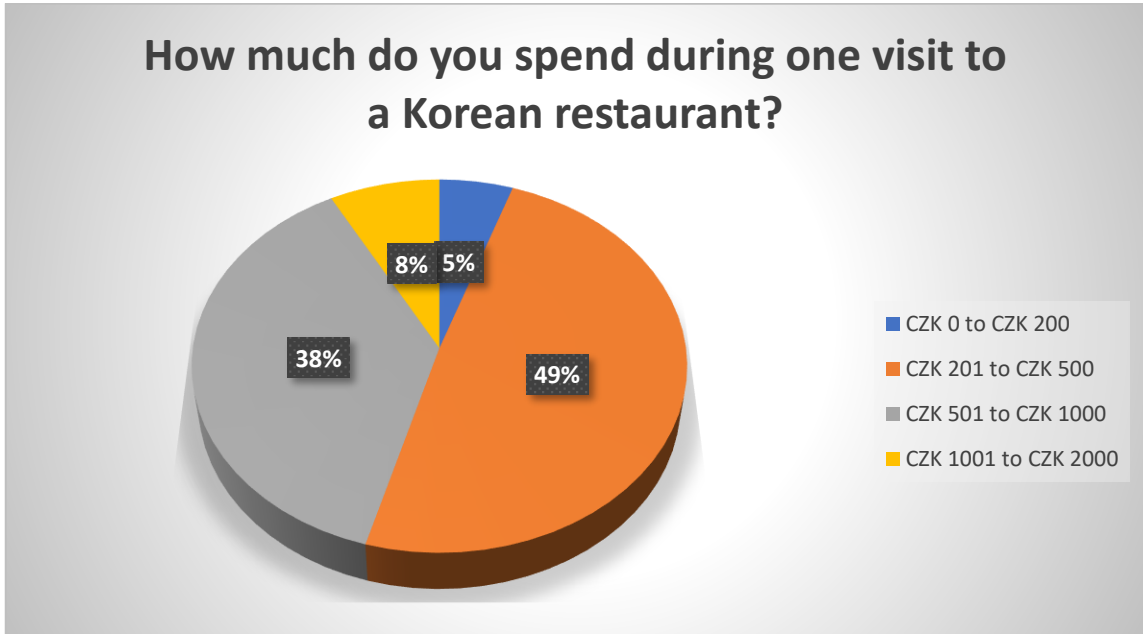


Source: Own elaboration

Most respondents were yes on this question.

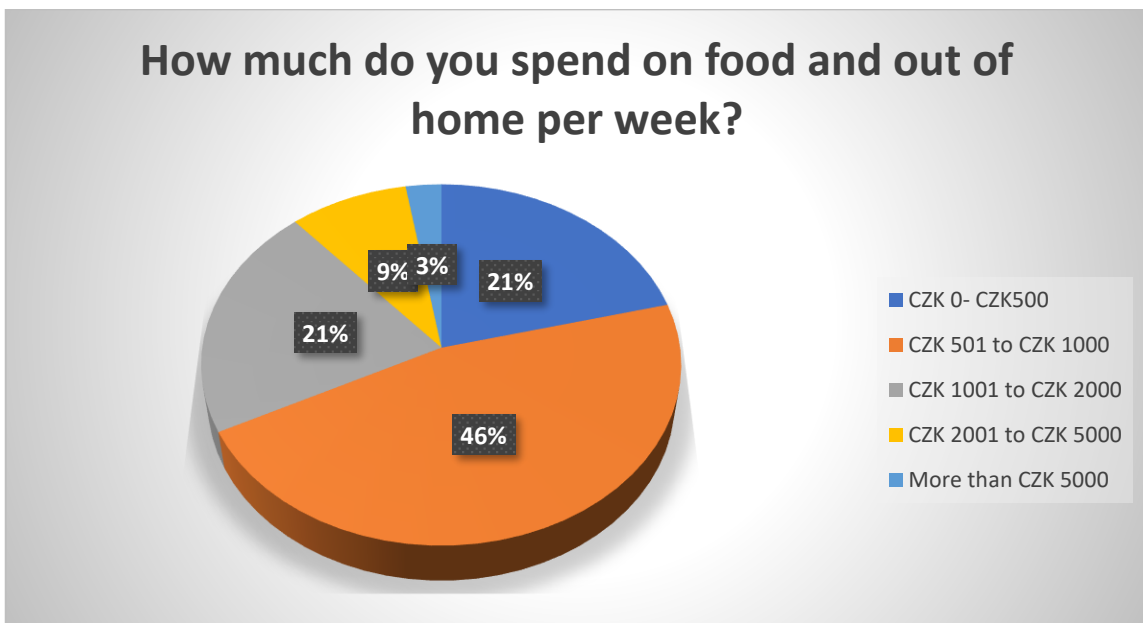
The following graph no.4 we can see that people usually spend around CZK 201 to CZK 500 per visit.

