

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



BACHELOR THESIS

**Starting a business in hospitality industry through
innovations**

Author: Aleksandra Zinoveva.

Supervisor: Ing. Petr Prochazka, MSc, Ph. D.

© 2016 CULS Prague

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Aleksandra Zinoveva

Economics and Management

Thesis title

Starting a business in hospitality industry through innovations

Objectives of thesis

The aim of this study is to create a new company in the hospitality industry through innovations, to create a business plan to assess the financial and economic efficiency and the confirmation the significance, importance and competitiveness of the project.

Methodology

For the theoretical section will be used deduction, induction, abstraction, syntethis methods.

Analitical section will be done through method of prediction, observations, statistical analysis and some methods of financial market analysis. To confirm the demand of the new project will be used questionnaire.

The proposed extent of the thesis

40 pages

Keywords

business, start-up, business plan, business development, business idea, customer engagement, business communication, innovations, hospitality industry, service delivery

Recommended information sources

Gordon Clarke. (2010). Business Start Up and Future Planning.
Great Britain. Office of Government Commerce. (1987). Service Delivery
Jonathan Hales. (2005). Accounting and Financial Analysis in the Hospitality Industry
Lisa K. Gundry, Aaron Buckho. (1996). Field Casework: Methods for Consulting to Small and Startup
Businesses
Michael A. Crew, Paul R. Kleindorfer. (2002). Postal and Delivery Services: Pricing, Productivity, Regulation
and Strategy

Expected date of thesis defence

2015/16 SS – FEM

The Bachelor Thesis Supervisor

Ing. Petr Procházka, Ph.D., MSc

Supervising department

Department of Economics

Electronic approval: 3. 3. 2016

prof. Ing. Miroslav Svatoš, CSc.

Head of department

Electronic approval: 3. 3. 2016

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 10. 03. 2016

Declaration

I declare that I have worked on my bachelor thesis titled "Starting a business in hospitality industry through innovations" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 14.03.2016

Aleksandra Zinoveva

Acknowledgement.

Hereby, I would like to thank my supervisor Ing. Petr Procházka, MSc, Ph. D. for his patience, helpfulness and my family, who support during my work on thesis.

Zahájení podnikání v pohostinství prostřednictvím inovací

Souhrn.

Cílem této bakalářské práce je zjistit teoretické základy pro vytvoření nového podniku spojené s rozvíjením obchodního plánu inovativní společnost a poté zhodnotit jeho význam a účinnost. Práce je rozložena do dvou hlavních částí. První část, teoretická, se zabývá obecnými aspekty pro vytvoření obchodního plánu, který podrobně popisuje význam podnikání, výstavbu marketingového plánu a analýzy trhu. Teoretická část je napsána pomocí analýzy literatury, článků a webových zdrojů. Praktická část se věnuje tvorbě nového podnikatelského plánu, který je ukázán na příkladu otevření nové společnosti v oblasti pohostinství prostřednictvím inovací. Marketingové trendy společnosti jsou popsány pomocí příkladů, podnikatelský návrh je stanoven a finanční analýza je vytvořena na základě všech příjmů a nákladů. Veškerá data použita v oblasti finančního plánování vychází ze statistických údajů shromážděných analýzou a studiem. Vnitřní a vnější faktory jsou zahrnuty a výkaz zisků a ztráty je vypočítán.

Klíčová slova:

Obchod, start-up, podnikatelský plán, rozvoj podnikání, podnikatelský nápad, vztahy se zákazníky, obchodní komunikace, inovace, odvětví pohostinství, poskytování služeb.

Starting a business in hospitality industry through innovations

Summary

The aim of this thesis is to determine the theoretical fundamentals of creating a new business, to develop a business plan for the innovative company, to improve its relevance and effectiveness. This work consists of two main parts. The first part deals with the theoretical aspects of the construction of a business plan, which details the importance of the business concept, the construction of a marketing plan, and market analysis. The theoretical part is written by the method of analysis of the literature, articles, and online sources. The practical part is devoted to the construction of a new business plan on the example of opening a new company in the hospitality industry through innovations. In the analytical part of the thesis, an example of the definition of marketing trends of the company, the business concept is appointed, and financial analysis of the company is conducted, taking into account all income and expenses. All data used in financial forecasting is based on statistical data, collected by analysis and study. Internal and external factors are considered. Finally, the profit and loss statement is calculated.

Keywords:

Business, start-up, business plan, business development, business idea, customer engagement, business communication, innovations, hospitality industry, service delivery

Table of Content

1	Introduction	11
2	Objectives and methodology	12
3	Theoretical background.....	13
3.1	Business concept	13
3.2	Market analysis	17
3.2.1	Marketing.....	17
3.2.2	Marketing Trends.....	20
3.3	Situational analysis	22
3.4	Financial Planning	23
3.4.1	Business Expenses	24
3.5	Break-even Analysis	25
3.6	Profit and loss statement.....	25
4	Analytical part	27
4.1	Creation of the company.....	27
4.1.1	Business concept.....	28
4.2	Management	28
4.3	Marketing	30
4.4	Financial analysis.	31
4.4.1	Break-even point.....	48
4.4.2	Profit and Loss Statement.	49
4.5	SWOT Analysis	50
5	Discussion.....	51
6	Conclusion	52
7	References.....	53

List of Tables.

Table 1. Equipment expenses	28
Table 2. Required working hours per month	29
Table 3. Statistics of Instagram’s users.....	30
Table 4. Net wage of employees.....	32
Table 5. Net Salary	32
Table 6. Cost of Labor	33
Table 7. List of Recipes	34
Table 8. Cost of sushi California	35
Table 9. Cost of sushi Philadelphia.....	36
Table 10. Cost of Pasta Carbonara.....	37
Table 11. Cost of roasted chicken with vegetable souse and rice.....	38
Table 12. Cost of duck with dumplings	39
Table 13. Cost of Borsch	40
Table 14. Cost of Goulash	41
Table 15. Cost of cake “Napoleon”	42
Table 16. Cost of cake “Tiramisu”	43
Table 17. Cost of Panna Cotta	43
Table 18. Total cost of Sales per month	44
Table 19. Fixed costs	45
Table 20. Total Revenue Calculations	47

List of Acronyms

COL Cost of Labor

COS Cost of Sales

VC Variable cost

FC Fixed cost

TC Total costs

Q Break-even point

CZK Czech Koruna

P&L Profit and Loss Statement

Kg Kilogram

L Liter

Pc Peace

1 Introduction

The relevance of the chosen topic of the thesis is caused by fact that each entrepreneur of small business as a beginner must not only be clear in their own future needs of financial, material, human and intellectual resources, entrepreneur must be able to clearly see prospects and be able to accurately calculate efficient use of these resources in the process of production and business activities of the company. To achieve sustainable success in a small business has to be done clear plan of all activities, continuous collection and analysis of data, such as condition of target market, competitors and their prospects and opportunities.

The first part of the thesis is literature review. The beginning is dedicated to business concept, marketing, marketing mix as 4P's and 4C's. Later on marketing trends and SWOT are described. Finally, financial analysis, cash flow statement, break-even point analysis and profit and loss statement are explained.

The practical part is devoted to the construction of a new business plan on example of opening new company in hospitality industry through innovations. It starts from general information of the company, the main objectives, and business concept. Marketing plan of a new company was described, as a social marketing and a viral marketing, which will attract more audience. Financial analysis of the company is conducted, talking to account cost of labor, total cost of sales and all fixed costs. Break –Even point was calculated to determine a point, at which company will start generate a profit .All data, used in financial forecasting is based on statistical data, collected by analysis and studying. Internal and external factors are conducted. Finally, profit and loss statement is calculated.

