

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

**Construction of a business plan for an on-line store
establishment**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Sofia Deinega

Business Administration

Thesis title

Construction of a business plan for an on-line store establishment

Objectives of thesis

The main goal of the work is to provide a competitive business plan for a new on-line store and to define whether it would be profitable or not. The plan itself have to be constructed in such a way that it might potentially be used in practice or be presented to investors and interested entrepreneurs. To reach these general objectives several sub-steps have to be completed: determination of customers' unsatisfied needs and the opportunities to develop in this category of goods and services, construction of a business plan emphasizing marketing, financial and operational analysis, accordance of the income forecast for the nearest period.

Methodology

The synthesis of literature, articles and web resources with the proper content will be done, using such methodologies as induction and deduction. The work itself will combine different techniques of business plan construction to find out the most relevant one. The analysis of the actual chosen goods or services market will be provided using some advanced market analysis methods and basic statistical methods. To construct a business plan in the practical part will be provided a case study based on real prices and the calculations done with break-even and financial analysis methods.

The proposed extent of the thesis

40 pages

Keywords

business plan, online store, e-commerce, retail store, affiliates, e-shop establishment, online business

Recommended information sources

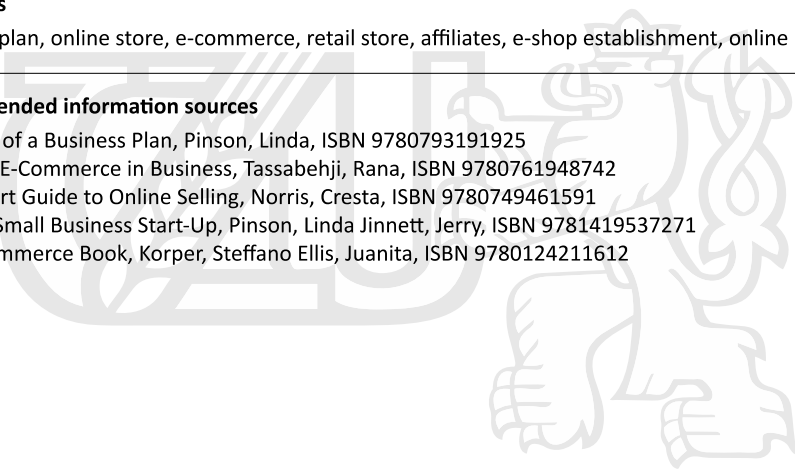
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The E-Commerce Book, Korper, Steffano Ellis, Juanita, ISBN 9780124211612



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Declaration

I declare that I have worked on my bachelor thesis titled " Construction of a business plan for an on-line store establishment" 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 13.03.2018

Sofia Deinega

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I would like to thank Ing. Petr Procházka, Ph.D., Msc, my family and friends for their advice and support during my work on this thesis.

Vytvoření obchodního plánu pro založení on-line obchodu

Souhrn

Následující bakalářská práce je zaměřena na vytvoření podnikatelského plánu pro on-line obchod provozovny v Praze, který nabízí služby ve pobídek a motivačních akcí organizace. Cílem bylo zjistit, zda start-up nápad by bylo ziskové a konkurenceschopné.

Tato práce se skládá ze dvou částí. Teoretická část je založena na literatuře a výzkumu on-line článků. To zahrnuje hlavní aspekty konstrukce podnikatelského plánu, představuje nejčastější a standardizované obchodní plán položek (pomocí indukční metody), vysvětluje tyto položky a jejich význam v obchodním plánu. Kromě toho, teoretická část prochází MICE průmyslu, jeho historie a motivační setkání, jako konkrétní. Na konci je uzavřen s základní e-commerce a kroky pro start-up spuštění popis. Praktická část představuje případovou studii on-line start-up "Handy Event" v Praze. Na základě této případové studie je připravený podnikatelský plán, který obsahuje organizační a shrnutí, marketingové analýzy konkurence a potenciální zákazníci (po, která je vytvořena SWOT a PEST stůl a 5W1H otázky jsou zodpovězeny), finanční dokumenty a finanční analýzy, pomocí profitabilty marže a BEP koncept.

Klíčová slova: obchodní plán, on-line obchod, e-commerce, maloobchodní služby, event management, pobočky, e-shop zřízení, on-line podnikání, pobídky organizace

Construction of a business plan for an on-line store establishment

Summary

The following bachelor thesis is focused on the creation of the business plan for an on-line store establishment in Prague, which is offering services in incentives and motivating events organization. The aim was to identify, whether the start-up idea would be profitable and competitive.

The thesis itself consists of two parts. The theoretical one is based on the literature and on-line articles research. It includes the main aspects of business plan construction, introduces the most common and standardized business plan items (using induction method), explains these items and their importance in the business plan. In addition, the theoretical part goes through the MICE industry, its history, and incentive meetings, as particular. At the end it is enclosed with basic e-commerce and steps for start-up launching description. The practical part introduces the case study of an online start-up „Handy Event“ in Prague. On a basis of this case study is prepared a business plan, which contains organizational and executive summary, marketing analysis of competitors and potential customers (after which are created a SWOT and PEST table and 5W1H questions are answered), financial documents and financial analysis, using profitability margins and BEP concept.

Keywords: business plan, online store, e-commerce, retail services, event management, affiliates, e-shop establishment, online business, incentives organization

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1 Introduction

There can be never enough money, human and natural resources, land and the most terrifying – time. We know this phenomenon as scarcity and we know that economics is the social science that is looking for the best answers to the questions: what? how? for whom? (Smith, 1776) But is it enough just to be correct in the answers? What is the next step? How to compile everything and get a result?

Planning is, actually, the word which can be used as a response to the previously rose questions. Managers and project planners are people who are standing a little bit behind the stage, combing proper amounts of different resources in a right sequence. Step by step they are developing paths, which lead companies and organizations through the economic questions. And the main form of presenting the finalized route after numerous researches and decisions is a business plan.

Many businessmen and start-up leaders, while starting their own businesses, find it irrelevant to write a business plan. (Berry, 2000) Of course, it consumes time and effort to find deep information and connect it to the business ideas. However, as a result an entrepreneur will see approximate forecast numbers that may indicate future prosperity or failure.

How to start? What to prepare? How to construct the business plan itself? The following bachelor thesis contains the most important and relevant answers and information. As an example, was chosen an online-store establishment, because electronic business is one of the most attainable and convenient mean of getting profit. And remember: “The business that fails to plan plans to fail” (Pinson, 2005)

2 Objectives and Methodology

2.1 Objectives

The main goal of the work is to provide a competitive business plan for a new on-line store and to define whether it would be profitable or not. The plan itself have to be constructed in such a way that it might potentially be used in practice or be presented to investors and interested entrepreneurs. To reach these general objectives several sub-steps have to be completed:

- To find out the consumers' needs which are still unsatisfied with the present market of goods or services and identify the proper category of the products for selling.
- To determine the uniqueness and opportunities to promote the chosen category, including separate products, with maximum efficiency.
- To construct a business plan emphasizing marketing, financial and operational analysis of a new on-line store on a basis of goods or services identified in the previous steps.
- To forecast profits and losses for the nearest period, using scenarios.

2.2 Methodology

First of all, the synthesis of literature, articles and web resources with both e-commerce sphere and business plan construction content will be done. The core theoretical background will be obtained using such methodologies as induction and deduction. The work itself will combine different techniques of business plan construction to find out the most relevant one. The analysis of the actual goods and services market within a chosen category of product will be provided using some advanced market analysis methods (e.g. SWOT, PEST, 5W1H) and basic statistical methods applied to the data available in open sources. To construct a business plan in the practical part will be provided a case study based on real prices and all the calculations will be done with break-even and financial analysis methods.

3 Literature Review

3.1 Business plan for a new company establishment

There is no specific definition of "business plan". It is, actually, a planning of a new company establishment and its following blossom, or a development of an already existing firm. Planning, in its turn, includes a whole complex of different steps which are usually ordered in a specialized sequence. A deep and detailed planning, which is based on rational decisions and optimal usage of scarce resources, allows a business to look ahead, focus

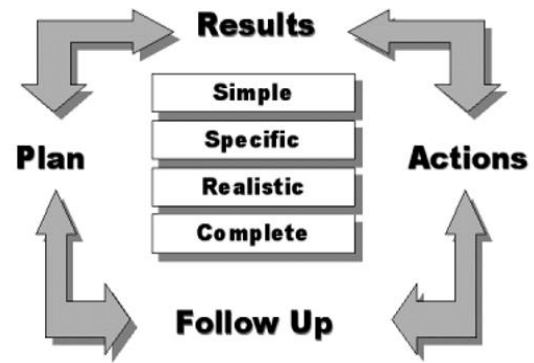


Figure 3-1 Planning is a process, not just a plan

Source: (Berry, 2000)

on key points and to be prepared for problems and opportunities. (Ashe-Edmunds, 2017) Moreover, business plan cannot be considered as a static object, it has a flow and only being updated and modified it will give the results that are expected to be obtained – the most relevant and exact forecasts and predictions. However, even when business and planning are getting along, entrepreneurs should not forget about the main characteristics of any business plan: Simple, Specific, Realistic, and Complete. (Berry, 2000)

3.1.1 Why do entrepreneurs need a business plan?

But what are the reasons of preparing a good business plan? Why should businessmen spend their time on it? In other words: what do they receive instead of their power input? First of all, any business plan is a preface of a company and this presentation can be interesting for investors and lenders. Financing any business, they need to be sure that the amount of capital they invest at least will be returned and at best - will bring them profit. Secondly, a plan outline will guide through all possible threats. Only when businessmen start to do a deep research, to find additional information, to compile everything and to connect some facts, they will be able to understand their weaknesses and strengths. It helps entrepreneurs to put all their messed ideas in a structured way, including some new features or excluding risky thoughts. (McKinsey&Company, Inc) Thirdly, nowadays business plans are essential if a company is going to work in international markets. The overall progress is

influencing production and all spheres of commerce and marketing year after year. No business today can afford to overlook the potential of international commerce. The development of a business plan will demonstrate ways in which a business can compete in this global economy. (Pinson, 2005)

The purpose of preparing a business plan is quite important. Moreover, it goes without saying that each purpose should be specific and unique for a certain company. However, even within the company there can be identified more concrete goals, like: definition of objectives to achieve, creation of a regular business review or definition of a new business plan, setting a value on a business for sale or legal purposes or maybe evaluation of a new product line, promotion, or expansion. So, in general, there may be emphasized three broad types of business plans, according to their purpose:

- *financing business plans* are done to obtain financing from either investors or lenders; they tend to be formal and time consuming;
- *functional business plans* are more operational or oriented towards helping team members get on the same page to move the business forward; it is informative and best used for internal use, direction, and communication;
- *strategic business plans* are very useful for taking business ideas and transforming them into a business model. (W. McCarthy, 2016)

To sum up, before starting to write a business plan each entrepreneur should identify a first-level purpose and a sub-level purpose. For example, a business plan may be written to receive financing to promote business or to be presented internationally to define new agreements between partners. Only when it is known what to write in a plan, it may be started.