Graph 4 How much do you spend during one visit to a Korean restaurant?



Source: Own elaboration

Graph 5 Evaluation of question: How much do you spend on food and out of home per week?



Source: Own elaboration

You can see from graph no.5 that almost half of the respondents have chosen between CZK 501 to CZK 1000 spend on food.

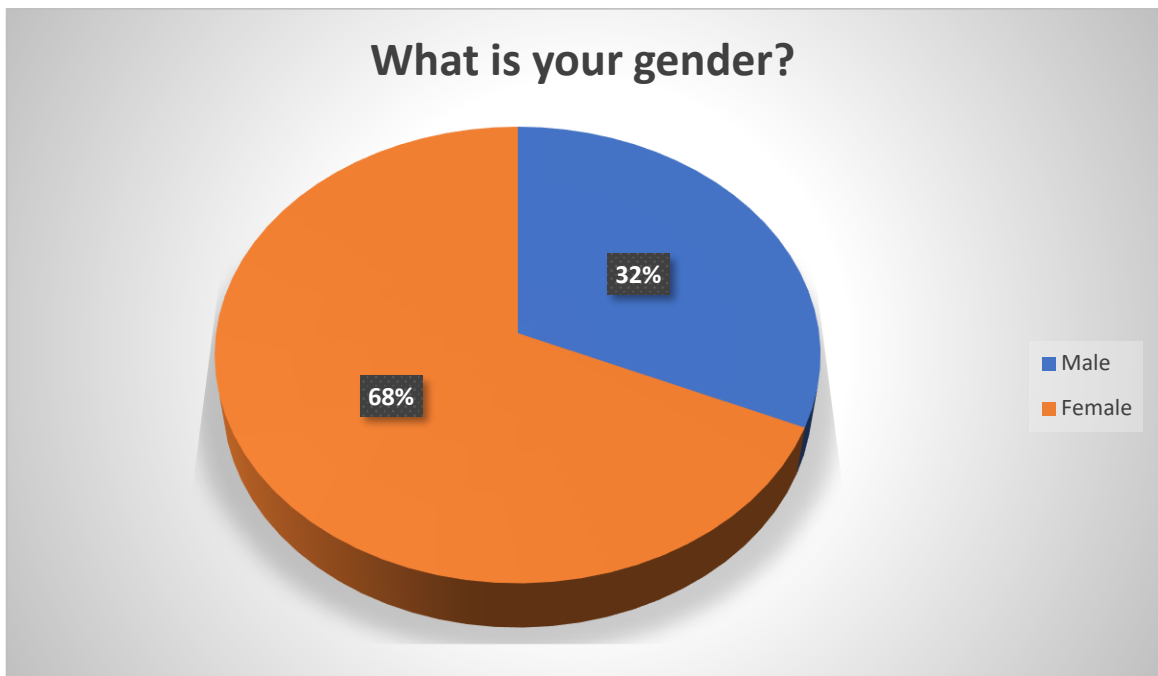
Evaluation of identification questions

There were the identification questions situated at the beginning of the questionnaire.

The first of them was related to the gender of respondents.

Following the graph.8, we can see that our total respondents were 114 from which male 36 are whereas the female is 78. The percentage of gender is male 44% and female is 56%.