2 Objectives and methodology

The aim of this thesis is to describe all fundamental requirements for creating and running a new business, to develop business plan of the innovative company, to approve its relevance and effectiveness. For the market research quantitative observations methodology was used, to determine the potential customers for their purchasing behavior and volume of production necessary statistical data has been collected. In order to determine the needs and preferences of the target audience all friends, relatives and acquaintances were surveyed through questionnaire. For the final financial calculation various markets and the quality of their products have been investigated. Theoretical foundations of the project were based on the method of deduction, induction, abstract, the method of synthesis. Marketing campaign has been described, taking into account the nowadays trends. Financial analysis is based on the method of forecasting and calculation, due to the fact that all the calculations of cost of sales, labor costs, fixed costs and other variable costs are predicted.

3 Theoretical background.

3.1 Business concept

The modern business world is a global world. Every aspect of the business can acquire an international dimension. Therefore, in the preparation of business plan should be considered the global possibilities and future trends of the company. Satisfaction of needs is a basis of any business. Otherwise the business could fail. (Karlöf and Lövingsson, 2005)

According to the words of Thomas Edison: "I do not want to invent something that will not be sold." Karlöf and Lövingsson asked a question "Where to draw business ideas?!".

- a) Previous experience,
- b) Education or training,
- c) Hobby, talents or other personal interests,
- d) Understanding of existence of unsatisfied requirements. (Karlöf and Lövingsson, 2005)

The first and very important factor of each startup is to clarify business concept, where should be discussed the industry, business structure, particular product or service, and plan how to make this business a success. (Staff, 2016)

This is an idea for a business, which includes basic information about the product, service, unique offer, target audience. Business concept can be viewed from different angles. It may include a new approach to marketing or completely new product. The developed business concept provides a competitive advantage and can be included in the business plan. (What is business concept? definition and meaning, 2016)

The concept of business describes its fundamental purpose. The concept of business always has to begin with needs of consumers and buyers. (Mybuzines.ru, 2016)

Philip Kotler compares the concept of Business to "an invisible hand" which does business by the correct road. Kotler claims that the good concept has to be focused on the market. The concept has to be based on usefulness for the consumer and on requirements which must be satisfied in the

marked by produced goods or service. Good concept is achievable, available and, at the same time, difficult. Comprehensive, but not indistinct. (Kotler, 1980)

Motivation - this is what causes people to desire and qualitatively to do what must be done. (Interview with John Adair, 2007)

The most important factor is motivating, employees have to know business concept of the company and trust on it. It means that good concept has to be concrete, quite simple in definition and easy at communication. Moreover, the concept of business has to give the answer to a question: "Why the consumer will buy goods or services from this concrete company?". (Kotler, 1980)

According on the factors of good concept Kotler argues few important aspects of the concept of business:

-requirement/demand

-consumers / distributors

-offers of goods and services

-key competence

-competition level

(Kotler, 1980)

On the business concept also Derek Abel has his own view. He describes three dimensions of the concept of business:

-what? What needs (purposes) buyer's satisfaction is the business concept

-who? On which customer segment is focused this concept

-how? What goods and technologies allow to satisfy requirements of target consumer segments?

(Mybiznes.ru, 2016)

Business concept helps to realize sense and mission of the Business, to formulate the key principles work of the company, to issue own unique vision of the business and to construct prospect of development of Business out of limits of one life. (Abrams, 2006)

Development of the concept of firm assumes a formulation of its purposes. The purposes are those key results and the main reference points which have to be reached during a certain period and for which achievement all activity of the enterprise and its collective has to be focused. The purposes are an initial element of an enterprise management system (firm), carrying out the organizing, motivating and controlling functions. Therefore, if there is no purpose at the enterprise, then there is no management of it. The purposes of the enterprise set and define a basis for designing, will mobilize collective for achievement of results. (Dvkuot.ru, 2016)

When determining the purposes usually there are several questions:

- What to choose and in what sequence to place them;
- As far as they are actual and as possibilities of their achievement are estimated. (Studopedia.ru, 2016)

The purposes connected with a role of this enterprise on sales markets, growth of volume of business, its profitability, profitability and other characteristics belong to typical. Statement of the purposes promotes performance of the main function of the enterprise expressed in its line of activity. Besides, the auxiliary purposes promoting achievement of directly functional results can be formulated and set. (Studmed.ru, 2016)

After definition of the line and the purposes of business there comes the stage of elaboration of strategy. Strategy represents the generalized model of the actions necessary for achievement of goals. (Studopedia.su, 2016)

Value of elaboration of the strategy allowing firm to survive in competitive fight, in the long term, is extremely big. In the conditions of fierce competition and quickly changing situation in the market very important not only to concentrate attention on internal state of affairs of firm, but also to develop long-term strategy which would allow it to be in time behind the changes happening in external environment. (Cozyhomestead.ru, 2016)

It should be noted that uniform strategy doesn't exist. Each firm is unique in own way therefore also process of elaboration of strategy is specific as it depends on a position of firm in the market, dynamics of its development, potential, behavior of competitors, characteristics of the goods made by it or the rendered services, state of the economy, the cultural environment, etc. At the same time there are fundamental moments allowing to speak about some generalized principles of elaboration of strategy of business. (Be5.biz, 2016)

The choice of strategy is carried out on the basis of the analysis of the key factors characterizing internal state of firm and external environment. Strategy has to answer a question: what alternative options of improvement of use of the resources which are available at the enterprise and opportunities for achievement of the objects set taking into account elements of external environment exist? (Topknowledge.ru, 2016)

At the choice of strategy the following key factors have to be considered:

- Strengths of branch;
- Strengths of firm;
- Purposes of firm;
- Financial resources of firm;
- Qualification of workers;
- Degree of dependence on external environment;
- Time factor. (Dvkuot.ru, 2016)

The chosen strategy is exposed to an assessment which is carried out by the analysis of correctness and sufficiency of the factors defining possibilities of its implementation. Main evaluation criterion: whether the chosen strategy will lead to achievement of the objects set by firm. (Inventech.ru, 2016)

If strategy answers the purpose of firm, then its further assessment is carried out in the following directions:

- Compliance to the chosen strategy to a state and requirements of an environment;
- Compliance to the chosen strategy to the potential and opportunities of firm;
- The acceptability of the risk put in strategy. (Orgmanagement.ru, 2016)

3.2 Market analysis

“Every business plan should include market analysis. This is one of the first and most important reasons to do a business plan.” (Berry, 2005)

Market analysis is never anything more than an intelligent way of studying a market and that the most intelligent way is usually comparatively simple. (Brown and Beik, 1969)

3.2.1 Marketing

The classic of the theory of marketing Philip Kotler defines marketing as the social and administrative process directed to satisfaction of needs and requirements by means of creation, the offer and an exchange of goods. This expression can be described more succinctly: marketing is a complex of the actions aimed to provide sales. Thus sales can be any service or certain product. And actions can be in the form of advertising, price discounts or even promotion. (Kotler, 1980)

Complex of marketing is set of the tools used in marketing for impact on a consumer demand. There is perception that marketing is directed to increase sales, however the main objective of marketing - ensuring the predictability of the results of the enterprise market, minimizing uncertainty and risk associated with the acquisition, production and sale of goods. The main purpose is adequately to react to changes in the market situation. (Ambler, 1999)

For a better understanding of the product and its behavior on the market, should be considered the concept used in the market analysis.

