

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

Business Plan of a cat cafe in Prague

Andranik Arutyunyan

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Andranik Arutyunyan

Business Administration

Thesis title

Business plan of a cat cafe in Prague

Objectives of thesis

The aim of the Bachelor thesis is to write a business plan for a cat café "Catissimo" in Prague. The purpose of business plan is to find such strategy in order to succeed in Prague Gastronomy Market and at the same time to meet stakeholders' expectations.

Methodology

The theoretical part will cover all theoretical knowledge based on the literature research method. This part will show what the business planning is, structure and goal. There will be systematic details of how should marketing and financial plans to be done.

In the analytical part, the author will release theoretical knowledge on specific business model for cat café in Prague. Goal determination, market analysis, finding location, micro and macro analysis, 4P marketing mix, and financial plan – all this methodology will be used to fulfill the idea of a business plan. To make a more accurate analysis of potential customers a quantitative research method based on social platform will be used.

The proposed extent of the thesis

40-50 pages

Keywords

Business plan, cat cafe, SWOT analysis, PEST analysis, financial plan, marketing plan, competitor analysis, customer analysis

Recommended information sources

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The Bachelor Thesis Supervisor

Ing. Pavel Kotyza, Ph.D.

Supervising department

Department of Economics

Electronic approval: 27. 2. 2019

prof. Ing. Miroslav Svatoš, CSc.

Head of department

Electronic approval: 1. 3. 2019

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 04. 03. 2019

Declaration

I declare that I have worked on my bachelor thesis titled "Business Plan of a cat cafe in Prague" 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 12.03.2019

Acknowledgement

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Business Plan of a Cat Cafe in Prague

Abstract

The Bachelor thesis aims to develop a business plan for a cat cafe “Catissimo” in Prague. The work is divided into 2 main parts: theoretical and practical.

The first part deals with theoretical knowledge based on literature review. This part of the bachelor thesis gives a clear review of definition of a business planning, structure and what type of businesses exist in Czech Republic.

The practical part describes a representation of theoretical knowledge about the Cat Café. The practical part starts with an executive summary and organizational plan for Catissimo. The organizational plan represents by clearly defined vision and mission statement, location and SWOT Analysis. Further, the management and personnel will be described and in addition the organizational structure will be designed. The marketing plan will be represented through 4P (Product, Price, Place, Promotion) Marketing Mix. Finally, financial analysis will be done through analysis of start-up costs, employees’ salaries and fixed costs. Cash-flow statement, break-even point and payback period will be done through predicted sales.

Keywords: Business Planning, Gastronomy Industry, Organizational Plan, SWOT, Administration Plan, 4P Marketing Mix, Cash-Flow, Payback Period

Podnikatelský plán kočičí kavárny v Praze

Abstrakt

Cílem bakalářské práce je vytvořit podnikatelský plán pro kočičí kavárnu “Catissimo” v Praze. Práce je rozdělena do dvou hlavních částí: teoretické a praktické.

První část se zabývá teoretickými znalostmi založenými na přehledu literatury. Tato část bakalářské práce poskytuje jasný přehled o definici podnikatelského plánování, struktury a druhu podnikání v České republice.

Praktická část popisuje reprezentaci teoretických poznatků o kočičí kavárně. Praktická část začíná stručným shrnutím a organizačním plánem pro Catissimo. Organizační plán představuje jasně definované vize a poslání, umístění a SWOT analýzu. Dále bude popsán management a personal, a navíc bude navržena organizační struktura. Marketingový plán bude reprezentován marketingovým mixem 4P (Product, Price, Place, Promotion). Konečně se finanční analýza provede analýzou nákladů na zahájení činnosti, platy zaměstnanců a fixních nákladů. Přehled výkazu peněžních toků, bod zvratu a doba návratnosti bude provedena prostřednictvím předpokládaných prodejů.

Klíčová slova: podnikatelské plánování, gastronomický průmysl, organizační plán, SWOT, administrativní plán, marketingový mix 4P, peněžní tok, doba návratnosti

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1 Introduction

The aim of the bachelor thesis is to create a business plan for a Cat Café Catissimo in Prague. The author has an experience with such type of café and finds it interesting for himself to open own company in gastronomic industry. In addition, through the statistics it was found that in Czech Republic among the population the expenses in restaurants exceed the expenses on clothes, communication and health.

The bachelor thesis is divided into two main parts: theoretical and practical. In the first part the author defines the structure of the business based on literature research, in the second, practical part, the business plan is done according to the knowledge gained in the theoretical part.

The practical part starts with the definition of business and types of businesses. The following chapter says about business plan itself, the purposes, keys for effective writing, structure of business plan and clear description about every part.

Then it goes with detailed description of organizational plan, which includes description of the business, mission, vision, location, SWOT Analysis, management and personnel. The competitor, customer, marketing and financial analysis all the frameworks explained with a special attention to the details.

The practical part is the realization of knowledge gained from the theory on a real Cat Café Catissimo. The author created the work with all requirement in the theory. The author starts with a small description of the company. What kind of goals need to be done for the nearest future. The visual picture, disadvantages and advantages of chosen location are noted. The author defines the direct and indirect competitors. At the end, the competitive benchmarking is created. The customer analysis is done through geographical, income and preference characteristics. The marketing plan starts with explanation of products, prices and finally, promotion policy is taken into account.

The last part – financial plan – contains detailed calculation of investment costs, employee costs, fixed costs, cost of goods sold, predicted sales and cash flow statement.

2 Objectives and Methodology

2.1 Objectives

The business plan aims to develop the business plan for Cat Café in Prague. To develop such strategy to be social useful and profitable at the same time.

The main aim of theoretical part is to find suitable literature and collect an information about business and business planning as much as possible.

The practical part is about the application of theoretical knowledge. To create a realistic business plan in accordance with all business requirements in Czech Republic. To find location, the right target audience, competitors' disadvantages, promotion and sales prediction – all goals of the second part.

2.2 Methodology

During the work the author uses the following methodology:

- To find the most suitable information for theory (literature research)
- To collect locations and to find the most suitable
- To compare the main competitors and find advantages and disadvantages of Catissimo
- To find strength and weak points of the company
- To find the most appropriate menu
- To compare prices
- To analyze statistical data for finding potential customers
- Statistical methods in calculating the expenses
- To conduct questionnaires' among youngsters on social media platform

3 Literature Review

3.1 Introduction to a business

Nowadays the business sector takes its own importance in our life. Small, medium and big businesses around us, influencing our lives directly and indirectly. All the process of buying, selling and production occur in our life every day. „A business is an organized effort of individuals to produce and sell, for a profit, the goods and services that satisfy society's needs” Pride, Hughes and Kapoor (2015). To be successful a business must perform 3 types of activities.

Figure 1 Activities for Successful Business



Source: Pride, Hughes and Kapoor (2015)

3.1.1 Organized Business

„For a business to be organized, it must combine four kinds of resources: material, human, financial and informational” Pride, Hughes and Kapoor (2015).

- **Material resources** – it is a material used for particular purposes in the process of manufacture.
- **Human resources** – people in organization who work for salary, benefits and bonuses.
- **Financial resources** – it is all about money resource for operating business activities (such as buying materials needed, paying salaries, cover costs etc.).
- **Informational resource** – shows to managers how effectively and efficiency combine human, material and financial resources.

3.1.2 Satisfy needs

The main aim of every business is to satisfy the needs of a special segmented group of people. *“People generally do not buy goods and service simply to own them; they buy goods and services to satisfy particular needs.”* Pride, Hughes and Kapoor (2015).

3.1.3 Earn Profit

All companies (does not matter if there are two employees or it is a company on a global level such as “Apple”) want to make profit. *“A business receives money (sales revenue) from its customers in exchange for goods and services. It must also pay out money to cover the expenses involved in doing business”* Pride, Hughes and Kapoor (2015). There are two types of companies: profit and non-profit organizations.