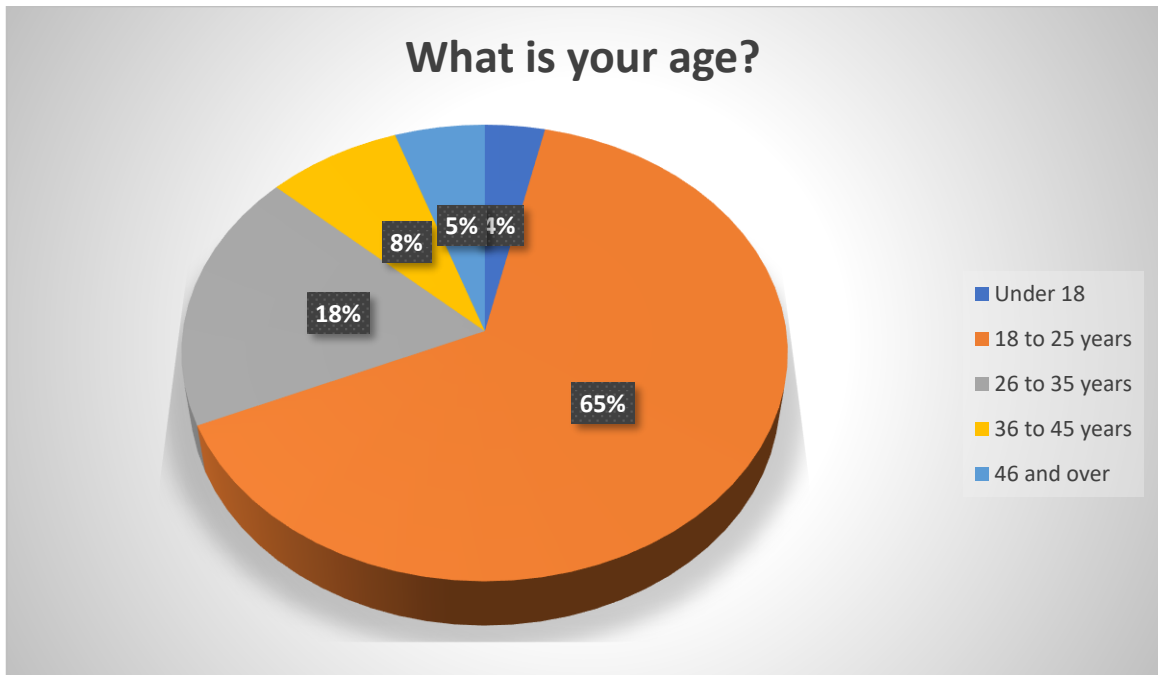
Graph 6 Evaluation of question: What is your gender?



Source: Own elaboration

There are 5 groups of age. Respondents were grouped into 5 brackets: under 18, 18-25, 26-35, 36-45, 45 and more. The graph no.7 describes that mostly the respondents were between age 18 to 25 years old.

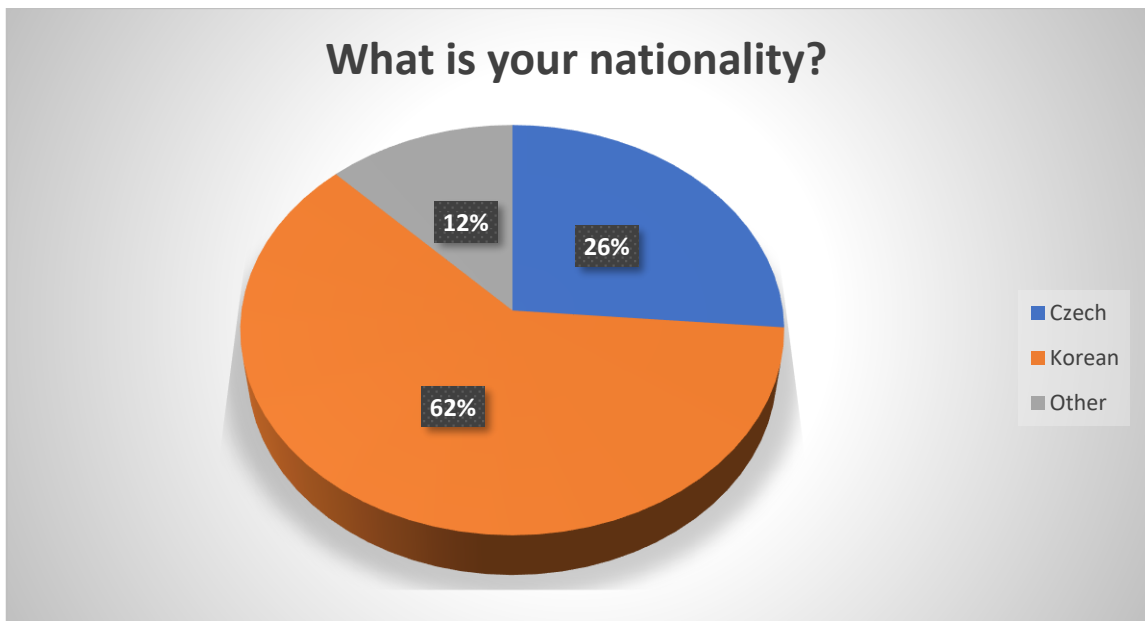
Graph 7 Evaluation of question: What is your age?