“New business needs are- customers now.”(Gordon, 2009)

It should be found the key to assemble a group of marketing tactics that will help survival of early business and then sustain business as build a customer base. (Gordon, 2009)

Neil Borden, professor business of school in Harvard University invented the term marketing mix designating set of kinds of activity which as he considered, marketing specialists can use to influence on the decisions on purchases made by the consumer. (Borden, 1970)

Jerome McCarthy, famous professor of marketing and the recognized consultant who received awards for the works offered undoubtedly simple and easily memorable decision. The marketing mix in each company mainly consists their four P's: product, place, promotion and price. If the company is to strive to get the maximum yield for their marketing efforts, marketing activities should be planned and implemented in coordination with each other. Each of the four P Including a number of marketing activities. (McCarthy, 1978)

Product– the most important means of marketing; it has to correspond to requirements of the target market. The product with certain properties is necessary for the consumer. It is necessary to increase its usefulness of a product for the consumer, to distinguish from other products. (Studopedia.ru, 2016)

Place - significant means of marketing, this place and condition of sale. The product has to appear in the right place and when it is necessary to become useful for the consumer. Various channels of delivery are used, intermediaries are attracted, and conditions for fast delivery are created. (StudFiles, 2014)

Price -should bear the cost of the manufacturer, to bring a profit and at the same time be acceptable for the consumer. Price plays a big role in the decision making to buy the product. There are two methods of pricing: A comparative (comparison with similar goods prices) and method defined by cost (cost accounting, plus the addition of profits). (Boyett and Boyett, 2000)

Promotion - a key marketing tool that allows to actively influence the consumer, includes various information transmission methods of the existing products, the use of advertising, personal contacts. (Boyett and Boyett, 2000)

However, not everyone are agree with the correct collection of 4P's. Filip Kotler thinks that some important types of marketing activities are underestimated. According to his opinion, should be entered process, packaging and personal selling. (Kotler, 1980)

But not only Kotler and other experts decided that after 1960 year were a lot of changes that would lead to the addition of some more P, such as policies and public opinion.

From the point of view of modern marketing, marketing mix is a set of effective tools for creation of distinctive advantages of the company in the target markets concerning competitors. To classical the 4P's is included by new components. (Studopedia.ru, 2016)

- Partnership – two or more organizations work together to carry out this comprehensive marketing campaign.

- Packing – It is used when an entity combines two or more components together and sell it.

- Programming – development of various programs.

- People (people) is a major component marketing mix in tourism. The impression of communication with personnel renders the greatest effect on the consumer.

- Physical attributes (physical evidence) is the Wednesday of existence of the organization of a services sector and all physical goods and symbols used in the course of communication and production.

- Process - denotes all procedures and mechanisms, dynamics and interaction activities, during which customer contact occurs. (Boyett and Boyett, 2000)

Responding to the concept of the market, marketers have offered consumer-oriented marketing mix 4, as a modification of the 4P's mix. Usually 4C's is used to develop customer loyalty programs, taking into account their needs, preferences and motivations. An important factor is feedback, which allows to improve the components of the traditional marketing mix 4P's. (Ambler, 1999)

Customer value, needs and wants. It almost each component of the item (product or service). This element helps more carefully study consumer preferences, and it is quite closely connected with the correct perception of the target audience. (Powerbranding.ru, 2016)

the Cost is not only the money spent on the purchase of goods or services, but also is the efforts of the accompanying in the process of acquisition: on the expenditure of public resources is willing to potential buyers, spending time, nerves, and other efforts to come to a certain company, wait their turn, and finally get product or service. . (Powerbranding.ru, 2016)

Convenience. The basis of this rule - the goods are in the right place at the right time. The availability of the goods to the consumer, it is not only the ability to meet a particular need (such as nutrition, safety, rest), but the ability to bear the additional benefits and benefits intended potential customer. (Boyett and Boyett, 2000)

Communication-This element is strongly related to the degree knowledge of the potential customer. The consumer should be aware of the significant characteristics of the goods and benefits, compared it to similar products of competitors. The success will mostly depend on the most effective marketing communications company policy, which includes diverse tools: PR, methods of sales promotion, direct marketing and so on. . (Powerbranding.ru, 2016)

This model is in fact justified the need for the formation of various customer loyalty programs. It focuses on its customers - on their desires and preferences, to a joint fruitful cooperation and indispensable to obtain feedback from them to further improve their products and services, as well as their promotion mechanisms. (Boyett and Boyett, 2000)

3.2.2 Marketing Trends

Marketing, as well as the market, not standing in one place, it is constantly evolving, so there are new types of marketing. Among the most popular types of modern marketing are the following: (polilog.com, 2016)

Viral Marketing.

The term "viral marketing" has been proposed by Professor Jeffrey F. Rayport in the article "Viral Marketing" for «Fast Company» magazine, published in December 1996. In 1997, the term is used

Drayper Tim and Steve Jurvetson from the venture capital firm Draper Fisher Jurvetson, to describe the practice of advertising via e-mail of Hotmail - when the advertising message were added to the outbound user messages.

About viral marketing on the Internet one of the first written media critic Douglas Rushkoff, in his book "Media Virus", 1994. He wrote that when such an advertisement reaches a "susceptible" recipient, it becomes "infected", and can infect others.

Viral marketing is type of marketing that is used to increase the company's sales and enhance brand popularity. There is the fact, that if the client is satisfied with the product or service, then this product or service will be known by three of his friends. If after using this product customer was dissatisfied, 10 of his friends will be informed about it. This is how this type of marketing works. Strategy such that the product affects a person so much that he literally buy himself infected by the idea of himself and begins to promote it. (Entrepreneur, 2010)

Guerrilla Marketing

The term "Guerrilla Marketing" was proposed in 1984 by John. K. Levinson to determine the budget, but an effective strategy, accessible to advertise its activities to small and medium-sized businesses. The essence of guerrilla marketing is to ensure that the product is used to promote creative thinking and a small budget, and the result of the application of the method is in the first place, attracting the attention of the consumer. It is important to remember that the use of creative techniques does not mean violation of ethics or law. The basis of guerrilla marketing is the relationship, relationships with customers. Small tokens, which the company provides to its customers.- Relationships with customers. Small tokens, which the company provides to its customers. The relationship with the staff. Relations with competitors. Supporters of guerrilla marketing, instead of fighting with competitors, looking for a framework for cooperation with them (fusion marketing, marketing associations). This allows companies to develop a joint strategy to increase sales and cost of marketing means. The most common example of the guerrilla, which allows it be interpreted as a hidden marketing, - the recommendations of the stars and other influential people, as well as advertising in films. (Memosales.ru, 2016)

3.3 Situational analysis

SWOT analysis.

Marketing is one the most fun aspects of business management. It is including a direct relationship with customers and clients and allows you to go live a product or service on the market, by the creative way. But before starting any marketing campaign, SWOT analysis should be done. (Entrepreneur, 2003)

Weaknesses are those internal elements, which hold it on the same level as its competitors. This may depend on the product, price, quantity or level of services such as delivery. Determination cons can help improve future products and services. (Entrepreneur, 2003)

Opportunities can be both internal, and external circumstances. Opportunities can be the Mass discounts through suppliers coming at very attractive price of the equipment at auction, seeing the announcement for classes which are available to further professional education, or clients who were dissatisfied business with competitors. Opportunities are only useful when they used. (Entrepreneur, 2003)

Threats, on the other hand, are those things that competitors do better. They may offer lower prices, faster service, a wider selection of products or services, or have more financial backing. In any case, must be determined which of these elements pose the greatest threat to the survival of the business in the marketplace and determine how to counterattack them. The SWOT analysis is evaluating strengths, weaknesses, opportunities and threats as one good way to start thinking strategically.

Threats, on the other hand, are those things which are done by competitors better. Competitors can offer lower prices, fast service, more wide choice of goods or services, or to get more detailed financial support. Anyway, it is necessary to define what of these elements present the greatest threat for a business survival at the market and to define how to counterattack them. (Entrepreneur, 2003)

Modified technique can reasonably go from the identification and evaluation of individual factors that influence the achievement of objectives to the selection of the most significant throughout the

continuum of private factors in their relationship and develop an effective strategy. In other words, the union made assessment of the strategic situation of the company, the conclusion about the importance of the individual factors and their impact on the achievement of objectives, identification and evaluation of strategic alternatives. The methodology takes into account the probability of occurrence of opportunities and threats, levels of activity on the impact of these external factors of the company, the intensity of the strengths and weaknesses in the company's activities and their impact on the realization of opportunities and protection against possible external threats. (Business Tuning Project management, process optimization, business training, 2016)

3.4 Financial Planning

Financial Planning - enterprise financial management tool.

Financial planning - a plan of revenue and expenditure areas of funds for development of the organization. The main objectives of this process are the establishment of the correspondence between the availability of the financial resources of the organization and the need for them, the choice of effective sources of financial resources and favorable options for their use. . (Terechov, 2013)

Financial planning objectives:

- identification of reserves to increase incomes of the organization and methods of mobilization;
- effective use of financial resources, the definition of the most rational directions of development of the organization, ensuring the planned period, the highest profit; . (Terechov, 2013)

Financial Forecasts.