3.1.2 Main parts and their structure in an effective business plan

It goes without any doubt that each document, book or protocol has its own prescribed structure and components, which are expected to be found there. The most general description of a paper document is: table of contents, introduction, main body, conclusion, appendices and references. Such order of components is regular and known to almost everybody from the early school years. And, of course, business plan, as an official document of a company, is not an exception. Beyond the general structure which was described above, business plan also includes some other standard parts. These basic parts are difficult in

identification because each businessman or business book author emphasizes variety of components to be discussed in a business plan. However, pillars of an ordinary business plan can be determined while comparing the frequency of some parts' appearance. The following table combines three different points of view and helps us to detect these pillars.

Component / Chapter of a business plan	“Anatomy Of a Business Plan” Linda Pinson, 2005	“Hurdle: The Book on Business Planning” Tim Berry, 2000	Wikipedia, (https://en.wikipedia.org/wiki/Business_plan)
Cover Sheet	x	-	x
Table of Contents	x	-	x
Executive Summary	x	x	x
The Organizational Plan	x	x	x
Market Analysis Summary	-	x	x
The Marketing Plan	x	x	x
Management Summary	-	x	x
Financial Plan	x	x	x
Supporting Documents	x	-	x

Table 3-1 Three views on a business plan outline

Source: author

Connecting the obtained data, it may be concluded that every business plan should have Executive Summary, The Organizational Plan, The Marketing Plan and Financial plan. They are the four pillars of business plans no matter whether it is a start-up project or it is an already existing company. Reading a business plan, a professional would expect to see these chapters and relevant information in them to obtain a full picture of a company idea.

What is concerning the other parts from the table 3-1, they are not obligatory and can be used voluntary or depending on the purpose of the business plan. According to the discussion of the business plan purposes, these two definitions are interconnected with each other. For example, if a business plan is written for internal use or just to estimate profits and probabilities for a start-up development, Cover Sheet and Table of Contents may be excluded, as well as Management Summary; but if a business plan is written to get investments or additional financing, it may be relevant to use all the official items as Cover Sheet, Table of Contents, and Supporting documents, plus a Market Analysis Summary to persuade or to make a point to the investors. (Berry, 2000) And again it is relevant to mention that each business plan is unique and it always should be overthought by an entrepreneur,

who should be involved in its creation, not just using simple templates. The content of his business plan will help him to increase the future profits and to avoid unobserved mistakes.

Now, when the main components are introduced, may be determined the outline for a specified situation, which was already stated above: a business plan construction for a new company establishment or, simply, a business plan for a small start-up company. The outline will be combined as if we are going to use the business plan internally just to predict sales and to estimate profits, to support the decision, whether the business is competitive or not.

I. Executive Summary

Imagine that when a person is holding his favorite book in hands and during several minutes he should explain everyone what is the main course of the book, who are the main heroes, where and when the action takes place. Depending on the way the person will manage to present the book, people will decide whether they will read it or not. The same is concerning the Executive Summary. It is the thesis statement of a business plan. It summarizes who are the company's owners, what the company does, where the company is going, why it is going where it is going, and how it will get there. (Pinson, 2005) It is similar to a brief preview of what is going to be stated in a business plan. Each statement in the summary must be supported by some data in the following sections. Although Executive Summary is a first chapter of a business plan, it is usually recommended to be written after all the other sections are ready. In this way, it is going to be easier to summarize all the thoughts and conclusions in a brief but clear introduction part. If the business idea is presented in a proper way, it would be more likely that investors are going to be interested in reading the plan entirely or even would be sure that they will support the owner and his start-up. (Magloff)

- ✓ **Who?**
- ✓ **What?**
- ✓ **Where?**
- ✓ **When?**
- ✓ **Why?**
- ✓ **How?**

Figure 3-2 Key words to present the Exacutive Summary

Source: (Pinson, 2005)

II. The Organizational Plan

It is the first major section of the business plan, which should be rich with understandable information. The Organizational plan will present the activity of the business and explain its intention as fully as possible. It covers the description of products and services and the administrative setup of a business — the details of how the business is put together

in order to function in an efficient and cost-effective manner. (Pinson, 2005) To make an Organizational Plan more structured and readable it is relevant to divide it into several sub-parts:

- *Summary Description of the Business* – a broad overview of the nature of a company and the uniqueness of the products and/or services provided and briefly review of the general history and future goals of the company. (Pinson, 2005) A businessman should state the mission of the company and its goals concerning the industry it is involved in; the business model and its peculiarity in contrast to the similar businesses; the strategy which should include short-term and long-term objectives; and analysis of key factors that are internal and external to a business.
- *Products or Services* – the section, which explains accurately and with all the details the kind of products or services that are going to be provided. It should include as detailed information, as possible: from the raw material to the way the products are going to be presented to the customers; or from the purchase of the service and the location of the provided service till its implementation in a real life.
- *Location* – the most important part, which may be used both in marketing section and, as a collateral support, in a loan establishment. Several reasons may be presented, why the site entrepreneur choses is the best one and what are the other places, which were not chosen and why. It may also be relevant to attach a lease contract and, along with a physical description of a location, include photos or architectural plans. (Riley)
- *Legal Structure* – explains why sole proprietor, partnership or corporation is the most advantageous structure for the business. It is discussed whether the future legal changes are possible and projections are made regarding the questions, why would something change, when the change would take place, who would be involved, and how the change will benefit the company. (Pinson, 2005)
- *Management and Personnel* – Who is going to direct each department of the business? How many managers and employees does it need? The company is not just a good idea, it is also a mixture of proper organizational, administrative and, the most important, managerial skills. Then this section should present all the strengths of a team and be clear to show that every working position was deliberated. If part-time incoming specialists are going to be used, like lawyer or accountant, it should also be depicted in the Management and Personnel section.

Now all the sub-sections of the Organizational Plan have been covered. Preparing it, a businessman should include each problem section, analyze thoroughly the market or industry of the business and its future possibilities. He has to be ready to face mistakes and to correct them as quick as possible.

III. The Marketing Plan

Sometimes a person may have a great idea which is potentially overlooked as a well-sold one in the future. But these expectations will not be realized if he does not have a clear strategy of how to conquer the market. So, the Market plan is all about how an entrepreneur is going to sell the good or service, which methods and strategies will be used, how well were analyzed the target groups and competitors. The marketing strategy is a comprehensive approach the business will take to achieve its objectives; it integrates the activities involved in marketing, sales, advertising, public relations, and networking. (Pinson, 2005) businessman should dedicate some time to write this section of a business plan because it helps to achieve such goals, as a creation of a strong brand, building of a strong customer base and increasing of product/service sales.

Market Analysis is another part which should not be missed as a subpart of the Marketing Planning. Before any company starts this section, it should know definite answers for the Kipling's 5W1H questions (Who? What? When? Where? Why? How?) and prepare the PEST (Politics, Economics, Social / Cultural factors, Technology) table of macroeconomic analysis, regarding the business and its position in the market. Only after the answers have been received, the marketing analysis will be a great mine of information used to identify:

- target markets defined in terms of demographics, psychographics, and special characteristics of niche markets;
- potential competitors through checking their Web sites, investigating the prices of their products and services, and determining who their customers and

SWOT	HELPFUL To achieving the objective	HARMFUL To achieving the objectives
INTERNAL ORIGIN Attributes of the organization	Strengths	Weaknesses
EXTERNAL ORIGIN Attributes of the environment	Opportunities	Threats

Figure 3-3 SWOT table description
Source: (Wordpress, 2011)

advertisers are; on the base of this information a SWOT table may be prepared;

- market trends, which are described through industry and target market trends. (Westwood, 2006)

In the Marketing Plan every detail (from the external appearance and presentation of the product/service till the selling opportunities) should be thought through. And the most important part in this process is advertising. In other words: how are is the company going to reach its target customers? How will the company gain new demanders and will not lose old ones? All these aspects are discussed and described in the Sales Strategies.

Well managed marketing campaign may just not increase the number of sales, but also may build a strong brand that will help a company to develop its future prospects and find new possibilities. (Duermyer, 2017)

IV. The Financial Plan

“It’s all about the money...” And no one can doubt it. Entrepreneurs are seeking for a profit, while covering all the expenses and keeping prices at an affordable, competitive level. So, preparing the Business Plan, a qualified businessman should be always concerned with expenditures he is planning and profits he is expecting to receive.

The financial documents section is the quantitative interpretation of everything a company has stated in the text portion of the plan; it is often the first part examined by potential lender or investor. (Pinson, 2005) Nevertheless, its primary purpose should not be just the satisfaction of the mentioned above lenders and investors. Financial Planning should be always updated on a periodic basis, and the possible changes in performance should be presented timely. The Financial Plan is usually advised to be completed in the order depicted in figure 3-4. They are the main parts, which will help an entrepreneur to observe almost all the aspects of financing his business.

- ✓ **Summary of Financial Needs**
- ✓ **Dispersal of Loan Funds Statement**
- ✓ **Cash Flow Statement (Budget)**
- ✓ **Three-Year Income Projection**
- ✓ **Breakeven Analysis**
- ✓ **Balance Sheet**
- ✓ **Profit & Loss Statement**
- ✓ **Loan Application/Financial History**
- ✓ **Financial Statement Analysis**

Figure 3-4 Order of Financial Statements Preparation

Source: (Pinson, 2005)

The most important one of them is a Cash Flow Statement (Budget). It shows how many sources of cash does a company have to each expenses it is expecting to hold. After this document has been prepared, an entrepreneur is able to determine whether he needs to

increase his loans or equity part of the balance. Following step is fully connected with predictions and estimations for the nearest accounting year, which are usually based on the market research and observation in start-ups. All the mentioned above documents will help the company to proceed the Quarter Analysis and a Three-Year Income Projection. (Berry, 2000)

The other very important document is a Breakeven Analysis. With the help of deducing the Breakeven Point, it is identified the optimal number of sales and level of total costs, which are connected to the sales. This is the point at which a company's costs match the sales volume and at which the business neither makes a profit nor incurs a loss. (Investopedia, 2017)

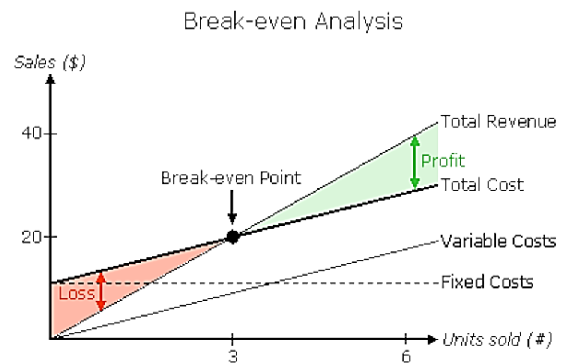


Figure 3-5 Breakeven Analysis
Source: (McGee, 2016)

$$BEP = \frac{\text{Fixed Costs}}{\text{Price} - \text{Unit Variable Costs}}$$

Equation 3-1 BEP Formula

Source: author

The most frequently used indicators for the comparison of the businesses' success are profitability indicators. They are *gross profit margin*, which shows how much does the company generate after paying all the costs of goods sold; *operating profit margin* or return on sales (ROS) which indicates, how much does the company still have as a profit, when all the variable and fixed costs, connected to the production are paid; *net profit margin* shows, how much does the company have when the interest and taxes were paid, in other words, what is the final net income. The margins across the business areas vary a lot. For example, for a big chain of retail stores percentage around 5% - 10% maybe quite a good indicator, while for unique products a barrier of 20% - 30% may not be enough. (Investopedia, 2017)

$$\begin{aligned}
 \text{Gross profit margin} &= \frac{\text{Gross Profit}}{\text{Sales Revenue}} \\
 \text{Operating profit margin} &= \frac{\text{Operating Net Profit}}{\text{Sales Revenue}} \\
 \text{Net profit margin} &= \frac{\text{Net Profit}}{\text{Sales Revenue}}
 \end{aligned}$$

Equation 3-2 Profitability Margins

Source: author

All the parts of each Business Plan are closely interconnected and are following up each other. That is why its preparation helps not just to plan and organize everything, but also protect an entrepreneur from the future hidden mistakes and faults.