Source: Own elaboration

The first-second group is represented by young people; many of them are still studying. The third group is represented by young people who are considered involved in their careers. In the last two groups are older people.

Graph 8 Evaluation of question: What is your nationality?



Source: Own elaboration

Most respondents were Koreans as a result 62%, then 30 respondents were Czechs and 14 respondents chose the answer “Other”.

Most foreigners (3) came from Vietnam, Chinese and Russians. Other countries were for example Kazakhstan, Nepali, and Taiwan.

Conclusion

According to this questionnaire, certain answers were positive, however, some of them were slightly negative.

Market research was done through a questionnaire which consisted of short questions with multiple choice answers. Totally 114 respondents have participated. All respondents who live in Prague also obtained the data from the customers of Mamy restaurant. The research revealed that more women than men frequently visit Korean restaurants, and mostly they prefer multinational cuisine. Moreover, more than half of respondents agreed that they prefer to go to a specific Korean restaurant. Another thing that we offer Lunch menu during weekdays which the price is quite good for our customers to spend less than a normal price comparing with the other restaurants. About satisfaction of the respondents were highly recommended place to visit and to have a multinational cuisine in the Czech Republic at a comparative level price. From gathered data, we can see that people usually spend around CZK 201 to CZK 500 per visit and majority of the respondents were from South Korea, and Czech Republic.

In conclusion, Korean cuisine is well-known around the world. Nowadays Korean cuisine is undergoing another transformation. Instead of being combined with Western tastes, the result comes from combining elements and different styles of Korean culture into a new fusion style and for those who enjoy spicy food. Korean food considered to be the healthiest food.

Marketing Mix

It is very important for expanding a business to establish a high-quality marketing plan. We will use the Marketing Mix Four P's – product, price, place, promotion for our business.

Product

The product will be the services and products offered in a new branch restaurant. It will include alcoholic and soft drinks also several types of fresh juices, tea, coffee, Korean traditional food, and sushi. The new restaurant will offer Wi-Fi access, the possibility to have some food to go. All raw ingredients will be purchased from suppliers, but the preparation of goods will take place directly in a restaurant.

Price

The price of the products will be based on competitive prices and based on the location and customers.

Table 5 Sample of prices

	Price in CZK
Meals	180-250
Tradition dishes	200
Beverages	79

Source: Own elaboration

Place

Mamy Korean food second restaurant will be situated in Prague 6 nearby Dejvická. The building used to be a restaurant which could be an easier beginning. It is a significant opportunity to create this kind of restaurant in this particular area.