Forecasting is the use of historic data to determine the direction of future trends. Forecasting is used by companies to determine how to allocate their budgets for an upcoming period of time. There are three basic financial statements that describe the activities and financial state of any business: .

- Profit and Loss Account (P&L)

-Cash flow Statement. (Cfin.ru, 2016)

Cash flow Statement is one of the primary financial statements, which summarizes information on the collection and disposal of the company's funds. (Cfin.ru, 2016)

With the cash flow statement the analyst can find out how well a company manages its financial resources. (Terechov, 2013)

The cash flow statement reveals the reasons for changing the cash balance of the organization, and generally looks like: Cash at beginning of period + Cash inflows - expenditure of monetary fund's = Cash at end of the period. (Terechov, 2013)

Cash flows are particularly helpful to businesses, however, when they are used as forecasts. They can then be used to summarize targets and to monitor performance. (Cfin.ru, 2016)

3.4.1 Business Expenses

Business expenses are the cost of carrying on a trade or business. These expenses are usually deductible if the business operates to make a profit. (Irs.gov, 2016)

Business expenses are categorized in two ways: fixed expenses and variable expenses. (Inc.com, 2016)

Fixed costs are Costs, which remain constant, regardless of the dynamics of sales. Examples of fixed costs are the depreciation costs of buildings and equipment, amortization of pre-operative expenses, rent and lease (which does not vary with the volume of sales and production volume), interest on loans, salaries of employees, managers, supervisors (which by hypothesis does not change when you change the level of production), general administrative expenses. (Managment-study.ru, 2016),

Variable costs - is that part of the costs, which varies depending on the level of output. (Economic Dictionary, 2000)

They are opposed to fixed costs, which are necessary in order to release became generally available; they do not depend on the level of output. It should be borne in mind that this is a

fundamental difference. Price resource used can be stable for years, but it still belongs to the variable costs, if the used amount of this resource depends on the issue. The price of other resources may vary, but they are all the same will apply to fixed costs, if the used amount of resources does not depend on the level of output. (IM. D., 2016)

3.5 Break-even Analysis

Calculation of the necessary volume of sales, in which revenue equals the gross cost, and profit is zero. Calculation of sales growth, in which the influence of factors that reduce profits, offset by the influence of factors that increase profits. (Dictionaries and encyclopedias on the academician, 2016)

Break-even point defines what should be the volume of sales to the company to break even worked, could cover all its costs, without receiving profit and determines at what point the company begins to generate a profit. (Finances-analysis.ru, 2016)

$Q = FC / (UP - VC)$ where:

Q = Break-even Point, i.e., Units of production (Q),

FC = Fixed Costs,

VC = Variable Costs per Unit

UP = Unit Price

(Home.ubalt.edu, 2015)

3.6 Profit and loss statement

This financial report that summarizes all revenues, costs and expenses of the company for a certain period of time, usually a year or fiscal quarter. These records contain the information, and firm state, company's ability – or lack thereof – to generate profit by increasing revenue, reducing costs, or both. (Investopedia, 2003)

The financial statement is important because it shows the profitability of a company during the time interval specified in its heading. (AccountingCoach.com, 2016)

The information provided in the report, to evaluate changes in income and expenses of the organization during the reporting period compared to the previous, to analyze the composition, structure and dynamics of the gross profit, sales profit, net profit, as well as to identify the factors of the final financial result. Summarizing the results of the analysis, it is possible to identify untapped opportunities to increase profit organization, improve its profitability. The information provided in the statement of profit and loss, allowing all interested users to conclude how effective the activities of the organization and how justified and profitable investments in its assets. (Be5.biz, 2016)

4 Analytical part

The Company “Delicious” is a company, which will make housewife's life is much easier, will help to cook much more tasty and will give you reason to enjoy your time. It is a small company belongs to hospitality industry, which starts through innovations. Company “Delicious” offers to future customers at the beginning assortment of 10 dishes on the own website, which is possible to cook at home with a little help from the team of “Delicious”. Just few hours and potential customer receives detailed recipe of chosen dish with exact amount of components. Before delivery all products were cleaned, cut or crushed based on given recipe. Company “Delicious” believes in a good and perspective future.

4.1 Creation of the company

The owners of Delicious Company are Mr. X and Mrs. X, who divide by 50% of the shares of the company. It leads to sharing between them the same part of profit and loss. At first web site should be created. All recipes, which are going to be published in a future will be selected by marketing specialists. Web site is available 24 hours. Working hours of the kitchen and delivery service are Wednesday -Sunday from 9.00 till 21.00 and on Monday and Tuesday are from 10.00 till 20.00. At the beginning of existing of the company, on the web sites will be available 10 types of recipes, which have been chosen by questionnaire between coworkers, relatives and friends. In a future there is plan to make a menu of recipes much bigger. According to the reaction of the customer, each month will be added 5 new recipes. Mr. X and Mrs. X were decided to rent a room, which will be located on the street “Vyšehradská”. The reason of location on this part of Prague is that is much faster and easier to deliver a product from the center. The rent of this room is 44 000 CZK per month, excluded water consumption and electricity using. There will be set an equipment, required for the working. In the table below there is a list of equipment and company’s expenses for this equipment.

Table 1. Equipment expenses

Equipment	Price without VAT (CZK)	Price with VAT (CZK)
refrigerator	34 000,00	41 140,00
table	5 000,00	6 050,00
kitchenware	15 000,00	18 150,00
scales	1 590,00	1 923,90
computer	23 000,00	27 830,00
Car	100 000,00	121 000,00
Total	178 590,00	216 093,90

Source: (Own data)

Total expenses for the equipment is 216 093, 90 CZK. Moreover, the owners are going to take a loan from bank to finance the equipment and rent. Expected amount of the loan is 1,000,000 CZK for 5 years.

4.1.1 Business concept

One of the main things in any startup is to be clear in a business concept. The purpose of the chosen business is to provide for the future customers good, health and taste food with new idea. How many women, which don't have cooking skills?! How many people, which hate to peel potatoes or to cut cabbage? How many students, which don't have time or wants to cook or go to supermarket during days off? What about mothers, which are trying to surprise their family after a long and difficult day? From these question a target group is highlighted. Nowadays there are lot of recipes in the internet, but nobody knows which is better. "Delicious" company is going to fix all these problems.

4.2 Management

For the good and effective organization work and successful business is necessary to construct a correct assignment of responsibilities, create a good working atmosphere and to set a business

concept. How it already has been described above, the business concept of new startup is fast, tasty and, of course, healthy food. Taking into account company's working hours, sufficient staff needs to be harried. Working shift Wednesday -Sunday is 12 hours, and on Monday and Tuesday is 10 hours. All working hours are distributed evenly between employees. For the calculation of working hours per month as an example was taking March.

Table 2. Required working hours per month

Work position	Hours per month
Manager	184
Cooker 1	172
Cooker 2	184
Driver 1	172
Driver 2	184
Sis admin 1	182
Sis admin 2	184

Source: (Own Data)

Mr. X, owner of the company will be the company's manager. He will be responsible for the financial department of the company, for market analysis and internal growth, for the composition of the schedule, and for the organization of buying the products for their future using and he will be responsible for all organizational aspects of the company.

The duties of chefs will include inventory control product, making need condition of product, experimenting with new recipes, selection of recipes for the company's website and helping to answer to customer questions.

One of the main staff of the company is Sis admin. To fill all working hours, two Sis admins are hired. One of them is Mrs. X, which is at the same time, is owner of the firm. They perform the important aspects of the work. One of the points of successful work of Sis admin is support of website of company, control of the orders and organization of delivery, customer support, maintaining social networks and helping in some organizational aspects to the manager.

Sometimes “Delicious” company will hire Brigade workers and the reason for hiring a brigade will be considered in the part Marketing.