3.1.3 What is the start point?

All people have great ideas while they are in the shower. Most of them get out of the shower and forget about these ideas. The entrepreneur is the person who gets out of the shower and acts on those ideas. (Pinson, et al., 2006) So, idea is an element that is embedded in every entry-level business. People may have tones of thoughts and visions connected to the way of earning money, and usually creative people are full of these ideas, however, not all them are able to convert the ideas into real business, which will bring them profit. In general, the ideas may be divided into two big groups: those which are exaggerated (and will lose) because of the desire to get a huge profit; and those which are generated (and will win) because of the wish to do the work a person is passionate to.

What is the second point which was enlightened in the expression above? It was stressed, that the person should be an entrepreneur. A man should be honest with himself to identify whether he has proper features, what are his strengths and weaknesses, with whom he is going to create as strong company as possible.

Having a great idea and being confident in himself, a businessman should be certain about the market he is entering. How many people are interested in the business that is offered, are there any unique companies and whether it is possible to provide something unusual for the chosen sphere, what is the target market and how willing are the customers to spend money on a good or service which is offered to them. Most of this data will be used

later in a Marketing Plan, but before that an entrepreneur should be sure that the Business Plan is worth of writing.

3.2 MICE definition, history and articulate description

An English abbreviation which includes a huge variety of definitions. An acronym which cannot cover only one business sphere. A word which some people use without any certain understanding. All these descriptions may be used to emphasize MICE.

MICE is a term, which is widely used in international business tourism to denominate four basic key words or spheres. (Marketch, 2016):

- **Meetings** – creation of business meetings, indicating the coming together a number of people in one place, to confer or carry out a particular activity (frequently, it can be conducted according to a set pattern, as for instance annual general meetings or committee meetings).
- **Incentive** – in other words, motivation. It means organization of encouraging and arousing trips for employees, partners or clients to reward them for the previous performance and to spend their leisure time together. Incentives also play a great role in team building.
- **Conference** – complex of services connected to the organization of participatory meetings, which are designed for discussion, fact-finding, problem solving and consultation. As compared with a congress, a conference is normally smaller in scale and more select in features, which tend to facilitate the exchange of information. The term "conference" does not have any special connotation as to frequency. Though conferences are not limited in time, they are usually of limited duration with specific objectives.
- **Events / Exhibitions** – participation in international branch exhibitions in a role of exhibitor or attendee. The main goal is to receive an attention to the goods and services presented or to find new customers. (ICCA, 2017)

More often professionals and people connected anyhow to the creation of mentioned above events, tend to call the "MICE Market" with a new expression – "the Meetings Industry", which encompasses even more events and their subdivisions.

People have always realized that to develop their own business they have to find their partners and to be in constant communication with their allies. They have to share their

accumulated knowledge, new products or innovations to become better and more professional.

However, as a separate branch the meetings industry began its formation only during the 19th century in the USA. It has started as a result of active scientific progress and commercial development, when the exchange of information became essential. The year of 1896 is considered to be the official year of the meetings industry birth. In 1896 the first specialist was invited to organize an event for businessmen and the first congress bureau was opened in Detroit, state Michigan. (Yurkova, 2017)

Europe was in contrast to the USA during the same period. The congress of Vienna, held from September 1814 until June 1815, may be regarded as the first truly international conference with attendees from most of the major world powers. A few international conferences, mostly political and scientific in nature, took place during the rest of the 19th and first half of 20th century. The second world war has prevented a rapid development of the industry.

The rapid growth of the convention industry since the 1950s began due to a number of factors in global economic supply and demand. Some factors are closely related to the growth of tourism in general. (Tansakul, 2008)

3.2.1 The main figures in the MICE industry

In the middle of 50s – 60s, when the market participants (congress centers, event specialists and, later, the whole cities) felt the need to unite their forces. They started to form professional associations, which are still functioning nowadays. (Yurkova, 2017) The major of

International Association of Exhibitions and Events (IAEE)	1928
Professional Convention Management Association (PCMA)	1957
Association Internationale des Palais de Congres (AIPC)	1958
International Congress and Convention Association (ICCA)	1963
European Federation of Conference Towns (EFCT)	1964
International Association of Professional Congress Organizers (IAPCO)	1968
British Association of Conference Destinations (BACD)	1969
Meeting Professionals International (MPI)	1972
Meetings & Events Australia (MEA)	1975
Association of British Professional Conference Organizers (ABPCO)	1981
Meeting Industry Association (MIA)	1990

Figure 3-6 MICE Major Figures

Source: (Milic, 2010)

them are listed in the figure 3-6. The first congress bureau in Europe was a Vienne convention bureau. It was established in 1969 and is still functioning well. (Milic, 2010)

3.2.2 Economic factors affecting the Meetings Industry

Demand in the Meetings Industry is very elastic. This segment of the global market is cross-economic and is influenced by almost all the external factors, like economic, political, scientific and cultural ones.

A wellfare of macroeconomics plays a great role. It allows initiators to spend more money on the organization of the meeting, while a low rate of inflation and foreign exchange rate will attract foreign participants.

Policital and legal structure also can make the organization of the event easier, for example, simplifies visa regimes, levels of the government support or friendlier external political situation of a country conducting an event. (Yurkova, 2017)

3.2.3 The Meetings Industry statistics

The scope of the meetings and events industry in a global level is difficult to quantify due to the fact that there are no single sources or organisations that engage in collection of such type of data. However, a rough idea about the issue can be obtained by analysing the worldwide revenues of travel and tourism industry in general. (Dudovskiy, 2012)

In 1963-1967 there were in average 360 congresses in the world, and already about 11000 during 2008-2012. Every year the number of events and meetings was increasing by 10%, which means that it was doubled every 10 years. However, the growth rates of the congress meetings' number are slightly slowing down in the world during the most recent years. During the last 50 years the leading region (according to the number of conducted congresses on its territory) is still Europe. Even so, it is losing its share gradually and giving away the positions to Asia and Latin America. Growing till the year 1987 share of the USA also became to decrease during the years 2008-2011. Experts from Carlson Wagnolit Travel (CWT) are forecasting a powerful growth of the event industry in the whole Asian-Pacific region, while an agency Grass Roots Meetings and Events found out that the rental price of the congress destinations in Europe were constantly growing. (Yurkova, 2017)

No.	Cities (from 1963)	Cities (2002)	Number of events (2002)
1	Paris	Barcelona	79
2	Vienna	Copenhagen	73
3	Barcelona	Stockholm	64
4	Berlin	Vienna	58
5	Singapore	Lisbon	52

Table 3-2 Leading Congress Cities

Source: (Dudovskiy, 2012)

The top-10 leading congress countries and cities are saving their positions from the 1963, when ICCA (International Congress and Conference Association) first started to collect the data. (Yurkova, 2017) The absolute leaders are USA, Spain (Barcelona), Germany, UK and Japan. More details are presented in the table 3-2. (Dudovskiy, 2012)

No.	Countries (from 1963)	Countries (2002)	Number of events (2002)
1	USA	USA	255
2	Germany	Spain	177
3	Spain	UK	149
4	UK	Japan	148
5	France	Germany	144
6	Italy	-	-
7	Brazil	-	-
8	Japan	-	-
9	Netherlands	-	-
10	China	-	-

Table 3-3 Leading Congress Countries

Source: (Dudovskiy, 2012)

3.2.4 Incentives as a part of MICE

In the modern world of the quick Internet and telephone connections, in the era of e-mails and messengers, when business generation is trying to complete as many tasks as possible, people forget about relations, personal connections and communication. What is concerning companies, the tendency of overwhelming people with certain goals they have to reach diminishes or eliminates the “human” factor from the process. Wise leaders and HR managers know that the most precious production factor they have is people.

But quantity of people is still nothing. Each employer should feel himself in a company as in a family to be effective, to be able to solve the problem using the net of connections he has. Moreover, even companies should try to come over the competition level and start to work together, to combine their strengths to reach certain level of success. That is all where Incentive Meetings start. What is it? Why should all the companies, never mind big or small ones, take care of such events? What are the options and how is it possible to personalize a meeting?

3.2.5 Which results may be obtained through incentive meetings?

Employers can change negative attitudes that adversely affect the achievement of work goals. In addition, there is strong evidence that organizations using incentive systems are able to hire and retain high quality workers, and that these effects are even greater in larger organizations. The key factors which are usually influenced after incentive programs are implemented in a company:

- Incentive programs aimed at individuals increase performance approximately by 27%, at teams - by 45%.
- In average, 92% of workers indicate that they achieved their goals and companies reported that objectives were surpassed, met or at least partially met because of incentives.
- Incentive programs have an equal, positive impact on both quality and quantity goals.
- Employee input is valuable during the construction of incentive programs. However, only 23% of incentive systems are selected with employee input.
- Long-term incentives are more powerful than short term (44% gain for programs beyond a year, 20% - for programs less than one month). (EHS Today Staff, 2002)

3.2.6 Incentive meetings and events

Proper analysis of the performance issue, the design and implementation of the incentive program are key to success. Along with bonus programs, profit sharing or sales commissions, incentive meetings are also considered as powerful tool to encourage employees.

Incentives – special category of meetings, like encouraging trips organized for employees as an additional way of motivation. They are usually combined with professional trainings, shape education or team-building programs. As a rule, companies try to conduct such incentive meetings in different cities and countries, as it helps to combine entertainment, travelling and work. (Yurkova, 2017)

However, rewards should go beyond and they should translate into things that are truly fundamental to all employees: a great work environment. This may sound a bit ordinarily, but the reality is that people who love what they do and are surrounded by an environment that stimulates them every day is as important as tangible rewards. A great culture is its own

motivation. (Costa, 2016) And incentive meetings will help to reach the stated above personal culture.