1. First type of business is **profitable** – the company is trying to cover all the costs and make the profit from the made decisions. Profit > Expenses
2. **Non-profitable** organization – primary goal of this type of organization is to provide goods and services for society (example: universities). Profit < Expenses, or they try to be at Break-Even Point, where Profit= 0

3.2 Finding a Business

Before starting business, an entrepreneur needs to make a decision among three alternatives: developing of the business, buying an existing business or buy a franchise.

- a. **Developing own business** – The main advantage of running an own business is an opportunity to create something unique; it can be some new product or service which is coming to the market, introducing unusual products. It is a free policy choice, goal, location etc. It can be understood for the person how works business through the personal experience. *“There are certain inherent risks in developing your own business. You have to start from scratch. You are responsible for choosing a legal structure, location and recordkeeping system. You must get licenses and premises. You develop you customer base, management and organizational systems, and marketing plan”* Pinson and Jinnett (2005)

- b. **Buying an existing business** – The advantages of this alternative is that an entrepreneur can spend less time to succeed. Usually the sellers are selling a business with customer base, management team, established suppliers' relationship. Pinson and Jinnett (2005) recommend *“When you find a business you are interested in, determine why it is for sale. There may be serious business problems such as a new competition, relocation of the primary customer base, obsolescence of a product line, or cash flow problems that have prompted the sale. Study the business and research its market carefully. Study the trends on specific business. Learn about the competition, surrounding neighborhood, local business community, and current customer base”*
- c. **Buying a franchise** – it is a license that can be purchased by everyone, it gives the rights to sell and promote well-know and already established and promoted brand. *“Franchising is a plan of distribution where an individually owned business in operated as a part of a large chain. The product and services offered are standardized. The company (franchisor) gives the individual dealer (franchisee) the right to market the franchisor's product or service and use the franchisor's trade name, trademarks, reputation, and way of doing business”* Pinson and Jinnett (2005)

3.3 Business Plan

Business plan is a written statement, which summarizes all company goals and purposes; it consists of explanation of the product and services, the way to achieve goals, evaluation of risks, analysis of competitors, financial requirement, building a team to achieve values. As defined by Flore (2005) *“a business plan is: 1. An organizing tool to simplify and clarify your business goal and strategy. 2. A selling document that sells your business idea and demonstrates that your product or service can make a profit and attract funding and or/company resources”*

3.3.1 Purpose of Business Plan

The most important reason of written business plan is that the company will have a guide to build a business based on objectives; it will help to avoid risks and uncertainty. The next reason of having a business plan is that it influential for investors and owners, especially, financial part, where all start-up requirements can be found, expenses and payback period. Bangs (2001) found out: “*Why should you go to the trouble of creating a written business plan?*”

1. *The process of putting a business plan together, including the thought you put before beginning to write it, forces you to take an objective, critical, unemotional look at your business project in its entirety.*
2. *The finished product – your business plan – is an operating tool which, if properly used, will help you manage your business and work effectively toward its success.*
3. *The completed business plan communicates your ideas to others and provides the basis for your financial proposal. “*

3.3.2 The key of Effective Writing of a Business Plan

Pinson (2000) fined key words for effective writing:

Figure 2 Keys to Effective Writing



Source: Pinson (2000)

3.3.3 Structure of Business Plan

According to Pinson (2000) the following list will show how business plan should be done step by step:

1. Cover Sheet
2. Table of Content
3. Executive Summary
4. The Organizational Plan
5. The Marketing Plan
6. Financial Documents

Bangs (2001) wrote more accurate explanation, and divided business plan into three main parts: concept, customer and cash (capital).

Figure 3 Outline of Business Plan



Source: Bangs (2001)

3.4 Executive Summary

Executive summary is a summarization of all relevant information from the business plan. It summarizes what type of business is it, what kind of goals should be achieved and the way to achieve them. For an investor and banks who provide loans is extremely important to see such things as executive summary that contains all start-up expenses, payback period and profit. *“Although the executive summary appears near the front of the plan, it is most effectively written after the rest of business plan is complete. At that time, your concepts will be well-developed, and all the information and financial data needed will be available”* Pinson (2000)

- 1. If your business plan for internal use only and you are not seeking funds.** In this case an entrepreneur will need to pay attention more on goals of the company and the way to achieve them.
- 2. If you are seeking funding.** In this type of executive summary, a person should pay more attention on details that are important for investors or bankers. *„A lender or investor reading only the executive summary should quickly see the name, age, legal structure, location, nature, and uniqueness of the business. The executive summary would include the amount and purpose of the loan or investment request, timing needs, justification for financing, and a repayment statement (lender) or statement of potential return on investment (venture capitalist)”* Pinson (2000)

3.5 The Organizational Plan

The organizational plan of business planning is the most important sector. It is a detailed description of a business, the industry, employees and location. The organizational plan consists of:

Figure 4 Organizational Plan



Source: Pinson (2000)

3.5.1 Description of Business

The main goal of this section is to explain what type of business it is, what are the main strengths and weaknesses, goals and the way to achieve them.

Description of business goals.

- Business goal is a necessary part of every business planning. It shows how does the company see itself in a few years. The goals divided into financial and non-financial. Financial is about to increase sales volume by 7% during the next year, Non-financial is to improve the quality of the product, to reach more of customer satisfaction. *“Goal it usually means a general aim in line with the mission. It may will be qualitative in nature”* Johnson, Scholes and Whittington (2005)

Mission and vision statement

- “A mission is a general expression of the overall purpose of the organization, which, ideally is in line with the values and expectations of major stakeholders and concerned with the scope and boundaries of the organization. It is commonly answering the question “What business are we in?” Johnson, Scholes and Whittington (2005)
- “A vision or strategic intent is the desired future state of the organization. It is an aspiration around which a strategist, perhaps a chief executive, might seek to focus the attention and energies of members of the organization”

Johnson, Scholes and Whittington (2005). The vision statement answers the question “What we want to achieve?”

SWOT Analysis

- SWOT is an analysis of a key internal (control) factors and external (non-control). In the following example Pinson (2000) shows a right way to build SWOT analysis table:

Table 1 SWOT Analysis

Strengths		Weaknesses	
1.	<i>Do you have a proprietary product/technology?</i>	1.	<i>What aspects of the operations of the business can be improved upon?</i>
2.	<i>Do you have a superior location?</i>	2.	<i>What aspects of the products and/or services can be improved?</i>
3.	<i>Do you have a unique business model?</i>	3.	<i>Is the location of your business a problem?</i>
Opportunities		Threats	
1.	<i>Are there any markets that are not being served with your products and/or services?</i>	1.	<i>Are there any new competitors emerging?</i>
2.	<i>Are there any emerging niche segments within your industry?</i>	2.	<i>Are the prices of your competitors going up or down?</i>
3.	<i>Are there any changes in technology that could be beneficial to you?</i>	3.	<i>Are competitors introducing new product and/or service to the marketplace?</i>

Source: Pinson (2000)

3.5.2 Location

Pinson (2000) wrote if location is not the main marketing advantage and the person is not an indirect seller the description of location should be written in the sector of organizational plan. However, if the sale of the product and service is going directly to customers (retail store) it happens to be better to explain the location in marketing plan sector.