4.3 Marketing

Marketing is the most important key factor for a successful business. It is an important aspect of the business especially in the first steps of its existence. For proper referral marketing is necessary to identify the target audience. This item can be considered in different ways. In a broad sense, the target audience may include absolutely everyone, because of necessary factor of existence is food. This startup focuses on the part of people who cannot cook, but would like to do it, on busy people and people who like to try something new and interesting. Age category is not established, but considering the fact that the internet users are usually the younger generation, the age can be determined by rank. The same statistics shows below based on Instagram.

Table 3. Statistics of Instagram’s users

Percentage %	Age
37	18-29
18	30-49
6	50-64

Source:

The main direction of marketing is planned to be on social networks. According to the questionnaire, statistics shows that 42% of the online entrepreneurs consider keeping the page in the social network an integral part of a successful business. Given this fact by “Delicious” will be created pages on social networks such as FACEBOOK and Instagram to attract more customers. Based on statistical data 610 736 920 custom pages registered on Facebook till 2011 year. It is every 11th person in the world. (Facebook, 2011)

With marketing planning, analysis was carried out. To planning a marketing mix is necessary to know the direction and the preference of the target audience. It is important to highlight the theme

of the trend and lifestyle of people nowadays. A couple of years ago it was is actual to lead an unhealthy lifestyle, i.e. eating at fast food. At this moment the number of people who consume low-quality food is becoming less and increasing the number of people who lead a healthy lifestyle. Advantage of the Company “Delicious” is that all the products are fresh, not frozen, and the company also supports a healthy lifestyle. In order to attract potential customers to this service photos of the production place and the product will be posted on the social networks, sometimes training videos will be created. On this stage of starting of a new business will be applied viral marketing. Sharing of company’s posts in social networks, customer will get 10 per cent discount. Share photos with reference to the company's account in Instagram will be assigned to the participant by discount or by one recipe for free. Action will be used to maintain existing customers, in case of ordering a product 5 times, the 6th order will be with a discount of 59 per cents.

To advertise that the company maintains a healthy lifestyle will be involved people to work on brigade (perhaps students), who want to earn some money, in this case, the delivery will be made by bicycle with advertising of the company, thereby showing that our employees lead a healthy life. There is worth to pay great attention to the location of the own website in search engines when searching for “recipes”. Special organizations will be attracted to this task.

4.4 Financial analysis.

Cost of labor.

The main condition of production in any society is the labor force. The cost of labor is the sum of all the wages of workers, as well it includes the cost of fees and taxes on wages paid by employers. In the table below is total amount of working hours, gross wage of each employee per hour and total gross wage per month, which employer is going to pay to workers.

Table 4. Net wage of employees

Work Position	Total hours per month	Salary per hour (CZK)	Total Salary per month (CZK)
Manager	184	190	34960
Cooker 1	172	160	27520
Cooker 2	184	160	29440
Driver 1	172	120	20640
Driver 2	184	120	22080
Sis admin 1	182	150	27300
Sis admin 2	184	150	27600

Source: (Own Data)

All taxes will be calculated, given that the company's employees are not retirement age, not disabled and all of them work full time.

Table 5. Net Salary

Work position	Gross salary (CZK)	Medical insurance	Social insurance	Total levies:	Tax benefits:	Net Salary (CZK)
		Employee (4.5%)	Employee (6.5%)	Employee (11%)	Employee	
Manager	34960	1573,2	2272,4	3845,6	2070	29044,4
Cooker 1	27520	1238,4	1788,8	3027,2	2070	22422,8
Cooker 2	29440	1324,8	1913,6	3238,4	2070	24131,6
Driver 1	20640	928,8	1341,6	2270,4	2070	16299,6
Driver 2	22080	993,6	1435,2	2428,8	2070	17581,2
Sis admin 1	27300	1228,5	1774,5	3003	2070	22227
Sis admin 2	27600	1242	1794	3036	2070	22494

Source: (Probst, 2016)

In the table above Net Wage of each employee are calculated. The column Net Wage represents clear money, which worker will receive each month. From Gross wage were taken away medical insurance and social insurance.

Table 6. Cost of Labor

		Medical insurance	Social insurance	Total levies:	
Work Position	Net wage (CZK)	Employer (9%)	Employer (25%)	Employer (34%)	Cost of Labor (CZK)
manager	34960	3146,4	8740	11886,4	46846,4
cooker 1	27520	2476,8	6880	9356,8	36876,8
cooker 2	29440	2649,6	7360	10009,6	39449,6
driver 1	20640	1857,6	5160	7017,6	27657,6
driver 2	22080	1987,2	5520	7507,2	29587,2
sis admin	27300	2457	6825	9282	36582
sis admin	27600	2484	6900	9384	36984

Source: (Probst, 2016)

Table 6 represents all taxes, which employer has to pay for his worker. The last Column “Cost of Labor” shows costs, which Mrs. X and Ms. X are going to pay. To sum it up table represents total labor cost of the company, which is 253853, 6 CZK.

Cost of sales.

If to take into account that 1,000 people a day in the Czech Republic are using online shopping, what includes the purchase of clothing, accessories, any orders from the supermarkets and restaurants. Then let’s take like an example, that the twentieth part of orders are a meal delivery service. According to this statistics it can be taken into account that for the first month on average will be 50 orders per day. To calculate total cost of sales the price is each recipe is predicted and all costs are calculated in following tables.

Chapter Cost of sales represents computation of cost of sales of each recipe in order to calculate total cost of sales. Individual prices for each selling product are calculated.

Table 7. List of Recipes

Name of recipe	Portion	Price of the recipe (CZK)	Price of 1 portion (CZK)
Sushi California	2	600	300
Sushi Philadelphia	2	650	325
Spaghetti Carbonara	4	539	134,75
Chicken steak with vegetables sauce and rice	1	149	149
Duck with dumplings	1	189	189
Borscht	12	659	55
Goulash	4	289	72,25
Cake Napoleon	8	369	46,125
Tiramisu	4	429	107,25
Panna cotta	4	189	47,25

Source: (Own Data)

The table above includes prices for each recipe, which were calculated according to cost of sales and profit, which company is going to get.

To calculate the total cost of sales, cost of each recipe has to be calculated, including all ingredients. All purchase prices are reviewed in following tables:

Table 8. Cost of sushi California

Name of ingredient	Measurement	Amount needed for recipe	Price of ingredient (CZK)	Price of package (CZK)	Price of ingredient in needed value. (CZK)	Total price	VAT 21%	Cost of good including VAT
Rice	kg	0,3	32,9	0,19	9,87	10,06	2,1126	12,1726
Sauce	l	0,04	64,9	0,19	2,596	2,786	0,58506	3,37106
Avocado	kg	0,2	179,5	0,19	35,9	36,09	7,5789	43,6689
Crab meat	kg	0,1	98,4	0,19	9,84	10,03	2,1063	12,1363
Nori	kg	0,05	945	0,19	47,25	47,44	9,9624	57,4024
Caviar of a flying fish	kg	0,05	2322,22	0,19	116,111	116,301	24,4232	140,724
Seasoning for sushi	pc	0,005	420	0,19	2,1	2,29	0,4809	2,7709
Total					223,667	224,997	47,2493	272,246

Source: (Macro.cz, 2016)

In the last column of table 8 is represents total cost of with VAT of sushi California for 2 portions, which is 272.25 CZK.

Table 9. Cost of sushi Philadelphia

Name of ingredient	Measurement	Amount needed for recipe	Price of ingredient (CZK)	Price of package (CZK)	Price of ingredient in needed value. (CZK)	Total price	VAT 21%	Cost of good including VAT
Avocado	kg	0,2	179,5	0,19	35,9	36,09	7,5789	43,6689
Salted salmon	l	0,1	1180	0,19	118	118,19	24,8199	143,0099
Rice	kg	0,3	32,9	0,19	9,87	10,06	2,1126	12,1726
Philadelphia	kg	0,1	188,8	0,19	18,88	19,07	4,0047	23,0747
Nori	kg	0,05	945	0,19	47,25	47,44	9,9624	57,4024
Cucumber	kg	0,2	35,9	0,19	7,18	7,37	1,5477	8,9177
Sugar	pc	0	13,64	0,19	0,01364	0,20364	0,042764 4	0,2464044
total					237,093	238,423	50,06896	288,4926

Source: (Macro.cz, 2016)

In the table 9 there is cost of sushi Philadelphia, including all ingredients and package of each ingredient. The cost of this good is 288.49 CZK for 2 portions.