The industry of events is a vast field and there are lots of definitions and peculiarities which depict the variety of the services different companies provide. For example, PCO (Professional Conference Organizer) are companies which are able to provide high quality service in congress and conference organization, DMC (Destination Management Companies) are taking care of the travel events, usually it is a receiving side, AMC (Association Management Company) which takes part in administrating and promoting events. All these companies may take part in an incentive meetings organization.

The initial idea and first steps, concerning the incentive meetings creation, are originated in each company, particularly in HR departments. When particular gaps in employees` development are identified, the company prepares an incentive program, which may include both internal and external meetings. (DCR startegies inc., 2016) External events are usually organized with a help of third party – an event manager or event company. Here is where professional business of incentive meetings preparation starts.

3.3 Features of the e-business

The most dangerous assumption made about e-business is that none of the normal rules of commerce may be applied. According to Nick Booth, it's better to keep the feet firmly planted on the floor: "E-business is not a "total paradigm shift" or a completely different ballgame - it's business as usual." So, a business plan of a normal physical company will look the same as a business plan for an on-line one. The only peculiarities and differences are going to appear in an Organizational Part and the advertisement sections in a Marketing Part.

Many people claim that a star-up entrepreneur may know nothing to create his own e-business. Everything can be found in the Internet: webinars about how to build a web-site, how to develop it and promote, but if a person never did it before, he still needs assistance. It is easy to identify when a web-page was created with a help of web-designers or when a speed of the web-site is high even if it contents a lot of information – all these details play a great role in customers' first impression and experience with an online company. So, any businessman should know the field is working in, but he should not resist to ask help from

professionals which will do their best to get as many customers as possible. (MediaDoc Inc., 2014) However, what should an online newcomer know?

3.3.1 Basic description of e-commerce

E-commerce is a business, which maintain its transactions fully via telecommunication networks, especially on-line in the Internet. It is described as buying and selling of products, services, and information via computer networks. In addition, the main feature, which differs e-commerce from normal business is that all the financial transactions are conducted online. It encompasses a variety of points from trading till marketing and on-line engineering.

A sub-part of e-commerce is called e-business. It deals also with smaller specifications, like servicing customers online and collaboration of partners. E-business is what each online establishment deals with, while an e-commerce includes all these online establishments and their technological part. (Tassabehji, 2003)

The most common e-business models are:

- B2C (business-to-customer) is a model, which is used for selling products directly to consumers online;
- B2B (business-to-business) involves companies to do their deals between each other; it accounts more than 90% of all electronic commerce;
- C2B (customer-to-business) is a unique model, where customers create value and demand for the product by themselves;
- C2C (customer-to-customer) a new model, where customers may behave both as buyers and sellers at the same time. (Gilani, 2011)

3.3.2 Steps in an online store launching

If a start-up owner is just starting his e-commerce adventure, professionals usually advise to use so called E-commerce Matrix, which is attached below. (Kotyza, 2017)

1. E-STORE PREPARATION	MARKETING AND BUSINESS STRATEGY	PERSONALS AND BEHAVIOR	INFORMATION ARCHITECTURE	WIREFRAMES AND FUNCTION SPECIFICATION	SELECTING SUPPLIERS
2. BEFORE LAUNCHING THE E-SHOP	SEO	COMPARISON SHOPPING WEBSITE	SETTING UP WEB ANALYTICS	TESTING BETA VERSION	CONTENT STRATEGY
3. PERFORMANCE MARKETING	SEO AND LINKBUILDING	COPYWRITING	PPC CAMPAIGNS	COMPARISON SHOPPING WEBSITE	AFFILIATE
4. BRAND BUILDING AND CAMPAIGNS	RTB AND PROSPECTING	RETARGETING	MEDIA CAMPAIGNS	VIDEO CAMPAIGNS	SOCIAL MEDIA
5. CUSTOMER CARE	CUSTOMER DATABASE	INTELLIGENT E-MAILING	LOYALTY PROGRAM	CUSTOMER EXPERIENCE	CONTESTS AND SWEEPSTAKES
6. WEBSITE IMPROVEMENT	QUALITATIVE TESTING	QUANTITATIVE TESTING	REDESIGN	INCREASING CONVERSION RATE	ADVANCED WEB ANALYTICS
7. MULTICHANNEL	MULTICHANNEL MARKETING	BRICK-AND-MORTAR SHOP	SHOPPING VIA MOBILE DEVICES	PR	ATL

Figure 3-7 E-commerce Matrix

Source: (Kotyza, 2017)

The first two lines of the matrix (E-store Preparation and Before Launching the E-shop) would be included in the Organizational Part of a Business Plan. These first two levels help at the beginning to identify what resources, both physical and mental, are needed to build a web-page, to force it to operate well and to attract first guests. In addition, it would be possible to count general expenses to run own web-page and e-store. (Tassabehji, 2003)

The next most important question is what kind and amount of human resources will be involved. While running an online business it is a budget state, where a start-up may save a certain amount of money. For example, an owner of an online start-up, can be at the same time CEO, general manager and marketing director. However, there always has to be an IT and Web-site professional, who would be leading a store from the first day of establishment. He can be offered the part of the ownership of the company, the part of the profit which the company receives or just a constant salary. Nevertheless, there are still lots of duties which have to be done constantly or periodically. Each business conduct its own accounting statements, so it would be a law breaking not to have an accountant (unless an owner is not an accountant by himself). And again, if the store is still not big and just starting to gain momentum, an accountant may be invited from the outsourced services, which are great budget savers for small developing firms. Sometimes the companies need an employee who

is going to be in charge of customer relationships and operational processes of everyday routine. After identifying the personals and the behavior of their job positions, businessman can approximately envision the amount of money, which he is going to be spent monthly for salaries. (Kotyza, 2017)

During the following steps it is important to buy a URL name, which will suit the company name, will be recognizable and easy to remember. Usually these links' names are not very expensive, but according to the huge amount of web-pages which are already existing, it may be problematically to find a spot. Moreover, good-sound URL addresses may cost more. (Zorzini, 2018) After the web-page is pre-paid for certain period, it is a perfect time to choose a hosting and start the construction of a web-site itself. It is one of the most difficult, patience demanded and expensive part of any on-line store establishment. Customers cannot judge the online store according to the products they can touch and feel, they cannot tell anything about the customer services provided by shop assistant. So, the web-page is the first what potential customers see. It has to be simple and understandable, the opening and loading speed has to be fast, but at the same time the page has to be efficient and encourage customers to order offered products and services. An entrepreneur has to identify, which amount of money he is ready to invest in his web-page construction: whether he is going to invite a web-designer and construct his own wireframe customized outlay or he is just going to use standard templates and follow the basic and trivial rules. The first option will make the web-page look different, more expensive and attractive, while the second part will save some money in the budget. (Korper, et al., 2000)

Everything is ready for the content filling, finding suppliers, launching beta versions and connecting web-analytics to the web-page. All these and following steps may also include minor expenses which is better to take into consideration.

However, what really has to be taken into account is online marketing campaigns and online advertisement, which are depicted in the levels 3 through 5 in the mentioned above E-Matrix. Online marketing offers now a huge variety of possible advertisement sources, starting from context ads in Google and finishing with a mutual partnership of some well-known bloggers in YouTube. In addition, all the online methodologies are neatly combined with "hard" advertisement and PR strategies, so it could be discussed in a separate topic. Nevertheless, marketing expenses should be always projected and included in the financial calculations of any company. (Norris, 2010)

3.3.3 What matters and how to improve?

The main and one of the most visible difference between physical firms and online companies is that online establishments do not always have a certain location, where customers can get acquainted with a product or service. This fact leads to an irresistible reality that online start-ups need a very strong and developed equipment and electronic technologies, which help nowadays the customers trust the company. The customers should be confident in the online shop as in a business partner: web-page should be always in operation and pretty fast, content has to be available for the review any time and the URL address better to be secured. To make everything work smoothly and without any interruptions, an online establishment have to be rather worried about their hardware, which may cost some amount of money. In addition, future amortization has to be thought over in advance. (Ward, 2012)

After all the previous steps conducted correctly and qualitatively, probably, the web page should start to attract the first customers. However, even if a business has the best products ever or the web-site is more convenient than the competitors' ones, nobody knows about start-ups without proper advertisement and promotion. Reaching the target group of customers, convincing them to buy a product and staying with them in good relations is all what an e-marketing deals with. Subscription for Google Analytics (for example) and regular payments for any type of the Internet ads, cooperation with media and social celebrities should withdraw a lot of money. Businessman invests in his customers and his customers invest in his products. (Logojoy, 2017)

As John Rampton said: "Your customers are the lifeblood of your business. Their needs and wants impact every aspect of your business, from product development to content marketing to sales to customer service." Just remember it and write a business plan to satisfy potential customers. They have to be the main goal of the whole process. (Yurkova, 2017)

4 Practical Part

The practical part of the bachelor thesis is based on a case study, which will be conducted with real market prices and statistics. The main aim of the case study is to write a relevant business plan using the structure and techniques described in the theoretical part of the following work.

4.1 Executive Summary (Case Study Introduction)

Three motivated students (Student A, Student B, Student C) right after finishing the University in 2018 decided to open their own online-based company, which would be operating in events' organization sphere. Student A already had experience in MICE and hospitality industry, which allowed him to find out which possibilities are still not covered in the Czech Republic's meetings area. It appeared to be incentives for small and medium sized firms operating in Czech Republic and boarding with it countries. Student B, who had profound knowledge in online-based services and web-pages' creation, design and operation, proposed to create an e-commerce company. After a brief analysis of these ideas, they decided to collect the data and finally combined it in a business plan, which is disposed below.

4.2 Organizational Plan

The industry of business meetings is now one of the most fast-developing and growing areas in the world's economies. Czech Republic is not an exception. There are around 90 event management companies operating only in Prague, not including hospitality based organizations. However, most of them are concentrated on the international conferences, big business meetings and expensive crafty incentives. All the expenses for the events, mentioned above, in most cases may be covered just by huge or international companies. Here it is, where the alternative company "Handy Event" begins.

4.2.1 Summary Description of the Business

Opposite to almost all the competitive companies located in Prague, the company "Handy Event" offers simple pre-planned events, which may be slightly modified if the customer would like to do the changes. This allows us to make the booking process fully online-based, which will save clients time and eliminate the doubtfulness. Moreover, such

approach to the events organization and their selling will reduce the costs and make the final price more attractive for small and medium-sized companies. This is our mission: to introduce the affordable world of incentives to the companies, which could not even allow themselves to think about such expenses for team building purposes.

The primary goal of the newly opened company would be to gain partnership relations with interested companies in Czech Republic. After this, find open business connections with firms, situated in the boarding countries. The long-term objective is to expand the list of services and to provide unique event products, being in mutually beneficial relationships with other hospitality and tourism companies.