Pinson and Jinnett (2005) note „*Your most important consideration in choosing a location is your ability to satisfy your target market.*

- *Retail stores and restaurants have to be located where customers can reach them easily and safely.*

- *Service businesses such as exterminators and landscapers who go to a client's site can be more flexible in location choice.*
- *Manufacturers may find locations remote from the customer base to be the most cost-effective because of availability of raw materials, availability of labor, taxes, regulations, and overhead costs.*
- *You may have discovered that your market expects to order via fax or over the Internet. Make sure the site you choose is appropriate for your market."*

3.5.3 Legal Structure in Czech Republic

This sector of business plan should describe legal structure of the company. Pinson (2000) recommends writing the names of owners and corporate employees. If there is a plan to change a legal structure, it will be beneficial to note it in this sector. There are three main forms of legal structure:

- **Partnership veřejná obchodní společnost „v.o.s.“** - the enterprise type when business is owned and operated by several individuals. *„If you have formed a partnership, explain why the partners were chosen, what they bring to the company, and how their abilities complement each other.”* Pinson (2000)
- **Corporation společnost s ručením omezeným „s.r.o.“** - *„The corporation is the most complex of the business structures. A corporation is a distinct legal entity; separate from the individuals who own it. It is formed by the authority of the state government, with approval from the secretary of state. If business is conducted in more than one state, you must comply with the federal laws regarding interstate commerce. Federal and state laws may vary considerably.* “Pinson and Jinnett (2005)
- **Join-Stock Company akciová společnost „a.s.“** – *“Joint Stock Company is company with basic capital allocated on certain number of stock. Joint Stock Company is legal title of cleanly capital company almost without any personal elements”* Czech.Cz

The following table shows the basic information of business types in Czech Republic:

Table 2 Basic comparison of the type of corporation

Type of business	Czech Name, abbreviation	Minimum Required start-up capital	Minimum Required number of funders	Financial Liability
Unlimited partnership	veřejná obchodní společnost, v.o.s.“, „veř. obch. spol.“ or a name of a partner + „a spol.“	CZK 0	2	Unlimited liability
Limited Liability Company	<i>společnost s ručením omezeným</i> , „s.r.o.“, „spol. s r.o.“	CZK 1	1	Partners have limited liability to the extent of their unpaid contribution
Join-Stock Company	<i>akciová společnost</i> „a.s.“, „akc. spol.“	CZK 2.000.000 or 80.000 EUR	1	Shareholders are not personally liable for the company's obligations
Cooperative	<i>Družstvo</i>	CZK 0	3	Members meeting, statutory body – Board of Directors, Auditing Committee, others according to the statutes (small cooperative – only Members Meeting and President)

Source: BusinessInfo.cz

3.5.4 Management and Personnel

In this section of business plan all the management team and personnel should be listed, it is important to write here the responsibilities and job description of all employees, working hours and salary that is needed for the financial plan. Additionally, the plan of benefits and how workers will be motivated has to be described. “According to various studies of factors involved in small business failures, 98 percent of the failures stem from managerial weakness. Two percent are due to factors beyond control of the persons involved.” pointed out Bangs (2001).

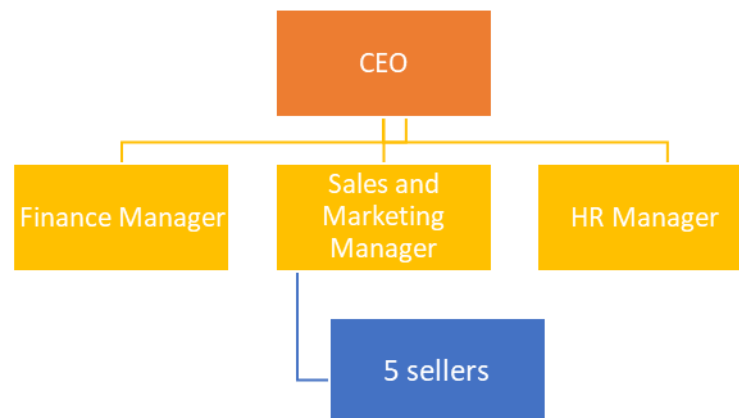
Table 3 Managerial and Non-Managerial Workers

Management	Personnel
<ul style="list-style-type: none"> • What are the key areas of management in the business? • What outside help will I require? 	<ul style="list-style-type: none"> • How many employees will be needed so the company will operate efficiently? • What jobs will you need them for? • At what stage in the business will they be hired? • What qualifications/experience will they need to have?

Source: Pinson (2000)

Organizational structure shows clear hierarchy of activities, who coordinate, control and report. At the same time, it shows how information and communication sharing between all people in the organization looks like. Organizational chart is a visual representation of organizational structure.

Figure 5 Organizational Chart



Source: Own

3.6 Competitor Analysis

It is extremely important for every organization to know direct and indirect competitors. An entrepreneur before running an own company should examine all strengths and weaknesses of competitors. Here are few steps of competitors analyzing:

1. Find companies who sell/produce the same product/service as you
2. Find their web-site
3. Compare prices
4. How they attract people?

5. What are their weaknesses?
6. Create competitive benchmark (example will be shown in the table below)

Table 4 Competitive Benchmarking

Customer Seek		Competitive Offers	You Offer
Quality			
Exclusivity			
Product Line			
Delivery			
Location			
Credit Cards			
Information			

Source: Bangs (2001)

3.7 Customer Analysis

Customer Analysis is a crucial part of every business plan. Every company should show who they are producing and selling their products and services for. It is better to make a segmentation of customers for better understanding of target group. Customer segment means finding a group of customers with the same needs and preferences. Company's target market should be defined in terms of geographic, demographics and psychographics characteristics.

- Geographic – the type of segmentation based on geographical area.
- Demographics – *“refers to such characteristics as age, income, gender, education, race, material status, family size, occupation, culture, religion, job requirements, socioeconomic status and leisure activities”* Gerson and Shotwell (1991)
- Psychographics – *“Psychographics examines lifestyles: where people spend their vacations, where they shop, how they spend their disposable income, what sports they participate in or watch, which clubs/organizations they join, and more.”* Pinson (2000)

After conducting customer analysis, Gerson and Shotwell (1991) recommends summarizing all details into following table:

Table 5: Target Market Characteristics

Characteristic	Primary	Secondary
Location		
Age		
Income		
Marital Status		
Family Size		
Social Class		
User Status		
Benefit Sought		

Source: Gerson and Shotwell (1991)

3.8 PEST Analysis

PEST Framework is a common technique of macro-environmental analysis and examine how external factors can influence an organization. By external factors it is explained **P**olitical, **E**conomic, **S**ocial and **T**echnological.

Political factors include political stability/instability, employment law, taxation policy, corruption level, government support of industry. *“The political environment is a highly significant consideration to a business especially if it is a foreign company where in general, political support is essential for the success and penetration of the market. A country may restrict foreign business activities within the political boundary which should be of a greater concern.”* Perera (2017).

Economic Factors – the factors that affect an organization from the economic point of view. For example: interest rate, inflation rate, exchange rate, income level, unemployment rate, population growth. *“When the economic factors are favorable, the risk of survival is ensured and where the economic conditions are unfavorable, the industry is unattractive for new investment, growth, and survival. To ensure customer purchases supported by favorable economic conditions such as income, attitudes should be identified.”* Perera (2017). If an organization is international or dealing with foreign companies the differences in exchange rate and tax rate will affect the company.

Social factors include demographic, lifestyle, purchase behavior, education level, religion, population growth rate. *“Knowing the characteristic of a population (demographics, age distribution, etc.) in order to understand its buying behavior is essential to conquer a market. Moreover, history – roots and traditions – as well as religious and socio-cultural influences (fashion, media, means of communication, etc.)*

allow the company to refine their analysis of the specific needs of the individuals involved.” Marmol and Feys (2017)

Technological Factors include government focus on technological effort, 3D technology, speed of Internet, new technologies, automation. *“Today, many experts are busy working in every corner of the planet, seeking to revolutionize existing processes. While some of these findings are not likely to influence the target market, other have the potential to completely change all norms. The internet revolution came as surprise to many managers, and those who anticipated its increased use gained a significant competitive advantage.” Marmol and Feys (2017)*

3.9 Marketing Mix

The most important thing is to introduce such a product that will attract an interest of some particular group of people. Provide a place that will make it more available for people who visit it regularly and set a price at a level that matches the values.

3.9.1 Product

The first P of marketing Mix will show a description of what company sells to customers. In this section of marketing plan all benefits of your products need to be explained, why people should buy it and what is the difference between competitors.