Table 10. Cost of Pasta Carbonara

Name of ingredient	Measurement	Amount needed for recipe	Price of ingredient (CZK)	Price of package (CZK)	Price of ingredient in needed value. (CZK)	Total price	VAT 21%	Cost of good including VAT
Spaghetti	kg	0,24	21	0,19	5,04	5,23	1,0983	6,3283
Salt	kg	0,008	11,3	0,19	0,0904	0,2804	0,058884	0,339284
Pork	kg	0,16	106,9	0,19	17,104	17,294	3,63174	20,92574
Yolks	pc	9	2,6	0,19	23,4	23,59	4,9539	28,5439
Parmesan	kg	0,08	369	0,19	29,52	29,71	6,2391	35,9491
Parsley	kg	0,01	239,33	0,19	2,3933	2,5833	0,542493	3,125793
total					77,5477	78,6877	16,52442	95,212117

Source: (Macro.cz, 2016)

The table 10 represents costs of sushi Philadelphia, including all ingredients and package of each ingredient. The cost of this good is 95, 21 CZK for 4 portions.

Table 11. Cost of roasted chicken with vegetable souse and rice

Name of ingredient	Measurement	Amount needed for recipe	Price of ingredient (CZK)	Price of package (CZK)	Price of ingredient in needed value. (CZK)	Total price	VAT 21%	Cost of good including VAT
Chicken	kg	0,15	120,9	0,19	18,135	18,325	3,84825	22,17325
Tomatoes	kg	0,05	39,9	0,19	1,995	2,185	0,45885	2,64385
Pepper	kg	0,05	79,8	0,19	3,99	4,18	0,8778	5,0578
Bow	kg	0,03	9,9	0,19	0,297	0,487	0,10227	0,58927
Rice	kg	0,05	32,9	0,19	1,645	1,835	0,38535	2,22035
Salt	kg	0,008	11,3	0,19	0,0678	0,2578	0,054138	0,311938
total					26,1298	27,2698	5,726658	32,99646

Source: (Macro.cz, 2016)

In the table 11 there is all information about the cost of recipe, which includes prices of all ingredients, package. The total cost of this recipe, including VAT is 32, 99 CZK.

Table 12. Cost of duck with dumplings

Name of ingredient	Measurement	Amount needed for recipe	Price of ingredient (CZK)	Price of package (CZK)	Price of ingredient in needed value. (CZK)	Total price	VAT 21%	Cost of good including VAT
flour	Kg	1	7,32	0,19	7,32	7,51	1,5771	9,0871
milk	Kg	0,06	13,51	0,19	0,8106	1,0006	0,210126	1,210726
yeast	Kg	0,03	95	0,19	2,85	3,04	0,6384	3,6784
drain oil	Kg	0,08	147,6	0,19	11,808	11,998	2,51958	14,51758
salt	Kg	0.008	11,3	0,19	0,0678	0,2578	0,054138	0,311938
sugar	Kg	0.0012	13,64	0,19	0,10912	0,29912	0,0628152	0,3619352
duck	kg	0,5	73,27	0,19	36,635	36,825	7,73325	44,55825
Total					59,60052	60,93052	12,79541	73,72593

Source: (Macro.cz, 2016)

The table above is about calculation of total cost of the recipe of duck with dumplings, which is 73, 72 CZK.

Table 13. Cost of Borsch

Name of ingredient	Measurement	Amount needed for recipe	Price of ingredient (CZK)	Price of package (CZK)	Price of ingredient in needed value. (CZK)	Total price	VAT 21%	Cost of good including VAT
Beef	kg	0,8	385	0,19	308	308,19	64,7199	372,9099
Cabbage	kg	0,3	12,9	0,19	3,87	4,06	0,8526	4,9126
Potatoes	kg	0,3	14,9	0,19	4,47	4,66	0,9786	5,6386
Beet	kg	0,15	13,9	0,19	2,085	2,275	0,47775	2,75275
Carrot	kg	0,1	26,5	0,19	2,65	2,84	0,5964	3,4364
Bow	kg	0,1	9,9	0,19	0,99	1,18	0,2478	1,4278
Tomato	kg	0,07	39,9	0,19	2,793	2,983	0,62643	3,60943
Milk	kg	0,05	13,51	0,19	0,6755	0,8655	0,181755	1,047255
Garlic	kg	0,02	129	0,19	2,58	2,77	0,5817	3,3517
Salt	kg	0.008	11,3	0,19	0,1356	0,3256	0,068376	0,393976
Dill	kg	1	25,9	0,19	25,9	26,09	5,4789	31,5689
total					354,1491	356,2391	74,81021	431,0493

Source: (Macro.cz, 2016)

In the table 13 cost of Borsch is calculated. The total cost is 431, 049 CZK. It seems that it is too expensive, but has to be taken into account, that this recipe is for 12 people. (12 portions)

Table 14. Cost of Goulash

Name of ingredient	Measurement	Amount needed for recipe	Price of ingredient (CZK)	Price of package (CZK)	Price of ingredient in needed value. (CZK)	Total price	VAT 21%	Cost of good including VAT
Bow	kg	0,8	9,9	0,19	7,92	8,11	1,7031	9,8131
Paprika	kg	0,03	79,8	0,19	2,394	2,584	0,54264	3,12664
Beef shank	kg	0,8	126	0,19	100,8	100,99	21,2079	122,1979
Garlic	kg	0,03	119	0,19	3,57	3,76	0,7896	4,5496
Tomato	kg	0,1	39,9	0,19	3,99	4,18	0,8778	5,0578
Butter	kg	0,05	147,6	0,19	7,38	7,57	1,5897	9,1597
Flour	kg	0,02	7,32	0,19	0,1464	0,3364	0,070644	0,407044
wine	l	0,15	43,87	0,19	6,5805	6,7705	1,421805	8,192305
lemon	kg	0,06	43,8	0,19	2,628	2,818	0,59178	3,40978
salt	kg	0	11,3	0,19	0,0904	0,2804	0,058884	0,339284
total					135,4993	137,3993	28,85385	166,2532

Source: (Macro.cz, 2016)

Table 15. Cost of cake “Napoleon”

Name of ingredient	Measurement	Amount needed for recipe	Price of ingredient (CZK)	Price of package (CZK)	Price of ingredient in needed value. (CZK)	Total price	VAT 21%	Cost of good including VAT
flour	kg	0,1	7,32	0,19	0,732	0,922	0,19362	1,11562
butter	kg	0,5	147,6	0,19	73,8	73,99	15,5379	89,5279
eggs	pc	1	2,6	0,19	2,6	2,79	0,5859	3,3759
lemon juice	l	0,02	154,5	0,19	3,09	3,28	0,6888	3,9688
salt	kg	0.008	11,3	0,19	0,452	0,642	0,13482	0,77682
Total					80,674	81,624	17,14104	98,76504

Source: (Macro.cz, 2016)

Table 15 consists of names of ingredients with their prices, after total cost is calculated with VAT. The total cost is 98, 77 CZK, which is for 1 recipe for 8 portions.