4.2.2 Products Description

Once a customer reaches the web-page of “Handy Event”, he will find there the whole variability of services, which we offer, including the prices and the minimum number of people. The mentioned above services will be divided into several categories:

- transportation (various types of private transportation around Prague, Czech Republic and the nearest European countries);
- food & beverage (outdoor and indoor catering, set-course menus in local restaurants, open kitchen spaces);
- entertainment (upon the availability in the market);
- incentives packages (teambuilding activities, scavenger hunting, treasure hunting).

As a result, the customer may choose each service separately or may order the combination of some of the products. A mixture of the most popular products will be formed in the packages, for which customer will have some bonuses or discounts. Making a pre-order online, a customer will receive a final breakdown from the administrative manager, after which he has a right to accept or decline this pre-order.

Attractive and affordable prices for transportation, food & beverage and entertainment services will be arranged through the negotiations and creation of contracts with mutually beneficial conditions for both sides (provider / receiver). What is concerning the incentive packages, this service is fully managed by the “Handy Event”: the creation of the program, arrangement of required facilities and carriage of an event itself.

4.2.3 Location

The purchase of any product and communication with the client is fully based online. Telephone calls will be upon the customers' preferences. Future clients should not spend their time on visiting the office. The communication will be fully based on the online interface and via e-mail, unless, the customer would like to meet face-to-face.

The purpose of creating an online shop, not a physical one, is that it saves time for target customers and money on rent expenses for the company. Moreover, the web site is going to be interactive and will allow our potential purchasers create their own event easily and with comfort, combining several possibilities from the proposed ones and checking the approximate price at the same time.

4.2.4 Legal Structure

The legal structure of the "Handy Event" is a general partnership, where Student A, Student B and Student C are equal in their rights and obligations partners.

Ownership	3 owners	Student A	40%
		Student B	30%
		Student C	30%
Decision-making	All partners share in the management of the firm.		
Liability	Each partner is liable for the debts of the business, according to the ownership percentage.		
Financing		Student A	20 000 CZK
		Student B	15 000 CZK
		Student C	15 000 CZK
Taxation	The income is taxed as an income of partners.		

Figure 4-1 Legal Structure of the Start-up

Source: author

4.2.5 Management and Personnel

The management team is presented by the mentioned above Students, who are the owners of the company. Until the company will grow to a bigger scale, they will also be the only workers in the firm. All of them will have fixed monthly-paid salaries. However, the amount of a salary will depend on the seasonality. The precise description is in a table, attached below.

Manager	Position in “Handy Event”	Previous Experience	Salary
Student A	Administrative and Operational processes	Tourism company, Conferences, Hospitality	High season: 20 000 CZK Low season: 10 000 CZK
Student B	Web-site Development and Running; Marketing Management	IT company, own blog-page and channel in YouTube	High season: 15 000 CZK Low season: 10 000 CZK
Student C	Sales Director	Retail company	High season: 15 000 CZK Low season: 10 000 CZK

Figure 4-2 Management Team of the Start-up

Source: author

Note: The accountant and layer will be used as part time workers, upon necessity.

4.3 The Marketing Plan

The Marketing Plan of the “Handy Event” is focused on the target market and competition analysis and determination of advertising possibilities online. All the information, compiled in the Marketing Plan, takes its roots from the basic marketing 5W1H questions:

- **Who?** The company’s customers are micro, small and medium-sized businesses; the competitors are event agencies and event entrepreneurs.
- **What?** The company is selling incentives; the customers will have the possibility to create themselves (from the represented offers).
- **Where?** Target markets are situated in Czech Republic with a high concentration of customers in Prague.
- **When?** The busies season is supposed to be a summer-time period.
- **Why?** The owners would like to prove that even small companies should provide incentive evets for their clients under affordable prices.
- **How?** The company will reach its customers through the Web site.

4.3.1 Marketing Analysis

4.3.1.1 Target Market

The company “Handy Event” will be targeting their services to the micro, small and medium sized businesses in Czech Republic. So, to determine whether there is a big number of potential customers who are willing to pay for the proposed services, the Students have to conduct a small research, analyzing and describing this cluster of the market participants.

According to the 13th official edition of “The European Cities Marketing. Benchmarking Report 2016-2017”, there were 100 540 meetings in Europe in 2015 and 67% of which were corporate meetings (67 362) and other 33% were non-corporate meetings (33 178). The corporate meetings number in Europe changed by +16% from the year 2014 to 2015, the number of participants increased by +36% and participation days were prolonged by +25%. (Moura, 2017) The meetings business sphere is still growing and corporate events, including incentives, take one third of the whole number of meetings, which is quite a good index.

Moreover, Prague is included in the top 5 European cities with the highest growth rate in external and internal tourism; between 2015 and 2016 the growth rate was +5.5%. In addition, Prague is the 7th most visited city in Europe, according to the total bednights in 2016. (Moura, 2017) So, the company may suppose that the demand on their business will be growing, as a tendency of growing foreign and national visits has shown from the previous years.



Figure 4-3 Number of Meetings held in Europe

Source: (Moura, 2017)

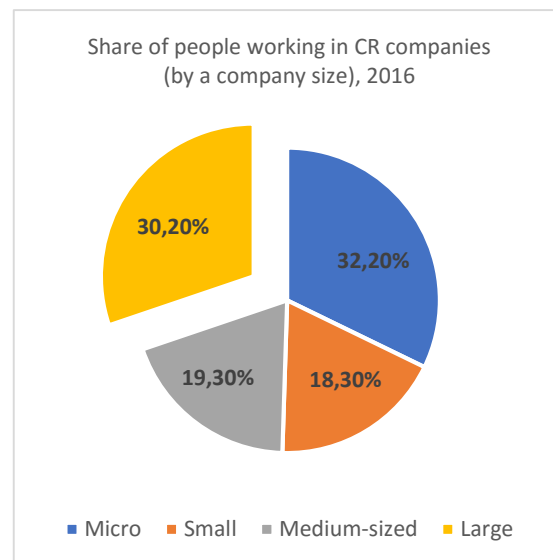


Figure 4-4 Employees in CR by Company

Source: (Eurostat , 2016)

After the overall positively growing tendency in Europe was determined, it is better to connect it with the Czech Republic data. According to the Eurostat, in 2016 Czech Republic accounted totally around 1 007 441 enterprises, and almost all of them (99,9% = 1 006 434 companies) were micro, small and medium sized businesses. (Airaksinen, et al., 2016) The number of employees working in the mentioned above companies is around 2 458 356 people:

- 32,2% (1 134 084 pax) in micro businesses
- 18,3% (644 536 pax) in small businesses
- 19,3% (679 746 pax) in medium-sized businesses.

	Enterprises		FTE		GVA	
	Total	% SME	Total	% SME	Total	% SME
EU28	22 346 729	99.8	133 767 348	67.0	6 184 825	57.5
Belgium	566 006	99.8	2 718 355	70.1	189 086	62.2
Bulgaria	312 608	99.8	1 872 997	75.5	18 246	62.3
Czech Republic	1 007 441	99.9	3 521 520	69.8	84 142	56.0
Denmark	213 358	99.7	1 602 105	65.0	119 936	62.5
Germany	2 189 737	99.5	26 401 395	62.5	1 385 501	53.3
Estonia	58 408	99.7	393 545	78.1	9 338	74.9
Greece	726 581	99.9	2 198 986	86.5	54 703	72.8
Spain	2 385 077	99.9	10 923 323	73.9	434 156	63.0
France	2 882 419	:	15 495 621	:	890 597	:
Croatia	148 573	99.7	1 002 905	68.3	19 115	54.8
Italy	3 825 458	:	14 715 132	:	646 476	:
Cyprus	46 139	99.9	224 915	:	7 864	:
Lithuania	141 893	99.8	835 630	76.2	12 155	68.5
Latvia	91 939	99.8	573 580	78.8	9 269	69.2
Luxembourg	29 265	99.5	242 533	68.3	19 250	70.7
Hungary	528 519	:	2 430 681	:	46 497	:
Malta	26 796	99.8	119 224	79.3	3 548	74.9
Netherlands	862 697	99.8	5 359 446	66.7	310 022	62.9
Austria	308 411	99.7	2 671 477	68.0	164 976	60.5
Poland	1 519 904	99.8	8 326 839	68.9	171 627	50.1
Portugal	793 235	99.9	2 942 895	:	66 360	:
Romania	425 731	99.6	3 837 868	66.4	48 432	:
Slovenia	119 644	99.8	574 479	72.3	17 140	62.8
Slovakia	398 392	99.9	1 417 228	69.7	32 922	60.5
Finland	226 373	99.7	1 457 599	63.0	86 957	59.6
Sweden	661 822	99.8	3 025 006	65.4	210 859	58.5
United Kingdom	1 703 562	99.7	17 784 620	53.0	1 037 293	50.9
Norway	278 899	99.8	1 510 838	67.6	230 661	58.6

: missing data

Table 4-1 SEM companies in CR

Source: (Airaksinen, et al., 2016)

Enterprise category	Persons employed	Turnover or	Balance sheet total
Medium	< 250	≤ € 50 m	≤ € 43 m
Small	< 50	≤ € 10 m	≤ € 10 m
Micro	< 10	≤ € 2 m	≤ € 2 m

Table 4-2 SEM Description

Source: (Airaksinen, et al., 2016)

As in average across Europe, 67% of conducted events are corporate events, then the company “Handy Event” may propose an assumption that almost 674 000 micro, small and medium Czech companies are interested in corporate events for their 1 600 000 employees. (Eurostat , 2016)

As a result, the target market of the “Handy Event” company can be measured as a big one. Definitely, there are lots of opportunities to find potential customers who are still unsatisfied with already offered service and, of course, not all of them will be already provided with competitor’s services. Especially, if we concentrate on micro and small businesses offering them affordable events.