- If you are the manufacturer and/or Distributor of a products – Pinson (2000) recommends *“Give a detailed description of the development of your products from raw materials to the finished item. The development of a flow chart or time line can help you to identify the various stages of research and development and production”*
- If you are a retailer – *“Describe the products you sell and provide information about your primary and secondary sources of supply. Describe your product selection process and explain why specific suppliers or vendors were chosen.”* – Pinson (2000)

Randazzo, G (2014) explains how the process of developing new product should be done:

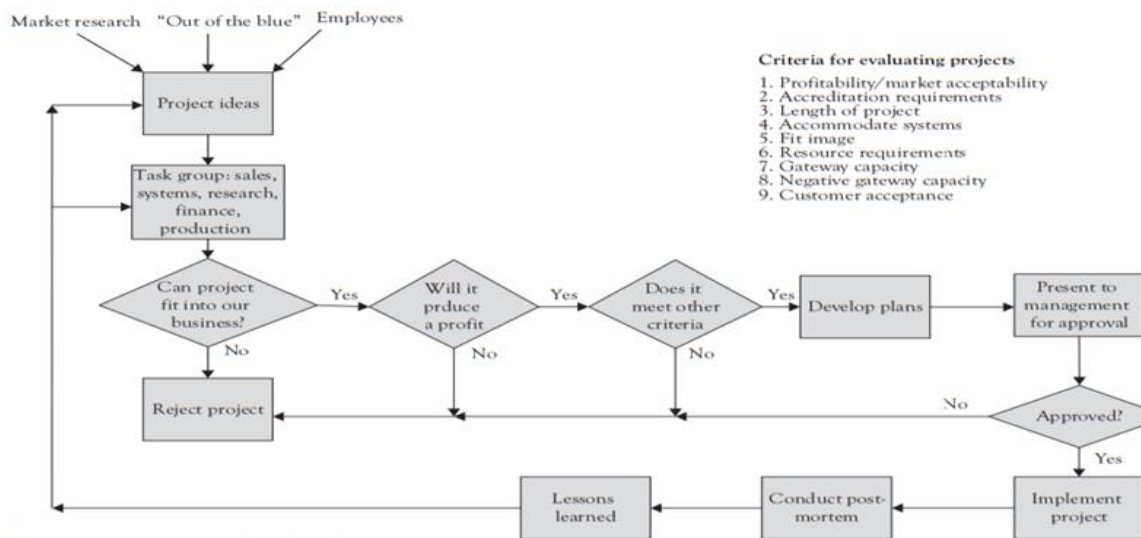


Figure 8.1 New product development process

Source: Copyright GWR Research. Reproduced with permission.

3.9.2 Price

An entrepreneur needs to set the price at such level to make it profitable and also make a customer to be ready to pay that amount. There are 2 important factors to pay attention at: price ceiling and price floor.

1. **Price ceiling** – it is a price that customers are willing to pay. “*This is the customer’s perception of what you have to offer and, often, this amount has been set by the competition. Market research will help you arrive at that figure. Your questionnaires and interview feedback will show what a customer will expect to pay.*” Pinson and Jinnett (2005)
2. **Price floor** – it is taking into account the costs. “*This means you must take into account all of the operating and other expenses of the business. Evaluation of your costs and expenses allows you to establish a price floor, the price below which you cannot sell and make the necessary profit.*” Pinson and Jinnett (2005)

The Economic Times (2019) defined four main types of pricing strategy:

- **Premium Pricing** – By this strategy, the company sets high prices and usually sells unique products, which makes them different from the competitors. “*Example: Porche in cars and Gillette in blades*“ The Economic Times (2019)
- **Penetration Pricing** – using this type of strategy, company (mostly a new one) sets lower prices for a product to be competitive, with a gradual price increase in the

future. “*Example: Mobile phone rates in India; housing loans etc*” The Economic Times (2019)

- **Economy Pricing** – With this strategy company do not use marketing, that makes prices lower and customers purchase product without frills. “*Example: Friendly wash detergents; Nirma; local tea producers*” The Economic Times (2019)
- **Skimming Strategy** – by such a strategy company sets prices on the higher level and when competitors introduce the same products the prices are being decreased. “*Example: the earliest prices for mobile phones, VCRs and other electronic items where a few players ruled attracted lower cost Asian players.*” The Economic Times (2019)

3.9.3 Promotion

Promotion is the most expensive instrument in marketing strategy, but if one will find a proper promotion strategy it can be the most important competitive advantage. The promotional mix consists of different main parts:

- “**Advertising**, which is paid media placements, is the one people are most familiar with. The next is public relations, which includes all publicity efforts.
- Many people think that **public relations** are free, but there are costs in staff time, program development time, and meeting the media.
- The third part of the promotional mix is **personal or direct selling**, which includes both face-to-face visits and telephone sales.
- The last part is **sales promotion**, which has to do with all your efforts to move your product or service at a discounted or special price.” Gerson and Shotwell (1991)

3.10 Financial Plan

In case when an entrepreneur seeking for investors or bank loan, then this part of business plan will be the most significant. Pinson, L (2000) introduces the part from financial part:

- Summary of financial needs
- Cash Flow Statement
- Sales Forecast
- Breakeven Analysis

3.10.1 Summary of Financial needs

The first step in financial plan is a calculation of start-up expenses which is needed to be operated in the organization. What will be the price to buy or rent a space, expenses for equipment, security program, first salary, office furniture. Financial part needs to be clear and explained in detail.

3.10.2 Cash Flow Statement

Cash Flow Statement shows disposable income of an organization. “A cash flow deals only with actual cash transactions. Depreciation, a noncash expense, does not appear on a cash flow. Loan repayments (including interest), on the other hand, do, since they represent a cash disbursement.” Bangs (2001). The statement shows how cash flow in and out inside the company. “The cash flow statement should be prepared on a monthly basis for the next tax year of your business” Pinson (2000). The following steps are recommended by Pinson (2000) for planning cash flow statement:

- **Revenue projections** (product and service)
- **Inventory purchased**
- **Variable** (selling) **expense** budget (with marketing budget)
- **Fixed** (administrative) **expenses**

3.10.3 Sales Forecast

Predicted sales (when one starts a business) is the most important platform for financial plan. Bangs (2001) recommends forecast sales from 3 different point of views: positive, real and negative. In other words, no one can predict only one scenario, pessimistic, realistic and optimistic ways of business development should be considered.

Table 6 Sales Forecast

Sales:	Low:	Most Likely:	High
Product and Sales 1			
Product and Sales 2			
Product and Sales 3			
Produce and Sales 4			
Total Sales			

Source: Bangs (2001)

3.10.4 Break-even Analysis

Break-even Analysis shows the point when an organization avoids losses and when profit is equal to zero. It can be expressed in:

- Total dollars of revenue
- Total units of production

Mathematically Pinson (2000) expresses Break-even Point like: “***Break-even point = Fixed Costs + [(Variable costs*Est. Revenue) * Sales***”

- Fixed Costs – costs which are independent on volume (for example: rent, internet, salary)
- Variable Costs – costs which are depended on volume (for example: cost of goods sold)
- Estimated Revenue – income
- Sales – “*volume of sales at breakeven*” Pinson (2000)

4 Practical Part

4.1 Executive Summary

The document describes a business plan for Cat Café based in Prague. Catissimo is a new cat café with anti-café structure and cats are in every corner. The main goals of the project are to provide home for cats, to provide high-quality and safe product, and to be profitable, at the same time to participate in charity.

Catissimo specializes mainly on anti-café basis; it means that the customers will pay an entrance fee (the price includes communication with cats and drinks/candies/cookies). In addition, to be profitable, the author decided to introduce special menu of desserts, drinks and paninis for additional payment.

The café by itself will be located in the very center of Prague with easy transport accessibility. The company will start with 3 main employees: CEO (who will be responsible for all the processes in the company), waitress and cleaners.

The company will start to operate in 2019 in June with start-up costs of 658 580 CZK.