Table 16. Cost of cake "Tiramisu"

Name of ingredient	Measurement	Amount needed for recipe	Price of ingredient (CZK)	Price of package (CZK)	Price of ingredient in needed value. (CZK)	Total price	VAT 21%	Cost of good including VAT
Eggs	kg	2	2,6	0,19	5,2	5,39	1,1319	6,5219
Cheese mascarpone	kg	0,25	192,8	0,19	48,2	48,39	10,1619	58,5519
Cookies "Savoirdi"	kg	0,03	99,5	0,19	2,985	3,175	0,66675	3,84175
Powder	kg	0	15,21	0,19	1,14075	1,33075	0,2794575	1,6102075
Coffee	kg	0,2	282,15	0,19	56,43	56,62	11,8902	68,5102
Liquor	l	0,05	115	0,19	5,75	5,94	1,2474	7,1874
Cocoa	kg	0,08	293	0,19	23,44	23,63	4,9623	28,5923
total					143,1458	144,4758	30,33991	174,8157

Source: (Macro.cz, 2016)

Table 17. Cost of Panna Cotta

Name of ingredient	Measurement	Amount needed for recipe	Price of ingredient (CZK)	Price of package (CZK)	Price of ingredient in needed value. (CZK)	Total price	VAT 21%	Cost of good including VAT
Cream	l	1,5	48,52	0,19	72,78	72,97	15,3237	88,2937
Milk	l	0,13	13,51	0,19	1,7563	1,9463	0,408723	2,355023
Vanilla	kg	0,002	222,5	0,19	0,445	0,635	0,13335	0,76835
Gelatin	kg	0,0012	1030	0,19	1,03	1,22	0,2562	1,4762
Sugar	kg	0,001	13,64	0,19	0,01364	0,20364	0,0427644	0,2464044
total					76,02494	76,97494	16,16474	93,13968

Source: (Macro.cz, 2016)

To sum it up, number of orders should be included. How was described in the beginning of this part, just 20 per cent of online orders in Prague will be taken into account. It is 50 orders per day, where some of them are for 1 portion, some of them for 2 portions, and another is for 3 portions. After questionnaire between friends and relatives, average of each order has been calculated. The table below includes all costs for each ingredient, each recipe and cost of sales per month.

Table 18. Total cost of Sales per month

Name of recipe	Portion	cost of recipe (CZK)	cost of 1 portion (CZK)	order of portions per day	order of portions per month	Total cost per month
Sushi California	2	272,24637	136,12319	12	372	50637,825
Sushi Philadelphia	2	288,4926044	144,2463	16	496	71546,166
Spaghetti Carbonara	4	95,212117	23,803029	22	682	16233,666
Chicken steak with vegetables sauce and rice	1	32,996458	32,996458	25	775	25572,255
Duck with dumplings	1	73,7259292	73,725929	12	372	27426,046
Borscht	12	431,049311	35,920776	12	372	13362,529
Goulash	4	166,253153	41,563288	18	558	23192,315
Cake "Napoleon"	8	98,76504	12,34563	13	403	4975,2889
Cake "Tiramisu"	4	174,8156575	43,703914	23	713	31160,891
Panna cotta	4	93,1396774	23,284919	26	806	18767,645
total						282874,6

Source: (Calculation)

The table below describes all costs per month for each recipe. According to number of portions in each recipe cost of 1 portion had been calculated. And taken into account total amount of orders per month the total Cost of sales per month is 282 874, 6 CZK.

Fixed costs.

Fixed expenses are costs that remain constant regardless of the dynamics of sales. Fixed costs include salaries of executives, interest expense, and rent. In the table below there are the list of fixed costs, which are going to be paid every month.

Table 19. Fixed costs

Name	Fixed costs (CZK)
Rent	44000
Electricity	21000
Water consumption	5000
Internet	800
Phone	1500
Marketing	11700
Total	84000

Source: (Own Data)

The company “Delicious” is going to pay for the marketing 11 700 CZK, which includes cost of promotions, printed flyers, design and development of own web site, and spending for the social promotions. Every type of marketing has been described in the chapter Marketing.

Total costs.

In order to get monthly profit of “Delicious” company, fixed costs, costs of sale and cost of labor have to be added.

$$TC = VC + FC$$

$$VC = COS + COL$$

TC- Total costs

VC- Variable costs

FC- Fixed Costs

COS- Cost of Sales

COL- Cost of labor

$$TC = 84\,000 + 282\,874,86 + 253\,853,6 = 620\,728,226 \text{ CZK}$$

Expected Total Expenses for 1 month is 620 728,226 CZK.

Net sales.

According to all expenses and marketing research price were identified. In the following table there is a list of recipes, which consist of few portions. The price for 1 recipe is established and after price for 1 portion is calculated. Due to these calculations income per month from each recipe is calculated and the expected revenue from all goods.

Table 20. Total Revenue Calculations

Name of recipe	Portion	Price of recipe	Price of 1 recipe	Number of orders of portions per day	Number of orders of portions per month	Monthly Revenue
Sushi California	2	600	300	12	372	111600
Sushi Philadelphia	2	650	325	16	496	161200
Spaghetti Carbonara	4	539	134,75	22	682	91899,5
Chicken steak with vegetable sauce and rice	1	179	149	25	775	115475
Duck with dumplings	1	219	189	12	372	70308
Borscht	12	659	55	12	372	20460
Goulash	4	289	72,25	18	558	40315,5
Cake "Napoleon"	8	369	46,125	13	403	18588,38
Cake "Tiramisu"	4	429	107,25	23	713	76469,25
Panna cotta	4	189	47,25	26	806	24986
Total revenue						731301,6

Source: (Own Data)

Profit.

Profit is that the value of money, for which business is open. Profit is the amount, which is the positive difference between the income and the total cost. Due to this Profit can be calculated as:

Profit = Total Revenue- Total Costs.

Profit= 731 301, 625 - 620 728,226= 110 579, 399 CZK

Profit is 15.12 % of total income.

4.4.1 Break-even point.

Calculating break-even point is one of the most important parts of the financial analysis that helps to company to know the required amount goods to be sold, to be able to start to make a profit. To determine the UP of the Company “Delicious” average price of the recipe is calculated, because of difference between prices of each product. The average unit price of the recipe is 142 CZK. Amount of fixed costs we know from the table 19, which is 84 000 CZK. And Variable costs are taken as an average of all produced products 56.77 CZK.

Calculation of Break-even Point

$Q = FC / (UP - VC)$ where:

FC = Fixed Costs,

VC = Variable Costs per Unit

UP = Unit Price

$Q = 84000 / (142 - 56.77) = 985, 56$

Q represents, that 986 portions should be sold per month to be at Break-even point. From 986 sold portions of the recipe per months, “Delicious” company will start generate a profit. It means that Amount of sold recipe should be 986, according to average price of sold recipe is 142 CZK.

4.4.2 Profit and Loss Statement.

In this part of thesis profit and loss is dedicated for the first month of existence of “Delicious” Company. Expected sales are 731 301, 625, Amount of COS, COL and FC is known. According to this information the retained earnings are calculated

Sales	731 301, 625	
Cost of Sales	282 874, 86	
Gross Margin	448 426, 765	
Gross Margin %	61, 32 %	
Expenses		
Payroll including Taxes	253 983, 6	
Rent	44 000	
Marketing	20 000	
Electricity	23 000	
Water Consumption	5 000	
Internet	800	
Phone	500	
Total Operating Expenses	86 000	
Profit before Interest and Taxes		110 579, 399
Net Profit before Interest and Tax		15.12 %
Interest Expense (5% per year)		83, 3
Taxes Incurred (19%)		21 010, 01

Retained Earnings	89 486, 089
-------------------	-------------

Retained Earnings	12.24 %
-------------------	---------

After calculating Profit and Loss Statement, retained earnings in amount of 89 486, 089 CZK are forecasted. Which is 12, 24 % of income.

4.5 SWOT Analysis

This part of thesis is about the SWOT analysis, which helps to identify internal and external strengths, opportunities, weaknesses, threats.

The major strong internal side of the company is the quality of the product sold, which gets the customer. Purchased a new equipment such as a refrigerator that keeps food, without depriving them of their useful properties. Creative staff has been selected for permanent creative development of the company. And one of main advantages of the company that it produces a product that can nourish, satisfy, and at the same time what is to teach the buyer.