	Total (thousands)	SMEs	Micro	Small (% of total)	Medium-sized	Large
EU-28	133,767	67.0	29.2	20.9	17.2	33.0
Belgium	2,718	70.1	34.1	20.3	15.7	29.9
Bulgaria	1,873	75.5	30.2	23.6	21.7	24.5
Czech Republic	3,522	69.8	32.2	18.3	19.3	30.2
Denmark	1,502	65.0	.	.	.	35.0
Germany	26,401	62.5	19.0	23.1	20.5	37.5
Estonia	394	78.1	29.8	24.6	23.8	21.9
Ireland	1,097	.	26.4	23.3	.	.
Greece	2,199	86.5	58.6	17.0	10.9	13.5
Spain	10,923	73.9	40.8	19.6	13.5	26.1
France	15,496	.	29.1	.	15.3	.
Croatia	1,003	68.3	30.3	19.2	18.8	31.7
Italy	14,715	.	46.4	.	12.5	.
Cyprus	225	.	.	.	21.6	.
Latvia	574	78.8	30.0	25.1	23.7	21.2
Lithuania	836	76.2	25.7	25.7	24.8	23.8
Luxembourg	243	68.3	18.0	25.6	24.7	31.7
Hungary	2,431	.	35.8	18.5	.	.
Malta	119	79.3	32.6	22.9	23.8	20.7
Netherlands	5,359	66.7	28.3	19.6	18.8	33.3
Austria	2,671	68.0	25.0	23.9	19.2	32.0
Poland	8,327	68.9	36.4	13.9	18.6	31.1
Portugal	2,943	.	42.3	20.8	.	.
Romania	3,838	66.4	22.5	22.4	21.4	33.6
Slovenia	574	72.3	33.7	18.6	20.0	27.7
Slovakia	1,417	69.7	38.6	15.4	15.7	30.3
Finland	1,458	63.0	24.5	20.9	17.6	37.0
Sweden	3,025	65.4	25.7	.	.	34.6
United Kingdom	17,785	53.0	17.3	19.4	16.3	47.0
Norway	1,511	67.6	24.5	24.4	18.8	32.4

Table 4-3 Number of Employees in CR Companies

Source: (Eurostat , 2016)

4.3.1.2 Competition

To operate well and profitably the Students have to understand which niche is still not occupied or activity which is still open for realization in the Incentive Meetings' Market of Czech Republic. As a start-up company based in Prague, we have to identify which strengths should we have to compensate the weaknesses of the other companies in the industry.

The competitors of already well-operating businesses in Prague are the only guides, who will help the new start-up to identify what is their possible path for development and whether the market is full of suppliers or not.

According to the database of “Kompass” organization there are around 86 companies, operating in Prague nowadays, which are connected to Corporate Hospitality, Organization of Teambuilding Activities, Consultation and Organization of Leisure Programs. (Kompass, 2018) The most popular and correlated to “Handy Event” businesses are depicted in the table 4-4, including the products / services categories they are offering to their clients.

Company name	Web-site	Separated Services	Big Incentives	Congresses / Conferences	Customized events	Customized incentives
Vanadoo.	vanadoo.cz	X	X			
Maxin Prague	maxin-prague.cz		X	X	X	X
Prague Eventery	pragueeventery.com	X		X	X	X
Fortissimo Prague	fortissimo-prague.cz		X	X	X	X
Lemon Production	lemons.cz	X			X	X
AIM Group International	aimgroupinternational.com	X	X	X		
Liberty Incentives & Congresses Prague	liberty-int.com	X	X	X	X	
Senator	senatortravel.eu		X	X	X	X
Prague Events	pragueevents.com	X			X	X
Ovation Czech Republic	ovationdmc.com				X	X

Table 4-4 Competitors in CR

Source: author

Almost all the companies, operating in MICE industry in Prague may be roughly divided into two categories:

- businesses oriented on PCO (Professional Congress Organization) and big meetings for international companies;
- firms oriented on the small and medium-sized events, which are always supposed to be customized.

Additionally, there are some companies, offering just entertainment programs to their customers, without any packaging options or planning. Altogether, there are no companies, who are offering any kind of packages or pre-planned events, which could be proposed to customers with a limited budget or time-frame. Moreover, none of the studies before web-pages includes at least some prices or costs breakdowns, which may also scare the potential

customers away. According to these facts, the “Handy Event” confirmed their ideas and identified their future strengths more precisely.

4.3.2 PEST table

Factor Description	Factor Influence	Possibility	Weighted Possibility
Political Factors			
Visa regulations may influence the number of foreign employees and international companies, as a result.	3	2	21%
Legal regulations, concerning the laws for the business running.	2	1	7%
Economic Factors			
Low economic growth, which may lead to less income of the customers.	3	2	21%
High level of inflation, which can make an unattractive prices.	2	1	7%
Increase of taxes on the profit.	1	1	4%
Openness of cross-partner companies and their wellbeing will help the company to offer better and cheaper services to the final customers.	3	2	21%
Merge of big companies, already operating in Prague.	3	1	11%
Social / Cultural Factors			
Rejection of the usefulness of any motivative events for employees by the companies.	2	3	21%
Companies will start to organize the incentives by themselves.	3	1	11%
Technological Factors			
Increase in price for the online hostings and web-design programs.	3	3	32%
Restriction, according to the online advertisement.	1	2	7%
Restriction of online information proceed.	2	1	7%
Total:	28		

Table 4-5 PEST Table

Source: author

4.3.3 SWOT table

	STRENGTHS	WEAKNESSES
INTERNAL FACTORS	<ul style="list-style-type: none"> • Packages options with pre-calculated approximate prices. • Possibility to choose services online to create an own event with price breakdown. • Quick service, as customers should not contact an event manager and wait for an initial response. • Less customization – lower prices. 	<ul style="list-style-type: none"> • Small initial database of partners, which leads to a restricted variety of offered services at the beginning. • No direct experience of doing own business in meetings and incentives industry in Prague.
EXTERNAL FACTORS	OPPORTUNITIES	THREATS
	<ul style="list-style-type: none"> • Acquire small companies, as the customers, who will be able now to estimate their event expenses. • Develop our own online based movement or blog, concerning the importance of incentives for employees. 	<ul style="list-style-type: none"> • Small companies in Prague are not interested in third parties, organizing any events for them. • Cooperation of some potential customers with already existing event management businesses.

Table 4-6 SWOT Analysis

Source: author

4.3.4 Online advertisement

As a channel of reaching the future customers, “Handy Event” is choosing the online based platforms and services. This decision is not built only upon the fact that if the business is electronic, then the advertisement will be online based. Online advertisement is now offering huge possibilities in information distribution and communication with the customers. The partners want to have a powerful background of advertisement, media communication and online marketing. That is why they have chosen several platforms to introduce and fortify “Handy Event” positions in the market.

Google AdWords

It is an online advertisement platform with the biggest audience and diapason working on the PPC (pay per click) policy. The Czech Republic audience, according to the Google AdWords Express calculations, is 6 469 074 users during the month. Out of these people “Handy Event” will concentrate on the target audience (around 4 206 potential customers each month), using the proper key words. The budget control within the Google AdWords is quite easy and understandable: daily spending is set up to 65 CZK, which will give the final amount of 1 950 CZK per month.

1. Decide how much to spend

Your budget	Kč50.00 per day
-------------	-----------------

2. Choose a target audience

Locations	Czechia
Networks	Search Network, Display Network

Keywords

- corporate meetings
- incentives
- event company
- party planner
- event management
- event planner
- incentive program
- event management companies
- ways to motivate employees
- how to motivate employees
- teambuilding activity
- teambuildingové hry
- event agency
- business incentives
- motivation for employees
- incentive programme

Размер потенциальной аудитории

4 206 польз. в месяц

Примерное число пользователей, которые ищут компании, похожие на вашу, в выбранных местоположениях. Ваши расходы не зависят от размера аудитории.

Figure 4-5 Google AdWords (key words, audience)

Source: Google Adwards Express

Facebook and Instagram

They are the most used and spread social networks around the world nowadays. In Facebook and Instagram will be created public pages, which will be promoting company services and advising useful topic connected to events, incentives and employees’ motivation to the followers. The target audience, according to the Facebook approximations, is around 70 000 people, and daily number of potential customers, which will be reached is 1 600 – 3 100 people. The daily budget will be set up to 50 CZK per day, which will be around 1500 CZK per month. Instagram marketing strategy and advertisement will be fully based on mutual promotion of adjacent businesses and attraction of new followers with meaningful content.

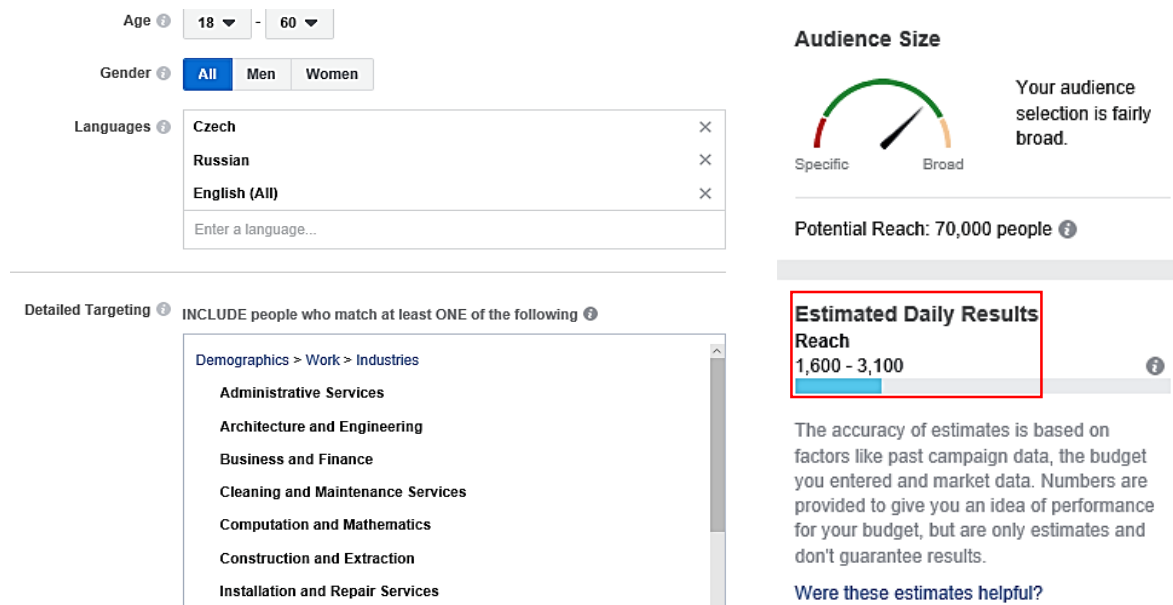


Figure 4-6 Facebook Advertisement (target audience)

Source: Facebook

4.4 The Financial Plan

All the costs, prices and estimations for the financial analysis were used from the real Czech Republic market of 2017 – 2018. Where it was applicable, the potential services' suppliers were proposed to create an approximate picture of the costs breakdown. The currency of the calculations is Czech Kronas (CZK). All the presented below documents were prepared step by step, which helped to generate the information consequently and in a logical order.

As all the offered services are of a different nature

Assistance in a company establishment	Light-City s.r.o.
Transportation company	Prague Coaches
Dining services	expatistan.com
Web-design server (incl. payment channels and host)	Square Space
Accounting services of a side company	VISACZ
Juridical consultation company	Femida
Utilities	expatistan.com
Internet and telephone connection	O2
PC and other supplements	alza.cz
Bank Loan	KB

Table 4-8 Selected Services' Suppliers

Source: author

SERVICES PURCHASES / PREPARATION (COGS)	12 500 CZK
Cost of transportation (less than 100 km)	4 500 CZK
Cost of meal (set of 2 courses + soft drink)	3 000 CZK
Supplement materials	1 500 CZK
Entertainment (entrance tickets, excursions, team building program)	3 500 CZK
VARIABLE EXPENSES (SELLING or DIRECT)	1 200 CZK
Sales director commissions	1 000 CZK
Travel expenses	200 CZK

Table 4-7 Standardized Packages' Costs for Financial Calculations

Source: author

(transportation, drinks and dining, planning, entertainment) with various variable costs, the standardized package was introduced to conduct the following financial calculations. This standardized package is calculated for 10 people and includes all the services and costs mentioned in the table 4-8. Original orders will differ from this packages, because customers will have the possibility to customize their incentives. However, the included basic services are representative enough to find out future financial state and development.