4.2 Organizational Plan

4.2.1 Description of the company

The *Catissimo* Café is a new company in gastronomy industry that provides to the customers an opportunity to communicate with cats right in the café, with coffee and cakes. The goals of the company are to provide high-quality service, to bring pleasure not only to visitors, but also to animals, to be at the same time socially useful and profitable. More goals that are accurate will be given below:

1. To provide a home to homeless cats (in plan to take kittens from shelters)
2. To provide customers safe communication with animals
3. To provide good experience for people with gastronomy industry
4. To participate in charity
5. To reach 15% loyal customers during 2 first years
6. To be in break-even within 1 year
7. To build strong relationship with suppliers
8. To focus not only on local customers, but also try to attract tourists
9. To find weaknesses of our competitors and try to be better

4.2.2 Mission Statement

Our mission statement is to create a friendly atmosphere environment, where people can enjoy coffee, snacks and desserts, being free to communicate with our cutie cats. One of the most important things to do is to give a place to live for homeless cats giving them a piece of freedom and happiness. At the same time, these cats will make happy the visitors. Our company provides the highest quality service with respect to customers, competitors and employees.

4.2.3 Vision Statement

We want to be comfortable and welcoming place, where our customers will enjoy their time. We want to be a place that is physically and emotionally relaxing after hard-day/week for every other visitor.

4.2.4 Location

The *Catissimo* Café will be located in the very crowded place of downtown. The rented place will have 71 square meters with two large rooms and kitchen, toilet and storage. The building is located on Zitna Street. It makes easier an implementation of one of the goals as attracting tourists. There are many hotels and apartments located close by. Considering all the pros, we should also pay attention to one of the disadvantages, which is many indirect competitors in the area of Zitna/Stepanska street.

The following pictures will show visual representation of cafe:

Figure 6 Example of Space



Pronájem restaurace 704 m²
Praha 2 - část obce Vinohrady
214 720 Kč za měsíc (305 Kč za
m²/měsíc)

Source: *Sreality.cz*

Figure 7 Example of Space



Source: Sreality.cz

Figure 8 Example of Space



Source: Sreality.cz

After analyzing the prices in Prague 1 and Prague 2 in February, approximate price for square meter is 380 CZK. The required space for our café is 75 m² therefore the price will be about 28500 CZK.

The room will be reconstructed with all the requirements of the café. *Catissimo* is not just a usual café. There is a plan to create an enabling environment for cats, as they need to have their own small room, where they can eat and sleep. Special equipment for cats will be also provided as one of the most important needs.

4.3 Legal Structure

It was decided that The *Catissimo* Café will belong to the limited liability company “*Cat Café Catissimo*” s.r.o. One of the reasons for this is that the author does not have a special gastronomic education, also he wants to run the business without any partners.

Finally, as it was found in the theoretical part the minimum required start-up expenses in such type of company equals to 0. The author will be the main owner of the company and his father as a source of funds to run the business.

4.4 Management and Personnel

The management and personnel are divided into external and internal. The internal is CEO, waiters/waitresses and cleaners. Externals are veterinary, accountant, web-designer.

4.4.1 Internal Employees

CEO

The Chief Executive Officer in the company will be the owner. As long as the company is new and small, the owner of the company will be responsible for all the processes in the company. The responsibilities of CEO:

- To prepare all the necessary documentations to set up the company in gastronomy service
- To coordinate all activities within the company
- To communicate with partners
- To control the budget (to do the analysis of expenses and revenue)
- To control resources of the company (if there are enough cakes for today? Is there is a need to buy cups for coffe?)
- Motivate and encourage employees
- To set prices and loyalty programs

Waiters/Waitresses

There will be only one waiter/waitress per every single day. The salary will be calculated in accordance of average salaries in Prague per hour. The responsibilities of waiters/waitresses:

- To welcome guests
- To prepare the table with all the standard requirements
- To refresh “sweet bar”
- To tell about the additional menu
- To accept orders
- To prepare drinks

- *Catissimo* will have a structure of “anti-café” payments, the waitress will be needed to count hours/minutes and quickly prepare invoices for people.

Cleaner

One of the most important things in this type of café is its cleanliness. That is why there is a big importance of a good cleaner. The main responsibilities are to keep the café clean.

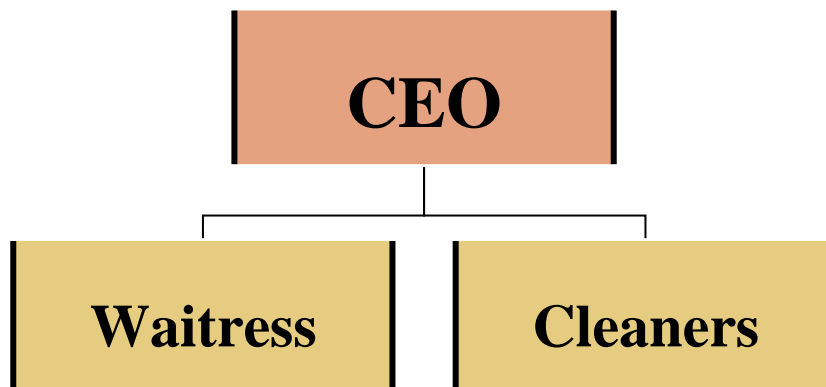
4.4.2 External employees

1. Veterinary – due to the reason that the café is dealing with cats, it is extremely important to provide them with an appropriate medical care. The author decided to have an external veterinary who will be coming to café once per week to check the health of cats and take them to the veterinary clinic in case of needed vaccination or unhealthy situations.
2. Accountant – as we are new company, the owner will be responsible for the whole accounting processes, but at the end of every month, a professional accountant will prepare a detailed report.

With our well-qualified staff, we will try to create a friendly atmosphere not only for potential customers, but also among our colleges. Team-buildings, motivational programs, special trainings, courses for learning language will be created.

4.4.3 Organizational Structure

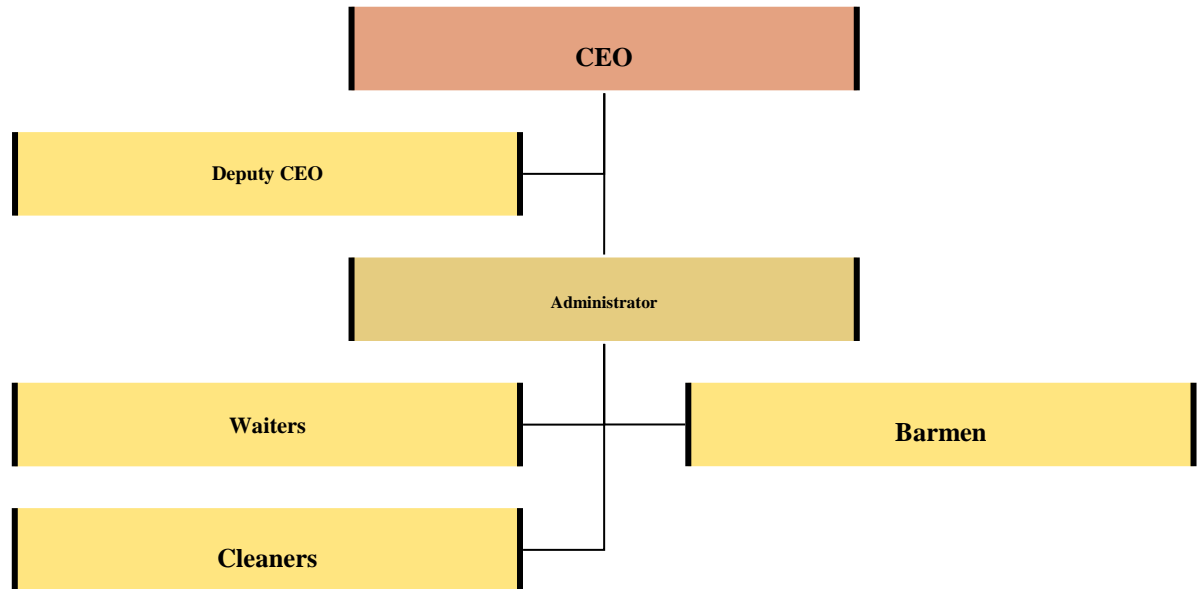
Figure 9 Organizational Structure of Catissimo



Source: Author

As in all ambitious organizations we are planning to expand in the future, within 2 year we would like to increase our employees' team and to have CEO Deputy. Administrator who will be responsible for all workers and product manager.