One of the Weaknesses of the company “Delicious” is that it is the lesser-known company, as demand is quite small. Another internal disadvantage that a large load on one specialist, a manager, since the beginning of the company cannot afford to hire more employees. And unstable volumes of realization are exist. This part is capable to improve.

Opportunities of the company can develop in many directions. One of the priorities is to expand the product range. And it's hard to imagine how much could theoretically reach the company. Since the company is still very new, that is a possibly to attract investors who will give a possibly to expand. With time scope of services and products can in be increased.

Last, but about external threats to Company “Delicious”. Big and nasty threat will be for the company, if take a place interruptions in the supply of products. This may affect the quality of the work on the delivery delay. Just raise the costs of primary goods and gasoline prices will lead to increasing prices of products, produces by “Delicious” which will reduce the Number of customer and revenue. As there is a probability of a direct competitor to enter the market, which can also adversely affect the demand for the company's products.

5 Discussion.

A new business idea is always a high risk for failure. However, there is no chance to be better, staying at one place, always needs to move on. In this thesis, all damages and profits were calculated, but all results are approximate. All data is based on statistics found on the Internet, or simple conclusions on survey. It is not known how client will behave and react to the service. But, in the future, for the development of the company will be constantly carried out market research, customer behavior will be studied; their preferences, what days are visited more and delivery service will be constant improvement. Continually studies of the marketing strategies to attract more customers, and also continue to try expand the target audience.

6 Conclusion

The aim of this bachelor thesis was to identify most important steps needed to starting a new business. The literature review provided information about the marketing strategies and financial planning. Two types of marketing tool were considered. Initially, 4P's marketing, one of the most popular strategy, which were used by the companies earlier and nowadays. However, to make a business much more successful and oriented to the costumer audience, 4C's marketing mix has become more preferred. According to this marketing mix which was created the company "Delicious". The strategy of this company will be aimed to attracting potential new customers' attention along with maintaining loyalty of existing customers. This will be done by creating profiles of the company on social networks such as Facebook and Instagram, with designated hash tags and key words in order to reach a bigger audience. When establishing a company one must think about a vision statement, which explains what a company wants to become, how it wants to be perceived by others and its future plans. The vision statement of the "Delicious" is make housewife's life much easier, help to cook with more confidence and will give people a reason to enjoy their time. Last but not least, financial calculations required for further development of the company are done, such as profit and loss statement or break-even point, which were calculated. To conclude the purpose of the thesis, one should consider all the aspects that may influence the proper running of the business. Those aspects are marketing strategy, advertising, vision statement and internal with external analyses. One should also calculate expected cost of sales, cost of labor and fixed-costs along with other expenses to retain earnings.

7 References

Trechov, E. (2013). [online] Available at: <http://allexcel.info/2013/03/22/создание-отчета-ддс/> [Accessed 10 Mar. 2016].References

Karlöf, B. and Lövingsson, F. (2005). The A-Z of management concepts and models. London: Thorogood.

Staff, E. (2016). Business Plan. [online] Entrepreneur. Available at: <http://www.entrepreneur.com/encyclopedia/business-plan> Staff, E. (2016). Business Plan. [online] Entrepreneur. Available at: <http://www.entrepreneur.com/encyclopedia/business-plan>

Mybiznes.ru. (2016). Important aspects of the concept of any business | Own a business from zero to 100% [online] Available at: <http://mybiznes.ru/?p=15526> Interview with John Adair. (2007). Strategic Direction, 23(4), pp.30-32.

Abrams, R. (2006). Successful business research. Palo Alto, Calif.: Planning Shop.

Dvkuot.ru. (2016). The concept of the company. [online] Available at: <http://dvkuot.ru/index.php/uper/711-conzepzija> Studopedia.ru. (2016). [online] Available at: http://studopedia.ru/7_151388_postroenie-dereva-tseley.html

Studmed.ru. (2016). 9. Business Strategy 9.1. Developing a business concept - Lectures - Introduction to Business - Lectures - Introduction to Business.doc. [online] Available at: <http://www.studmed.ru/docs/document22709/лекции-основы-бизнеса?page=13>

Studopedia.ru. (2016). [online] Available at: http://studopedia.ru/7_151388_postroenie-dereva-tseley.html

Be5.biz. (2016). Стратегическое управление: преимущества и недостатки. [online] Available at: <http://www.be5.biz/ekonomika1/r2010/01712.htm>.

Topknowledge.ru. (2016). Strategic choice. [online] Available at: <http://topknowledge.ru/strategicheskij-menedzhment/1661-strategicheskij-vybor.html>

Inventech.ru. (2016). [online] Available at: <http://www.inventech.ru/lib/strateg/strateg0069/>

Orgmanagement.ru. (2016). [online] Available at: <http://orgmanagement.ru/strateg/page67.html>

Berry, T. (2005). Conducting a Market Analysis for Your Business Plan. [online] Entrepreneur. Available at: <http://www.entrepreneur.com/article/78002>

Brown, L. and Beik, L. (1969). Marketing research and analysis. New York: Ronald Press Co.

Ambler, T. (1999). Prakticheskiĭ marketing. Sankt-Peterburg: Piter.

Facebook, C. (2011). Statistics. Facebook. [online] Ves-elo.ru. Available at: <http://ves-elo.ru/index.php/interesno/51-virtual/616-statistika-facebook.html>

McCarthy, E. (1978). Basic marketing. Homewood, Ill.: R.D. Irwin.

Borden, N. (1970). Changing marketing and marketing change. [Chicago].

Studopedia.ru. (2016). [online] Available at: http://studopedia.ru/1_86819_marketing-miks.html

StudFiles. (2014). Soloviev BA marketing Management. [online] Available at: <http://www.studfiles.ru/preview/1476425/page:2/>

Boyett, J. and Boyett, J. (2000). The Guru Guide: The Best Ideas of the Top Management Thinkers. John Wiley & Sons.

Powerbranding.ru. (2016). Description of the target audience of the portrait: Theory and illustrations — PowerBranding.ru. [online] Available at: <http://powerbranding.ru/potrebitel/ta-description/>

Entrepreneur. (2010). Viral Marketing for the Rest of Us. [online] Available at: <http://www.entrepreneur.com/article/205232>

Memosales.ru. (2016). Guerrilla Marketing, its types and methods. [online] Available at: <http://memosales.ru/partizanim/moshhnyj-effekt-nestandartnoj-reklamy>

Entrepreneur. (2003). What Is a SWOT Analysis?. [online] Available at: <http://www.entrepreneur.com/article/61206>

Cfin.ru. (2016 [online] Available at: <http://www.cfin.ru/encycl/cashflow>.

Terechov, E. (2013). Creating a cash flow statement - Excel for economists. [Online] Excel for economists. Available at: <http://allexcel.info/2013/03/22/>

Irs.gov. (2016). Deducting Business Expenses. [online] Available at: <https://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Deducting-Business-Expenses>

Inc.com. (2016). Fixed and Variable Expenses. [online] Available at: <http://www.inc.com/encyclopedia/fixed-and-variable-expenses.html>

IM, D. (2016). Variable costs - this is ... What is the variable costs. [online] Dictionaries and encyclopedias on the Akademik. Available at: http://dic.academic.ru/dic.nsf/econ_dict/21835

Finances-analysis.ru. (2016). [online] Available at: <http://finances-analysis.ru/bep/break-even-point.htm>

Investopedia. (2003). Profit and Loss Statement (P&L) Definition | Investopedia. [online] Available at: <http://www.investopedia.com/terms/p/plstatement.asp>

AccountingCoach.com. (2016). Income Statement (Profit and Loss Statement) | Explanation | AccountingCoach. [online] Available at: <http://www.accountingcoach.com/income-statement/explanation>

Be5.biz. (2016). Analysis of the structure and dynamics of income and expenses. [online] Available at: <http://www.be5.biz/ekonomika1/r2012/2515.htm>

Business Tuning Project management, process optimization, business training, (2016). [online] Available at: <http://www.business tuning.ru/pm/80-swot-analiz-cto-eto-metodika-provedeniya-swot-analiza.html> [Accessed 10 Mar. 2016].