4.4.1 Cash to be Paid Out Proforma Statement

The start-up company’s financial analysis is always hard to start and to conduct because there is no previous accounting information available. According to this, “Handy Event” started their calculations with the forecasting of all the cash flows which are expected during the first year of their existence in the market.

The first step was to identify: how many packages are expected to be ordered during the first year. Applying the marketing data obtained during the market research, the start-up obtained the number of potential customers of 201 companies, based only in Prague and of micro to small-sized. (AmCham, 2017) (ABSL, 2017) Afterwards, “negative to medium attitude scenario” (low demand, low rate of advertisement conversion into orders, unfavorable macroeconomic factors) approach was used to assume the total number of sold packages will be approximately by 40% lower than the estimated number, and will be 125 orders during the first year.

Calculation basis	No. of enterprises	No. of people
Czech Republic (total)	1 007 441	3 522 000
SEM companies (99%)	1 006 434	2 458 356
Prague SEM (20%)	201 280	491 671
Advertisement audience (1%)	2 010	3 653
Companies interested in team building activities (10%)	201	365

Table 4-9 Sales Estimation

Source: author

The monthly breakdown is depicted in the table 4-10:

Month	No. of sold packages	Explanation of the decision (from the prospective of potential customers)
January	0	Establishment month; internal operations and start of marketing campaigns.
February	4	Beginning of the year is not as popular for internal events, because holidays were held not so long ago; potential customers just start to get acquainted with the services.
March	9	More customers are attracted with an advertisement or found by sales director.
April	15	Month with religious holidays and the kick-off for the upcoming summer season.
May	15	Kick-off for the upcoming summer season; companies set new half-year goals.
June	20	Pleasant weather for external meetings for employees; half-year gratitude and motivation for the next half.
July	15	Pleasant weather for external meetings for employees.
August	10	Pleasant weather for external meetings for employees; usually, some of employees are going to personal holidays.
September	15	Teambuilding after hard summer work and encouragement for the rest of the year; nice weather and beautiful nature.
October	8	Additional trainings, according to the found gaps.
November	4	Preparation to the year performance summation in most of the companies.
December	10	Christmas and New Year parties; gratitude for the whole year output.

Table 4-10 Monthly Sales Predictions

Source: author

According to the predicted sales of standardized packages and the costs, which were found in the real market, the following below proforma statement was created. It shows that total monetary expenditures during the year 2018 may be expected around 2 444 127 CZK. The overall results may be found in the table 4-11:

CASH TO BE PAID OUT (Year 2018)

1. START-UP COSTS	25 000 CZK
Establishment of a company	25 000 CZK
2. SERVICES PURCHASES / PREPARATION	1 562 500 CZK
Cost of transportation (less than 100 km)	562 500 CZK
Cost of meal (set of 2 courses + soft drink)	375 000 CZK

Supplement materials	187 500 CZK
Entertainment (entrance tickets, excursions, team building program)	437 500 CZK
3. VARIABLE EXPENSES (SELLING or DIRECT)	150 000 CZK
Sales director commissions	125 000 CZK
Travel expenses	25 000 CZK
4. FIXED EXPENSES (ADMINISTRATIVE or INDIRECT)	181 310 CZK
Web-design server (incl. payment channels)	12 500 CZK
Accounting services	25 000 CZK
Juridical consultations	5 000 CZK
Utilities	45 600 CZK
Internet and telephone bills	33 210 CZK
Advertising / marketing	60 000 CZK
5. ASSETS (LONG-TERM PURCHASES)	15 000 CZK
PC and other supplements	15 000 CZK
6. LIABILITIES	60 317 CZK
Bank Loan (150000 + 10%; 3 years)	60 317 CZK
7. OWNER EQUITY	450 000 CZK
Cash to be withdrawn by owners	450 000 CZK
TOTAL CASH TO BE PAID OUT DURING 2018:	2 444 127 CZK

Table 4-11 Cash to be Paid Out (proforma Statement)

Source: author

4.4.1.1 External Financing (Bank Loan)

Internal financing of the start-up would be done in the amount of 50 000 CZK by the Students, which will form their equity capital. However, this amount of money would not be enough to cover initial and first months' expenditures. That is why the company decided to take a bank loan.

BANK LOAN SETTLEMENT PLAN				
Amount lent:	150 000	CZK		
Interest p.a.:	10%			
Settlement date:	1.12	of each year		
Term:	3	years		
Annuity (PMT):	60 317	CZK		
Principal	Interest	Principal Repayment	PMT	Residual Principal
150 000 CZK	15 000 CZK	45 317 CZK	60 317 CZK	104 683 CZK
104 683 CZK	10 468 CZK	49 849 CZK	60 317 CZK	54 834 CZK
54 834 CZK	5 483 CZK	54 834 CZK	60 317 CZK	0 CZK

Figure 4-7 Bank Loan

Source: author

Conditions are not expected to be affordable, because the company has nothing as collateral, plus to all the owners are unexperienced students. Approximate conditions and settlement plan of the bank loan, which are displayed in the figure 4-7, were taken from the Komerční Banka (KB) promotional advertisement.

4.4.2 Source of Cash Proforma Statement

The second step in the financial analysis was to understand how much money will be received during the year. Bank loan and owners' investment, as the main initial sources, were already explained in the previous part. The last item in the list of sources and the most important one for the cash flow is income – the revenue, which will be received for the provided services.

The price of the standard package was determined by the amount of the total costs, connected to one package preparation and realization. The total variable costs for the year are equal to 1 712 500 CZK, plus the total fixed costs per year are equal to 630 108 CZK. As the company is expecting a sell of 125 standard packages, the total cost per unit will be 18 741 CZK. To cover all the costs mentioned above, the price per one standard package was set as 19 000 CZK.

As a result, the total amount of money, which is expected to be received during the first year, is 2 575 000 CZK, as per table 4-12:

SOURCES OF CASH (Year 2018)

1. SALES (REVENUE)	2 375 000 CZK
Services income	2 375 000 CZK
2. LIABILITIES	150 000 CZK
Bank Loan (150000 + 10%; 3 years)	150 000 CZK
3. EQUITY	50 000 CZK
Owner investments	50 000 CZK
TOTAL SOURCE OF CASH:	2 575 000 CZK

Table 4-12 Sources of Cash (proforma Statement)

Source: author

4.4.3 Three-Year Income projections

After all inflows and outflows were estimated, the company projected their net income for the first year, taking into account the already estimated costs, and for the following two years, where some forecasting according the future costs, sells and prices was applied:

Variable costs	2018	2019	2020
Number of sold standardized packages	125	125 + 10 loyal orders; reduced costs are applied only for loyal customers	145 + 10 loyal orders
Price per one standardized packages	19 000 CZK	19 000 CZK + 15 000 CZK	20 000 CZK + 15 000 CZK
Cost of transportation (less than 100 km)	4 500 CZK	3 500 CZK	4 000 CZK
Cost of meal (set of 2 courses + soft drink)	3 000 CZK	3000 CZK	2 500 CZK
Supplement materials	1 500 CZK	500 CZK	500 CZK
Entertainment (entrance tickets, team building program, excursions)	3 500 CZK	3 000 CZK	3 000 CZK
Sales director commissions	1 000 CZK	1 000 CZK	750 CZK
Travel expenses	250 CZK	250 CZK	250 CZK

Table 4-13 Three-year Variable Costs and Sales Projection

Source: author

The three-year income projection showed that the first and second years will not bring a big amount of profit, moreover, the second year promises to bring 10% less, because added sells will be proceeded with a lower price for loyal customers. However, starting from the third year, the profit will increase by 310%, which can be explained with the increased number of sells by 20 packages and price by 1 000 CZK.

THREE-YEAR PROJECTION (2018 - 2020)

	Year 1 2018	Year 2 2019	Year 3 2020	Total
INCOME				
1. Sales revenues	2 375 000 CZK	2 525 000 CZK	2 905 000 CZK	7 805 000 CZK
2. COGS	1 562 500 CZK	1 662 500 CZK	1 862 500 CZK	5 087 500 CZK
Cost of transportation	562 500 CZK	597 500 CZK	677 500 CZK	1 837 500 CZK
Cost of meal	375 000 CZK	405 000 CZK	455 000 CZK	1 235 000 CZK
Supplement materials	187 500 CZK	192 500 CZK	202 500 CZK	582 500 CZK
Entertainment	437 500 CZK	467 500 CZK	527 500 CZK	1 432 500 CZK
3. GROSS PROFIT ON SALES	812 500 CZK	862 500 CZK	1 042 500 CZK	2 717 500 CZK
EXPENSES				

1. Variable	150 000 CZK	160 000 CZK	175 000 CZK	485 000 CZK
Sales director commissions	125 000 CZK	135 000 CZK	150 000 CZK	410 000 CZK
Travel expenses	25 000 CZK	25 000 CZK	25 000 CZK	75 000 CZK
2. Fixed	631 310 CZK	677 500 CZK	802 500 CZK	2 111 310 CZK
Web-design server	12 500 CZK	12 500 CZK	12 500 CZK	37 500 CZK
Accounting services + operational assistant	25 000 CZK	25 000 CZK	145 000 CZK	195 000 CZK
Juridical consultations	5 000 CZK	5 000 CZK	5 000 CZK	15 000 CZK
Utilities	45 600 CZK	50 000 CZK	55 000 CZK	150 600 CZK
Internet and telephone bills	33 210 CZK	35 000 CZK	35 000 CZK	103 210 CZK
Advertising / marketing	60 000 CZK	100 000 CZK	100 000 CZK	260 000 CZK
Monthly managers' salary	450 000 CZK	450 000 CZK	450 000 CZK	1 350 000 CZK
3. TOTAL OPERATING EXPENSES	781 310 CZK	837 500 CZK	977 500 CZK	2 596 310 CZK
NET INCOME OPERATIONS	31 190 CZK	25 000 CZK	65 000 CZK	121 190 CZK
OTHER EXPENSES (loan interest)	15 000 CZK	10 468 CZK	5 483 CZK	30 952 CZK
NET PROFIT (LOSS) BEFORE TAXES	16 190 CZK	14 532 CZK	59 517 CZK	90 238 CZK
TAXES (19%)	3 076 CZK	2 761 CZK	11 308 CZK	17 145 CZK
NET PROFIT (LOSS) AFTER TAXES	13 114 CZK	11 771 CZK	48 208 CZK	73 093 CZK
Changes:	-	-10%	310%	
ROI (Return on Investment):	6.6%	5.9%	24.1%	

Table 4-14 Three-Year Income Projection

Source: author

4.4.4 Profitability Analysis

On a basis of three-year income projection and ROI calculation, the “Handy Event” will be able to return less than 25% of the invested money. To identify, where the bigger amount of money is lost, were also calculated gross profit margin, operating profit margin and net profit margin for the first year:

- The *gross profit margin* is around 34%, which is 6 500 CZK of profit received from each package sold. It means that the start-up has marked up their products quite well, as an average gross margin across small retail businesses is varied from 25% to 35% (Morgan).
- However, a good level of gross profit margin cannot predict the company’s success. While the *operating profit margin* of 1,3%, which is just 250 CZK of profit after all variable and fixed costs were paid, is considered to be very low. Margins below 15% to

20% indicate financial vulnerability to negative market changes and can make it difficult for a company to fund substantial growth. Small business should generate more income to cover all their costs, because they do not have such a volume of sales, as big companies. (Investopedia, 2017) It also may be explained in such a way, that our operating expenses are too high, comparing to the generated income.