Figure 10 Future Organizational Structure of Catissimo






Source: Author

The Deputy of CEO will help to the owner with official documentations, cooperation with partners. Administrator will help more with café by itself and employees.

4.5 Competitor Analysis of *Catissimo*

There are 4 different cat cafés that have been founded in Prague. In the following table, there is an information about all direct competitors. The author would like to consider and make an analysis of each of them. At the end will be found some new ways to improve the place in compare with potential competitors.

Table 7 Main Competitors of Catissimo

<p>Kočkáfé Freya</p>	<p>It is the first cat café founded in Prague in 2014. Located in the area of Žižkov region. The offers are coffee, lemonades, wine and desserts.</p>	
<p>Kavárna Kočičí</p>	<p>The cat café located in Karlín Region. Drinks and desserts and as additional vegetarian food are offered in this place.</p>	
<p>Kočičí Kavárna na Smíchově</p>	<p>The third our competitor is located in Smíchov region. The customers can order drinks, desserts, panini and soups.</p>	
<p>Social Point (Cat Café)</p>	<p>The Social Point is the only one from all of our direct competitors who has the same structure as anticafé. The café is located in Prague 2 and offers drinks, cookies and muffins with the exit payments.</p>	

Source: Author

4.5.1 Competitive Benchmarking

In accordance with David Bangs Recommendations, the author prepared the table with compared points

Table 8 Competitive Benchmarking

	<i>Catissimo</i>	<i>Kočkářé Freya</i>	<i>Kavárna Kočičí</i>	<i>Kočičí Kavárna na Smíchov</i>	<i>Social Point</i>
Location	Prague 1 – Žitná	Prague 3 - Žižkov	Prague 8 - Karlín	Prague 5 - Smíchov	Prague 1 – Gorazdova
Line Product	Hot/Cold Drinks, Cookies, Candies, Special designed menu	Hot/Cold drinks, Vine, Desserts (cakes, pies, croissants, muffins)	Hot/Cold drinks, Desserts, Vegetarian food	Hot/Cold Drinks, desserts, soups, paninis	Hot/Cold drinks, Muffins, Cookies, Candies
Type of the café	Anti-café	Usual café	Usual café	Usual café	Anti-Cafe
Quality*	Not-given	4.7	4.4	4.5	4.5
Web-site	yes	yes	yes	No (FB Page)	yes
Information	About us, mission/vision, our team, our cats, reservations online, menu, gallery, reviews, contacts	About us/our fluffy friends/Gallery/Cont acts	About us, our services, team, cats, gallery, offers, contacts, partners, e-shop		About us, guests, team, contacts
Transport Accessibility	I.P Pavlova	Lipanská	Karlinské náměstí	Švandovo divadlo	Jiráskovo náměstí

*quality is compared with the given rate on google.com

Source: Author

To sum up, the main disadvantage of the Catissimo is that we are a new in the Czech Cat Café market, all our competitors operate for a long time and they have loyalty customers. The next, is a low variety of menu, we have only desserts, but we do not have any hot food offers. All the cons that we might meet can be converted into an opportunity, as for instance, expanding the menu is one of our big plans for future.

One of the advantages of our company is that we can learn based on the mistakes of our competitors. According to my personal observation the most common negative reviews on Google are:

1. Not polite staff
2. Not fresh food
3. Smell

In addition, the company has many indirect competitors. We provide homemade atmosphere with desserts and if we just look around there are many places with such concept. Café Arte, Kavárna Bila Brána, and Mamacoffee. McCafe, Ovocný Světozor, Costa Coffee, Starbucks all this well-known companies some of them are international brands, they all are considered as our indirect competitors. Here are some of the threats for us: dog lovers or those who love any other pets will prefer a usual café with cakes and coffee).

4.6 Customer Analysis

4.6.1 Cat lovers

Usually in such type of café customers are cat lovers. According to the statistical data in Czech Republic 51% of residents have pets (said idnes.cz). It comes as a big advantage, because the majority love pets.

Among the 49% who do not have, there are people who have an allergy; some of them do not prefer to live with animals and certainly, those who cannot afford taking care of pets. As the same time people who cannot afford to have pets are one of the potential customers, because such type of café gives them a chance to communicate with lovely pets.

Out of 51% who have any pets 42% of them have cats, it makes them our potential customers as well. It does not matter that they have own cats at home, usually people who love cats will spend with a big pleasure their time with any other breed that they don't know. Our café offers many cat breeds, and if you are a cat lover, it will be interesting for you.

4.6.2 Geographic

Table 9 Population (31.12.2007)

Prague	1,188,126
Brno	366,680
Ostrava	309,098
Pilsen	169,392

Source: Český Statistický Úřad

The main potential customers are the residents of Prague (since our operation is located in Prague). Due to the reason, that we are located in the very city center and our nearest tram stop is I.P. Pavlova or Štěpánská it is easy to find us for everyone. No doubts, people from Karlín, Smíchov will prefer the same type of café but nearby.

I highlighted the residents from other cities as long as they are our secondary customers. Families from Brno, Ostrava usually come to Prague for their holiday.

4.6.3 Age/gender

For this kind of cafe, gender is not the main point in customer analysis. The following table

Table 10 Population by ages (31.12.2007)

Age group	Prague	Brno	Ostrava	Plzen
0-14	12,2%	12,9%	14,3%	12,7%
15-24	11,7%	12,1%	13,3%	12,0%
25-29	8,9%	8,3%	7,9%	8,2%
30-49	29,1%	28,3%	29,4%	28,1%
50-64	22,5%	21,8%	21,0%	22,5%
65-69	4,3%	4,8%	4,7%	5,0%
70-79	7,3%	7,6%	6,3%	8,0%
80+	4,1%	4,1%	3,0%	3,4%

Source: Český Statistický Úřad

Our potential customers are highlighted in orange color; the main audience will be families with children. Grey color shows the age of people who we suppose as our secondary customers, because adults in the age of 16 to 24 usually prefer fast food, pizza and bars. Definitely, we will try to come up with such a marketing strategy to be attractive within all the ages. For students we will prepare special discounts with ISIC cards, for people over 70 will be special prices. Family offers will be taken into account as well.

4.6.4 Income

Our potential customers are middle-class income; our prices will be created in accordance with average prices in Prague and what is affordable for Czech people. “Czech consumers are traditionally price-sensitive, but the importance of quality is becoming increasingly important “said Santander Trade Portal.

Czech residents have an uprising trend of eating outside what comes as a good opportunity for us. The following Table will confirm my words:

Table 11 Expenses, Czech Crowns, Millions

Year	2014	2015	2016	2017
Total Expenses	2.124.733	2.206.438	2.226.450	2.448.401
Housing, water, electricity, gas and other fuels	552.782- 26,01%	571.538- 25%	589.316- 26,4%	622.298- 25,41%
Food and non-alcoholic beverages	345.820- 16,2%	354.800- 16%	368.679- 16,5%	398.448- 16,2%
Transport	205.392- 9,66%	211.913- 9,6%	222.221- 9,98%	246.409- 10,06%
Restaurants and hotels	182 344-8,5%	191.805 – 8,6%	202.697-9,10%	220.124-9%
Alcoholic beverages, tobacco	175.9798- 8,28%	184.942- 8,38%	190.156- 8,54%	196.911- 8,04%
Clothing and footwear	70.026- 3,29%	74.574- 3,37%	80.912-3,63%	91.284-3,72%
Communication	60.768- 2,86%	61.913- 2,8%	64.157- 2,88%	66.316- 2,70%

Source: OECD.Stat

According to the analysis of previous years, we can see increased expenses on restaurants and hotels what cannot be a disadvantage for us. In the table below, we can see that expenses on restaurants are higher than on clothing and communication.

As our secondary customer, we are taking into the consideration tourists. It is obvious that there are many hotels and apartments around our location, because this location is one of the popular rental places. Attracting these tourists will be a part of our promotion strategy.

4.8 Marketing Mix

4.8.1 Product

The main idea of our product is a friendly café with the concept of anti-café where a person can spend his/her time surrounded with cats. The idea of anti-café will be represented in the way that our customers will pay at the exit depending on the time spent. Within this time, they can use all offered products for free.