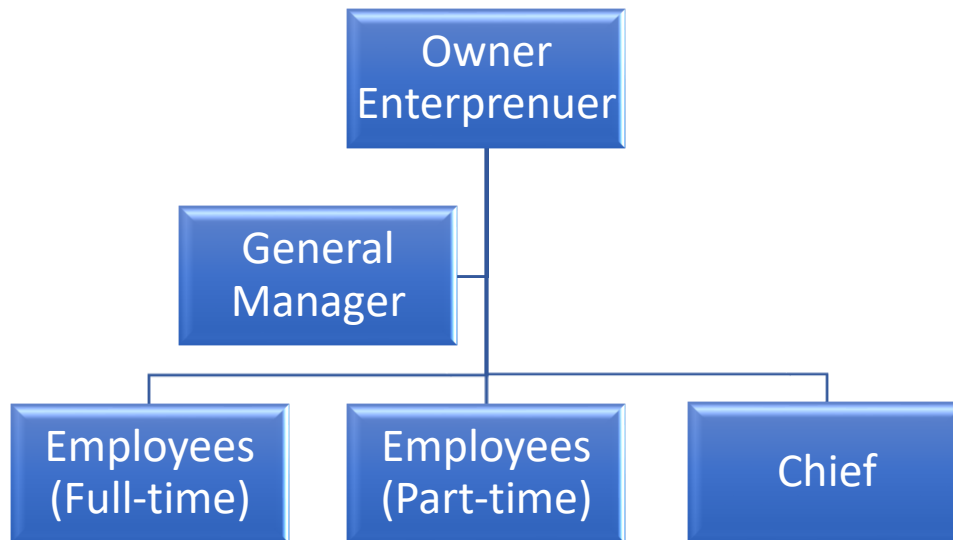
Promotion

The promotion will be focused on the Korean travel group agency. The promotion will start one month before the opening date. The cost for these promotion prospects is 12,000 CZK. On our own, our website, also WOMM (Word of Mouth marketing) will perfectly work if the customers would be satisfied and they will share their experiences with the others.

4.7 Management and Organization

The owner will be Park Eunjoo. This restaurant will be her second restaurant. The manager will be Sora Park. The other employees will be subordinated to the manager.

Figure 5 Organization Chart



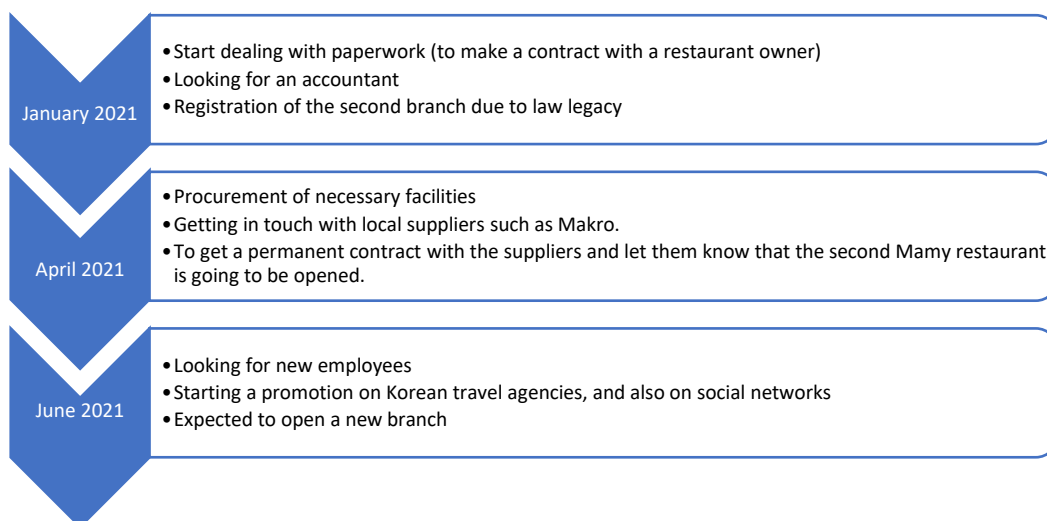
Source: Own elaboration

4.8 Operational Plan

Timeline schedule

For this part, the following figure no.6 shows some of the main parts of the creation of business in the time schedule.

Figure 6 Timeline schedule



Source: Own elaboration

4.9 Financial Analysis

The financial plan comprises a budget, an initial investment, a start-up balance sheet, estimated costs, and revenues and a break-even point.

Budget

The registered capital is set to 2,000,000 CZK, which the owner of the company wants to invest for his/her new restaurant.

The initial investment

There are initial requirements when the company wants to create a new business. Especially new equipment, foodstuffs or financial part of the act of establishing the trade. Also, it includes the first month expenses which are rent, insurance, promotion and electronic evidence of sales (EET) is mandatory according to Czech law.

Table 6 Initial investment

Initial investment of Mamy 2 restaurant (in CZK)	
EET cash desk, POS installation	20,000
Equipment of a new restaurant	200,000
Monthly rent	79,000
Property insurance	30,000
Monthly wages	335,000
Internet connection, Telephone	3,500
Promotion	12,000
Office equipment (printer, desk)	40,000
Uniform for employees	4,500
Total	724,000

Source: Own elaboration

Table 7 Price of equipment

Equipments of Mamy 2 restaurant (in CZK)	
Coffee maker, Fresh juice mixer	15,000
Pressure cooker	20,000
Needed equipment (bowls, plates, glasses etc.)	80,000
New design of old equipments	35,000
Other necessities (teacups, napkins, decoration, toilet papers, hand soaps etc.)	50,000
Total	200,000