- As a consequence of a very low operating profit margin, the *net profit margin* is even lower than 1%. It means that „Handy Event“ generates around 105 CZK as a net profit (after all interests and taxes were paid) from each package sold.

Gross profit margin	34,21%	The amount we get as a gross profit from one package sold.	6 500 CZK
Operating profit margin	1,31%	The amount we get as an operating profit from one package sold, when variable and fixed costs are paid.	250 CZK
Net profit margin	0,55%	The amount we get as a net profit from one sold package.	105 CZK

Table 4-15 Profit Margins (year 2018)

Source: author

In two years the numbers will not change significantly, as the fixed and variable costs will grow, while the price will be increased just slightly.

Year	Gross profit margin	Operating profit margin	Net profit margin
2019	34,16%	0,99%	0,47%
2020	41,29%	2,24%	1,66%

Table 4-16 Profit Margins (year 2019 - 2020)

Source: author

4.4.5 BEP

To identify the point, at which “Handy Event” will not generate any profit, nor lose any money, was used a break-even point analysis. The data applied was received from the tables, introduced in the previous paragraphs. After the calculations were proceeded, it was found out that to positive non-zero profit the company should sell at least 119 standardized packages per year, which is in average 10 packages per each month.

According to the projected sells (125 packages), the start-up is above the break-even point and allowed decrease is very small, just 4,8%, which is 6 standardized packages.

BEP (year)	119	= 630 108 CZK / (19 000 CZK - (1 712 500 CZK / 125 pcs))
BEP (month)	10	= 119 pcs / 12

Table 4-17 BEP Calculations

Source: author

5 Results and Discussion

5.1 Results of Marketing Research in Connection to the Company

The thorough marketing research allowed to identify what is the prospective of the company in the event industry.

First of all, was identified that there are no competitors in Prague, who are operating in the small incentives preparation for micro and small businesses. Most of the already existing companies are working as customized events' managers or congresses' organizers. That is why the start-up idea would hit an intact segment in the market – businesses which cannot afford expensive motivating events for their employees, which encompass around 200 potential targeted customers in Czech Republic. Due to the narrow target market and to the developing trend of conducting events, the start-up was confident in finding their future customers.

However, to calculate the approximate number of sells the “negative to medium attitude scenario” was used, because the owners did not manage to find out the number of already covered demand and cannot guarantee the interest of the target customers in a newly introduced product. These threats were supposed to be overlaid with “Handy event” value-added services, like announced in advance prices, full online basis and friendly interface.

Altogether, the market situation is quite favorable.

5.2 Results of Financial Analysis

With a help of the standardized package creation, it was identified that the costs connected to the one package of services provision are equal to 72% of the selling price, which is a high number for such a small company. However, according to the proforma statements, the start-up managed to summarize that they would be able to cover all their expenses with all the cash they would have and generate during the first year. It guarantees that all the obligatory payables will be able to be closed in a case of shutting at least for this period.

Nevertheless, after the three-year projection was proceeded, “Handy Event” found out that their business is not profitable, because the net profit margin during the forecasted three years did not manage to reach even 2%, which is a very low ratio. In other words, the profit

was supposed to be generated each year, however, it was relatively low to reinvest it in the development. The company should increase their net profit at least by 8%.

Moreover, under the “negative to medium scenario” conditions the start-up was working close to the shut-down point, which is dangerous for the income statement, as the loss may appear there.

As a consequence, the financial position may be quoted as unfavorable for the start-up company.

5.3 Discussions and Possible Outcomes

The first signs, which will help to upgrade the financial position and to change the direction of the strategy, will be able to identify only during the first operating months. The start-up should pay attention to the number of sold standardized packages and to the interest of the customers. If the sales meet the expected and forecasted projections, then “Handy Event” may switch to “medium scenario” outcome, where the number of the sales will be higher. This will help to increase the revenue, while the fixed costs will stay the same.

The other option is to find suppliers of the services, which would offer better prices on an exchange of some fixed-terms contracts or certain number of customers provided from our side. This step will help to reduce variable costs, which are now around 72% of the selling price.

The most expensive, but also the most recoupable option would be a better marketing campaign. The advertisement and marketing strategies may go far beyond the Facebook or Google ads, however, they will be costly. The cooperation with LinkedIn, business publications or some public figures do always affect the potential customers’ mind and, as a result, the company acquires more sales. According to such campaigns, probably, the price of the standardized package will have to be increased, which will not influence the purchase power.

The entrepreneurship is always connected to risks. The only question is how the owners will handle all the difficulties appeared or opportunities turned up during this risky road called start-up. People should go double or nothing sometimes. And if a person sees at least a small possibility, why not to go double?

6 Conclusion

The main idea of the bachelor thesis was to prepare a relevant to real life business plan for a start-up company, introduced by a case study. The start-up was a fully online based store, because it allowed to save fixed costs and make the purchasing process easier for the customers. And it was providing services connected to the MICE and event management sphere, stressing all the attention to incentive meetings organization.

In the theoretical part were introduced and revealed the most relevant to the online start-up business plan topics. The beginning and the core of this part was an outline with precise descriptions of the business planning. Using induction method, the optimal business plan content was identified, which included Executive Summary, Organizational Plan, Marketing Plan and Financial Plan. This part was followed by the MICE industry introduction. As this sphere is just gaining its momentum in the modern market, it was emphasized the history of the meetings industry development, some overall statistics observations and, particularly, the incentive events description in this section. The last chapter of the theoretical part was dedicated to the e-commerce and on-line business establishment issues and opportunities.

Referencing to the theoretical background, was prepared a business plan for a start-up company for a real market of Czech Republic with relevant 2018 prices. In the beginning in the executive part was thoroughly introduces the case study, which was detail described in the organizational plan, using such subtopics, as legal structure, location identification and the management team introduction. After the statistical research was conducted, such marketing tools as 5W1H questions, PEST and SWOT tables were used to create the marketing plan. This marketing plan was the basis for the future sales predictions in combination with scenario introduction for the financial part of the business plan. The financial part includes such calculations, as proforma statements, bank loan settlement plan and three-year income statement. Using these prepared documents was conducted the financial analysis with the help of BEP identification and profit margins and ROI calculation.

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8 Appendix

Table 8-1 Proforma Statements (2018)

Source: author

CASH TO BE PAID OUT (Year 2018)	No. of packs: per 1 pack (10 pax)	0	4	9	15	15	20	15	10	15	8	4	10	125
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YEAR TOTALS:
CZK														
1. START-UP COSTS		25 000	0	0	0	0	0	0	0	0	0	0	0	25 000
Establishment of a company														25 000
2. SERVICES PURCHASES / PREPARATION														1 562 500
Cost of transportation (less than 100 km)	4 500	0	18 000	40 500	67 500	67 500	90 000	67 500	45 000	67 500	36 000	18 000	45 000	562 500
Cost of meal (set of 2 courses + soft drink)	3 000	0	12 000	27 000	45 000	45 000	60 000	45 000	30 000	45 000	24 000	12 000	30 000	375 000
Supplement materials	1 500	0	6 000	13 500	22 500	22 500	30 000	22 500	15 000	22 500	12 000	6 000	15 000	187 500
Entertainment (entrance tickets, excursions, team building program)	3 500	0	14 000	31 500	52 500	52 500	70 000	52 500	35 000	52 500	28 000	14 000	35 000	437 500
3. VARIABLE EXPENSES (SELLING or DIRECT)														150 000
Sales director commissions	1 000	0	4 000	9 000	15 000	15 000	20 000	15 000	10 000	15 000	8 000	4 000	10 000	125 000
Travel expenses	200	0	800	1 800	3 000	3 000	4 000	3 000	2 000	3 000	1 600	800	2 000	25 000
4. FIXED EXPENSES (ADMINISTRATIVE or INDIRECT)														181 310
Web-design server (incl. payment channels)		12 500	0	0	0	0	0	0	0	0	0	0	0	12 500
Accounting services		2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	3 000	25 000
Juridical consultations		5 000	0	0	0	0	0	0	0	0	0	0	0	5 000
Utilities		3 800	3 800	3 800	3 800	3 800	3 800	3 800	3 800	3 800	3 800	3 800	3 800	45 600
Internet and telephone bills		2 960	2 750	2 750	2 750	2 750	2 750	2 750	2 750	2 750	2 750	2 750	2 750	33 210
Advertising / marketing		5 000	5 000	5 000	5 000	5 000	5 000	5 000	5 000	5 000	5 000	5 000	5 000	60 000
Monthly managers' salary		0	30 000	30 000	50 000	50 000	50 000	50 000	50 000	50 000	30 000	30 000	30 000	450 000
5. ASSETS (LONG-TERM PURCHASES)														15 000
PC and other supplements		15 000	0	0	0	0	0	0	0	0	0	0	0	15 000
6. LIABILITIES														60 317
Bank Loan (150000 + 10%; 3 years)		0	0	0	0	0	0	0	0	0	0	0	60 317	60 317
MONTH TOTALS:		71 260	98 350	166 850	269 050	269 050	337 550	269 050	200 550	269 050	153 150	98 350	241 867	2 444 127
SOURCES OF CASH (1st year)														YEAR TOTALS:
1. SALES (REVENUE)														2 375 000
Services income	19 000	0	76 000	171 000	285 000	285 000	380 000	285 000	190 000	285 000	152 000	76 000	190 000	2 375 000
2. LIABILITIES														150 000
Bank loan (150000 + 10%; 3 years)		150 000	0	0	0	0	0	0	0	0	0	0	0	150 000
3. EQUITY														50 000
Owner investments		50 000	0	0	0	0	0	0	0	0	0	0	0	50 000
MONTH TOTALS:		200 000	76 000	171 000	285 000	285 000	380 000	285 000	190 000	285 000	152 000	76 000	190 000	2 575 000

Figure 8-1 BEP

Source: author