Our Menu

Table 12 Our Menu

Espresso	Free
Cappuccino	Free
Latte	Free
Tea	Free
Water	Free
Juice	Free
Cookies	Free
Candies	Free

Source: Author

Additional Menu

If you would like to eat something additionally you can choose from our special menu with a cat's design.

Table 13 Additional Menu

1. Cupcakes with cats



2. Cookie pops



3. Cakes with cats (different taste)



4. Gingerbread Cookies



Source: Author, Pictures by 1. Cupcakes gallery, 2. Cat Cake Pops, 3. Cake geek magazine
4. Cookie Catablog

Table 14 Additional Drinks

1.Hot Chocolate



2.Milkshakes



3.HOMEMADE Lemonad



Source: Author, Pictures by 1. Wide open eats,2. Delish, 3. Recipe Savants

Panini

1. Panini with Ham and Cheese



2. Panini with Mozzarella and Pesto



3. Panini with Avocado and Dried Tomatoes



Source: Author, Pictures by 1 and 2. Key Ingredients 3. Vegetarian Times

Plans for the future

As it was found by author in the competitive benchmarking – one of the biggest disadvantages is a weak range of choices in the menu. In the nearest future, we are planning to introduce sandwiches, croissants with ham and cheese, yogurts

Cats

The main idea of our café is that cats are surrounding you everywhere, you drink coffee – they stay with you, you read a book they are coming to you, you play games – they play with you. The first goal is of course safety. Find a balance between the comfort of our cats and our potential customers. Special rooms will be built for cats in accordance of good living conditions, where customers cannot come, if they are tired or sick, they can be in their own area. For our customers we would like to find the most friendly and socialized cat breeds. According to the observation in the internet:

1. Siberian Cats
2. Maine Coon
3. Exotic Shorthair
4. Scottish Fold
5. Persian Cats
6. Russian Blue
7. Ragdoll

First, we would like to take care and provide a home to stray animals. The entire friendly cat breeds mentioned above are given for free at Bobis.cz. Our friendly place is planning to have 10 cats, all required vaccine will be provided, and our veterinary will take care of the health of our friends, both physically and psychologically. In addition, the food will be provided with the requirements of healthy conditions. Our café will be fully equipped with gaming complexes for cats. A camera will be set in a special room, where cats will be sleeping, and the owner will always have access to check if everything is good.

Antiseptics for hands will be located throughout café to maintain the highest degree of safety.

All our customers can play, touch and make photos, entertain with our cats and if they will post the photo with our cat and mention our place, they will have a small present (additional 20 minutes for free)

Web-site

Our official web-site will provide the whole information about the company. Visitors can find a detailed description of every cat (name, character traits and pictures). Mission and vision and small history about the company will be given. Reviews, photo gallery will help to our potential customers while making a decision to visit us.

Board games, books, PS 4

The wide range of board games, books in different languages and different PS4 games will be provided included in the price of stay.

Special offers

We will help to organize birthday parties or some special events. Additionally, we will be organizing such nominations as ‘Best FIFA player’ or ‘Best Monopoly player’, etc.

4.8.2 Price

The following tables will represent the prices in our café

1	Visiting Cat Café Catissimo	100CZK first hour + after 61 minutes – 2CZK/min
2	Visiting Cat Café for child under 3 years old	Free
3	Coffee	Free
4	Tea	Free
5	Cookies	Free
6	Candies	Free
7	Cold drinks	Free
8	Board games	Free
9	PS4	Free

1	Hot chocolate	55 CZK
2	Milkshake	65 CZK
3	Homemade Lemonades	50 CZK
4	Piece of cakes	63 CZK
5	1xCupcake	55 CZK
6	2xCookiepops	50 CZK
7	Pax of gingerbread cookies (5 pieces)	70 CZK

1	Cupcake box (4 pieces)	210 CZK
2	Cookie pop box (4 pieces)	180 CZK

1	Panini with Ham and Cheese	75 CZK
2	Panini with Mozzarella and Pesto	70 CZK
3	Panini with Avocado and Dried Tomatoes	70 CZK

The prices of Catissimo created in accordance with competitor’s analysis, costs and customers. The requirements of customers were found through questionnaires in social platform Instagram. The author came with a question ‘Do you consider 100 czk/hour acceptable for this type of institution?’ 50% of answers were yes. That is why it was

decided to make the enter price of 100 CZK for the first hour, since the rest 50% voted for no, we decided to put 1 CZK per minute for an additional time.

Picture 1 Questionnaire



Source: Author

4.8.3 Place

The Cat café Catissimo will use only one type of distribution – direct; our customers can enjoy the product only directly in our café.

4.8.4 Promotion

The author decided to use only online marketing. The reason is a lack of budget at the beginning and according to the personal opinion – online platform nowadays is the most effective.

Page on Instagram

Catissimo café will have a page on of the most popular social platforms – Instagram. Here we will share a lot of photos and videos, with cats, customers and menus. On Instagram page, we will promote special events and contests.

Web-site

On our personal web page, customers can find all the information in details. Reviews on website will be one of the most important marketing tools.

Page on Facebook

As it is known by everyone, Facebook is one of the social platforms with the largest audience and we would like to have a page with everyday updates pictures, information, menu, address and reviews.

Bloggers

Nowadays the promotion from bloggers became the most effective marketing instrument. For free exit the most popular Russian and Czech bloggers will share on their page (with a large audience) with photos and recommendations to visit.

4.9 SWOT Analysis

Table 15 SWOT Analysis for Catissimo

Strengths	Weaknesses
1.Unique concept (not usual café) 2.Transport Accessibility 3.Close to hotels 4.Affordable prices 5.Narrow potential customers 6.Participation in charity 7.Easy communication with animals 8.Cozy atmosphere 9.No loans	1.Difficult and expensive to equipped 2.Not a varied menu 3.Not unique company on the Czech Market 4.No experience in business 5.Staff need time to build a well-qualified team
Opportunities	Threats
1.Abilities to expand 2.To be attractive not only among local people, but also tourist (the number of tourists every year in Czech Republic extremely increase) 3.To expand the menu 4.Loyalty 5.Organization of special events for cat-lovers	1.A lot of competitors around the location 2.Dog lovers*

Source: Author

*According to my personal survey that was done in the well-known social platform Instagram it was found that 53% of people are dog lovers.

Picture 2 Questionnaire



Source: Author

4.10 Financial Analysis

4.10.1 Cost of goods sold

Table 16 Cost of goods sold

1	Cappuccino	30-40 ml espresso + 200 ml of milk	15,8 CZK
2	Espresso	40-50 ml espresso	17,85 CZK
3	Latte	50 ml espresso + 150 ml milk	22,77 CZK
4	Tea	Water + tea back	5 CZK
5	Cookies	50x	57,5 CZK
6	Croissants	30x	165 CZK
7	Candies with fruit filling	1kg	117,30 CZK
8	Candies coffe amo	100ks	263,35 CZK
9	Water	1 bottle	5,18 CZK

1	Hot Chocolate	100g + 50 ml milk	29 CZK
2	Milkshake	250 ml milk + strawberry/blueberry 150 g + ice cream 250 g	33,78 CZK
3	Homemade Lemonades	1l water + mint 20 g + lime 1 piece	17,06 CZK

The cakes, cupcakes and other additional things will be purchased from our partners for agreed prices.

1	Cakes (different taste)	350 CZK (10 pieces)
2	Cupcakes in boxes (6 pieces)	170 CZK
3	Cookie Pops (10 pieces)	180 CZK
4	Gingerbread cookies (20 pieces)	80 CZK

1	Panini with Ham and cheese	Panini bread + tomato + ham + cheese + arugula + paste	30,68 CZK
2	Panini with mozzarella and pesto	Panini bread + butter + pesto + mozzarella + tomato + basil	34,99 CZK
3	Panini with Avocado and Dried Tomato	Panini bread + cream cheese + avocado + dried tomato	39,26 CZK

Source: Author

The author was personally in Makro in February 2019. In accordance with prices for required products all the calculations were done. In addition, the prices were compared with kosik.cz, tesco.cz and rohlik.cz, but author decided to buy all the products in Makro, as long as the prices for the required product are more suitable. Author took into account the additional cost of goods sold such as napkins, salt, sugar and cups for coffee to take away, which is approximately 7.000 CZK per month.