Source: Own elaboration

Cost sheet

Table 8 Cost Sheet

	Item	In CZK
Wages	Salary-full time	170,000
	Salary-part time	80,000
	Health and social insurance	85,000
	Total	335,000
Other	Cellphone	800
	Internet	2,700
	Energy+Gas	59,470
	Storage	55,000
	Total	117,970
Total		452,970

Source: Own elaboration

Sales

Table 9 Sales

	Est.customers/day	In CZK
1day	55x250	13,750
	10x500	5,000
Total per day		18,750
Total per month		468,750
Total per year		5,625,000

Source: Own elaboration

Income Statement

Table 10 Income statement

	In CZK
Sales	5,625,000
Costs	5,435,640
Cross profit	189,360
Income tax- 19%	35,978
Net profit	153,382

Source: Own elaboration

Balance sheet

The start-up balance sheet is needed for the owners of how he/she would agree with that provided amount. (See table no.11)

Table 11 Start-up Balance Sheet

Start-up Balance sheet for a new restaurant			
Assets		Liabilities	
Stock/Inventory	55,000	Income tax	35,978
Total Current assets	55,000	Total	35,978
Equipment	200,000	Owner's equity	1,665,640
Buildings	1,500,000	Profit-current period	153,382
Other Start-up costs	100,000	Total liabilities and owner's equity	
Total assets	1,855,000		1,855,000

Source: Own elaboration

The calculations are estimated financial statements at the end of the first year of business. Applying the income tax which is 19 percent from the food we served. The gross profit CZK 189,360. After income tax its the net profit which is CZK 153,382.

Estimated costs

Costs are divided into two parts: fixed and variable. According to Czech law, an employer has to pay 25% for social insurance and 9% for health insurance. Nevertheless, a part-time employee will work as DPP which allows only 300 working hours per year. If the students will do a part-time job it requires 20 hours a week. Also, if the wage of the part-time employee will not get higher than 10,000 CZK, any further taxation is not required to pay.

Table 12 Employee salary

Employees salary (in CZK)		
Employee type	Monthly gross wage	Monthly insurance (including social and health)
Full-time	30,000	10,200
Part-time	20,000	6,800

Source: Own elaboration

Based on the owner’s experience, it is also recommended to consult with professionals for the financial part. Operating costs include supplies, electricity and wages.

Table 13 Estimated cost

Operating costs(in CZK)		Yearly
Variable costs	Energy and Gas	713,640
	Foodstuffs supply	3,600,000
	Wages including insurance	4,020,000
	Other costs (maintenance)	120,000
	Total variable costs	8,453,640
Fixed costs	Rent	948,000
	Internet connection	42,000
	Promotion	12,000
	Property insurance	30,000
	Total fixed costs	1,032,000
Total		9,485,640

Source: Own elaboration

These costs are only estimated therefore there might be differences. As you can see in the table no.13, total estimated costs are going to be around CZK 9,485,640 yearly.

Estimated revenues

It is not that easy to calculate the estimated revenues, for this purpose the data from the survey will be used. The estimates will consist of 3 parts, which are realistic pessimistic and optimistic. The estimation that one customer will buy one meal and one beverage based on the current restaurant. When considering amount of money that customers will be able to spend per visit, the majority of them answered between CZK 201 and CZK 500 moreover, its for one person regarding to the customers in current Mamy restaurant, thus approximate amount of money will be CZK 350.5(701/2) considering an approximate price of beverages (79 kc, see appendices), the final amount might be 429 kc. A new restaurant is going to be closed every Sundays that means we will have 25 working days in a month.

Realistic scenario

Table 14 Realistic scenario

Realistic scenario	
Number of potential customers-75	In CZK
Money spend on average	429
Revenues per day	34,320
Revenues per month	804,375
Revenues per year	9,652,500

Source: Own elaboration

Pessimistic scenario

Table 15 Pessimistic scenario

Pessimistic scenario	
Number of potential customers-55	In CZK
Money spend on average	429
Revenues per day	23,595
Revenues per month	589,875
Revenues per year	7,078,500

Source: Own elaboration

Optimistic scenario

Table 16 Optimistic scenario

Optimistic scenario	
Number of potential customers-87	In CZK
Money spend on average	429
Revenues per day	37,323
Revenues per month	933,075
Revenues per year	11,196,900

Source: Own elaboration

The simplified income statement

Table 17 The simplified income statement

Simplified income statement of a new Mamy restaurant (Annually, in CZK)			
	Realistic scenario	Pessimistic scenario	Optimistic scenario
Revenue	9,652,500	7,078,500	11,196,900
Costs	9,485,640	9,485,640	9,485,640
EBT	166,860	(2,407,140)	1,711,260
EAT	135,157	(1,949,783)	1,386,120

Source: Own elaboration

A key:

- Consulting and contracting services
- Purchasing goods and services from various vendors
- Wages (contracted and salaried)
- Operational expenses
- Fixed facility operational expenses such as rent, commercial insurance, and common-area maintenance fees
- Revenue generated from the business, and profits earned by the business

Break-even point

In this case, a new restaurant of Mamy is going to prepare traditional meals and beverages so on, the break-even point would be the only estimation too. The break-even point was to calculate das non-homogenous production.

Variable costs= 8,453,640

Realistic revenues= 9,652,500

Break-even point= $1,032,000 / 429 - 361 = 15,1760$

Minimum revenue to break even in one month =1,264

Risk evaluation

During normal business activity, there will be lots of risk factors that will influence the restaurant. There is any business without risk. Even there are perfectly written business plans still there is a risk. Risk evaluation is helpful when risky situations occur.

Financial risks

The main risk that can influence the business at the beginning is the owner has incorrectly estimated the number of financial resources for initial expenses. More concerning the finances, there is a risk of low turnover which means when you count on a higher number of customers that would create a certain average turnover. Precisely, the future turnover based on a lower number of potential customers.

Technical risks

Before the opening, we could see the technical risks that are the construction was performed badly such as budget failure, failure of time management, or poor-quality construction. Depending on this risk, there will be a problem to open the business on time which can be very significant. Moreover, it would mean additional finances needed for repairs. Therefore, setting up the deadlines and make sure they are met or not is important.

Risk of choosing a bad supplier

Having a not good supplier is wasting our time and money a lot. According to our current restaurant experience, we know the suppliers that could be suitable.

Marketing risks

The market has not been developed completely for a new restaurant of Mamy in particular area, thus it might be risky to establish such a new business. There are potential risks below:

Controllable risks

There is a recommendation to install a security system in the form of cameras which can control outside and inside area of the restaurant. To keep the employees safe, it is better to educate them with basic information about safety.

Non-controllable risks

The weather or the climate change that we are not able to control. Also we should consider on non-controllable expenses such as occupancy costs, corporate overhead and taxes (local, state).

Market risk

As has been written before, the market has not been developed completely for a New Mamy, thus it might be risky to establish such a business.

Competitive risk

In case that a New Mamy will open the market, there would be a threat of new competitors. These competitors can have the same idea and visions which will influence on the demand in the market

Diversification, risk-sharing, risk transfer

The Restaurant is similar in its concept in comparison to other Asian-themed restaurants in Praha 6. Risk-sharing can be not feasible at the moment because there is only one owner of the restaurant. Risk transfer might be concluded with the local suppliers who would be interested in the cooperation.

5. Summary and Discussion

As a matter of fact, many potential customers tend to spend more money on meals which is crucial for a new Mamy restaurant. The new restaurant will be in the Korean style and will offer Korean traditional meals, soft drinks, alcoholic beverages, special desserts, and fresh juices.

Market research was done through a questionnaire that included in total of 18 questions. Totally 114 respondents have participated, all respondents live in Prague. The research revealed that more women than men frequently visit Korean restaurants, and mostly they prefer multinational cuisine.

In the future, there are many visions and discussions that may be realized. In the case of Mamy food restaurant is popular therefore there is a possibility to acquire a franchise and if there will be enough finance it would be possible to start a food delivery. As I have mentioned earlier, we offer Lunch menu during weekdays which the price is quite good for our customers to spend less than a normal price comparing with the other restaurants. That would be the strategy for Czech locals.

Based on SWOT analysis, a good location with tourist attractions could be the opportunity to make this plan at a good level of achievement of the goals. Regarding the PESTLE analysis, there is a good relationship between South Korea and the Czech Republic which helps us to run the business in better condition. After our financial analysis, we found out that there is a significant chance that the business could be successfully and profitably. Expectation 2 and ½ years of very hard work, good profitable expansion, good profits, and a real downturn. On the other hand, there is still a business risk that must be considered. As far we know, two major risks that internal and external risks. We may face different risks in our service and production, we would be considered on some emergency causes which are unwanted interruptions in our business operations.

6. Conclusion

The main purpose of my thesis was to create a new business plan for a new branch of Korean restaurant. It consisted of theoretical and analytical part. In the first part of the theory, general terms are defined. For the second part was more legal forms of entrepreneurship in the Czech Republic and deals with the crucial sections of the business plan. There are different types of business plan, however it should have a similar structure.

The primary purpose of the diploma thesis was to create a business plan according to gathered data, thoughts and calculations and consider their possible time value. There is a significant chance that the business could be successful and profitable. Expectation 2 and ½ years of very hard work, good profitable expansion, good profits, and a real downturn.

On the other hand, there is still a business risk that must be considered.

Market research was done through a questionnaire which consisted of short questions with multiple choice answers. A totally of 114 respondents have participated. All respondents who live in Prague also obtained the data from customers of Mamy restaurant. The research revealed that more women than men frequently visit Korean restaurants, and mostly they prefer multinational cuisine. The age of respondents was mainly 18-25 years, frequency of attendance 2-3 times a month and most of them spend around CZK 201 to CZK 500 per one visit.

The most important thing to make a new restaurant work successfully its promotion. Some people are already used to having a Korean meal, but the others who don't especially in Praha 6 steps are informing target customers. It will be considered informing them of fliers, print advertisements, and Korean society. The second branch of Mamy restaurant will employ 5 full-time workers and 4 part-time workers including the manager who will be responsible for the whole organization.

A new branch will be the estimated overall start-up costs, which will be approx. CZK 1,855,000. If the sales in total CZK 18,750 per day then realistic revenue per year will be approx. CZK 9,652,500. There are possible risks that considered as necessary in order to be prepared for becoming a successful project. For example, increased competition, changes in government policy for that we will be aware of these risks which could pose a risk due to some unforeseen events in the future.

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9. Appendix

Appendix 1 – Questionnaire

1. What is your gender?
 - Male
 - Female
 - Prefer not to say
2. What is your age?
 - Under 18
 - 18 to 25 years
 - 26 to 35 years
 - 36 to 45 years
 - 46 and over
3. What is your nationality?
 - Czech
 - Other
4. What is your marital status?
 - Single
 - Married
 - Divorced/Separated
5. Do you have children?
 - Yes
 - No
6. What is your highest reached education?
 - Basic
 - Secondary with an apprenticeship certificate
 - Secondary with graduation
 - Bachelor's degree
 - Doctorate
7. What is your employment status?
 - Employed

- Self-employed
 - Unemployed
 - Student
 - Retired
 - Unable to work
8. What is your income?
- CZK 0 to CZK 10,000
 - CZK 10,001 to CZK 30,000
 - CZK 30,001 and above
 - Prefer not to say
9. How often do you go to restaurants?
- Once a week
 - 2-3 times a week
 - Once a month or less
 - 2-3 times a month
10. Which restaurants do you prefer to go to? (Tick in more than one options)
- Multi-cuisine
 - Czech
 - Korean
 - Other
11. Do you usually visit a specific Korean restaurant?
- Yes
 - No
12. How much do you spend on food and out of home per week?
- CZK 0 to CZK 500
 - CZK 501 to CZK 1000
 - CZK 1001 to CZK 2000
 - CZK 2001 to CZK 5000
 - More than CZK 5000
13. What kind of food do you like to consumer when you eat out?
- Fast food

- International cuisine
 - Local cuisine
 - Korean cuisine
 - Organic food
14. How much do you spend during one visit to a Korean restaurant?
- CZK 0 to CZK 200
 - CZK 201 to CZK 500
 - CZK 501 to CZK 1000
 - CZK 1001 to CZK 2000
15. What time do you generally go for eating out?
- Breakfast time
 - Lunch time
 - Diner time
16. When do you prefer to go?
- Weekend
 - Weekdays
17. What do you think about the pricing of Korean restaurant in Prague?
- Highly priced
 - Moderately priced
 - Low priced
18. How far you willing to go to a Korean restaurant?
- 100 meters to 500 meters
 - 501 meters to 2kms
 - 2,1 kms to 5 kms
 - More than 5 kms

Appendix 2-Meal menu



Appendix 3 - Drink menu