4.10.2 Source of funds

The whole start-up expenses will be covered by the owner itself. The author (as owner) has 1 200 000 CZK and there is a plan to open a business without any loans.

4.10.3 Start-up Expenses

Table 17 Start-up Expenses Service

Service Expenses		
1	Rent	28 000 CZK
2	Kauce	56 000 CZK
3	Registration of the company	16 676 CZK
4	Web-designer	15 000 CZK
5	Logo, menu, business cards	50 000 CZK
Total		165 676 CZK

Source: Author

Table 18 Start-up Expenses Equipment

Equipment Expenses			
1	Computer	1	25 000 CZK
2	Small tables	11	5 489 CZK
3	Tables	3	6 000 CZK
4	Chairs	60	30 000 CZK
5	Sofa	2	12 000 CZK
6	Decor elements	-	30 000 CZK
7	Coffee Machine	1	52 000 CZK
8	Cash desk	1	15 000 CZK
9	Cat elements	-	40 000 CZK
10	Book shelf	1	999 CZK
11	Mirror	1	1290 CZK
12	Repair costs	-	150 000 CZK
13	PS4	2	20 980
14	Wi-fi router	1	780 CZK
15	Dish Expenses	-	15 000 CZK
16	Security/Cameras		45 000 CZK
17	Panini Maker Tefal	2	4 366 CZK
18	Other expenses		30 000 CZK
Total			483 904 CZK

Source: Author

The author would like to have 30.000 CZK as a risk expense. Usually when you open a business every day you have to buy something additionally, that you did not expect (pictures, chandelier and curtains as an example) and to be prepared for such unexpected expenses author took in stock 30.000 CZK

Table 19 Start-up Expenses Cat

1	Vaccine	6 000 CZK
2	Doctor control	3 000 CZK
3	Total	9 000 CZK

Source: Author

4.10.4 Staff Expenses

Table 20 Staff expenses

Internal Staff				
1	CEO	Fixed salary		20 000 CZK
2	Waitress*	110 CZK/1 hour	12:00 – 21:00	29 700 CZK
3	Cleaners	105 CZK/1 hour	10:00 – 12:00/19:00 – 21:00	12 600 CZK

*The author decided to hire 3 waitresses on brigade basis with salary 9900 CZK for each, and 2 cleaners on the same brigade basis.

		Health Insurance paid by employer	Social Insurance paid by employer	
1	CEO	1 800 CZK	5 000 CZK	26 800 CZK
Total				26 800 CZK

The table mentioned below shows the salary of CEO in accordance with Czech law with paid Health and Social Insurance. The calculations were made through calculator of net wages FinExpert.cz

External Staff				
1	Veterinary	1000 CZK/1 visit	4	4 000 CZK
2	Accountant	7 000 CZK	1	7 000 CZK
Total				11 000 CZK

Source: Author

To sum up the expenses for internal and external employee all together for 1 month will be **80 100 CZK**.

4.10.5 Fixed cost

Table 21 Fixed Cost

Fixed cost		
1	Rent	28 000 CZK
2	Internet/Telephone	1 200 CZK
3	Cat Expenses*	8 000 CZK
4	Security	2 700 CZK
Total		39 900 CZK

Source: Author

*Every cat consumes approximately 1200 gram of kibble per 1 month, for every breed we will need different types of dried animal fodder. By analyzing the prices on mujspokojenypes.cz, approximate price for the kibble will be 3600-4000 CZK. Also, cats

eat ‘kapsicky’ – liquid feed – it is 12-13 CZK for 1 bag – every cat eats 1 per day => per month 300 pcs => 3 750 per month.

4.10.6 Variable cost

Table 22 Variable Cost

1	Grocery per month	69 370 CZK
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Source: Author

Average price of cost of goods sold will be 69370 CZK for occupancy of 25%.

4.10.7 Total investment cost

Table 23 Total investment cost

1	Service Expenses	165 676 CZK
2	Equipment Expenses	483 904 CZK
3	Cat Expenses	9000 CZK
Total		658 580 CZK

Source: Author

The total investment cost including service, equipment and cat expenses will be 658 580 CZK.

4.10.8 Prediction of sales 1st Year (pieces)

Table 24 Predicted Sales for 1st Year (in pieces)

Month	Occupancy in %/day	Occupancy in setting place /day	Occupancy / months	More than 60 minutes
June	25%	11,25	40	11
July	27%	12,15	44	12
August	30%	13,5	48	14
September	27%	12,15	44	12
October	25%	11,25	40	11
November	20%	9	32	9
December	30%	13,5	48	12
January	25%	11,25	40	11
February	23%	10,35	37	10
March	25%	11,25	44	11
April	30%	13,5	48	12
May	35%	15,75	56	16

Month	Additional menu	Cupcake/cookie pops boxes	Panini
June	8	6	6
July	10	6	6
August	11	7	7
September	10	6	6
October	8	6	6
November	7	4	4
December	11	7	7
January	8	6	6
February	8	5	5
March	8	6	6
April	10	7	7
May	12	8	8

Source: Author

4.10.9 Sales Predicted in CZK

Table 25 Sales Predicted in CZK

Month	Days	Entrance price	More than 60 minutes	Additional menu	Boxes	Panini	Total
June	30	120 000	16 500	13 968	35 100	12 888	198 456
July	31	136 400	18 600	18 042	36 270	13 317	222 629
August	31	148 800	21 700	19 846	42 315	15 537	248 198
September	30	132 000	18 000	17 460	35 100	12 888	215 448
October	31	124 000	17 050	14 433	36 270	13 317	200 345
November	30	96 000	13 500	12 222	23 400	8 592	153 714
December	31	148 800	21 700	19 846	42 315	15 317	247 978
January	31	124 000	17 050	14 433	36 270	13 317	205 070
February	29	107 300	14 500	13 502	28 275	10 382	173 959
March	31	124 000	17 050	14 433	36 270	13 317	205 070
April	30	144 000	18 000	17 460	40 950	15 036	235 446
May	31	155 000	24 800	21 650	48 360	17 756	267 566
Total							2 572 879

Source: Author

Table 26 Average Prices

1	Average price for additional menu	58,2 CZK
2	Average price for boxes	195 CZK
3	Average price for panini	71,6 CZK

Source: Author

4.10.10 Cash Flow Statement 1st Year

Table 27 Cash Flow Statement 1st Year

Month	June	July	August	September
Income	198 546	222 629	248 198	215 488
Cost of goods sold	69 370	70 757	72 838	70 757
Fixed Expenses	39 990	39 990	39 990	39 990
Salary Expenses	80 100	80 100	80 100	80 100
EBIT	9 086	31 422	55 270	24 641

Month	October	November	December	January
Income	200 345	153 714	247 978	205 070
Cost of goods sold	69 370	65 902	72 838	69 370
Fixed Expenses	39 990	39 990	39 990	39 990
Salary Expenses	80 100	80 100	80 100	80 100
EBIT	10 885	-32 278	55 505	15 610

Month	February	March	April	May
Income	173 959	205 070	235 446	267 566
Cost of goods sold	67 983	69 370	72 838	76 307
Fixed Expenses	39 990	39 990	39 990	39 990
Salary Expenses	80 100	80 100	80 100	80 100
EBIT	-14 114	15 610	42 518	71 169

Total EBIT for 1st year	275 527 CZK
Income Tax 19%	52 350 CZK
CF1	223 177 CZK
Charity	5%
Decrepiation*	8 195 CZK
CF1	203 827 CZK

Source: Author

Table 28 Depreciation 1st group

Coffee Machine	2019	2020	2021	2022	2023
Depreciation	5 720	11 570	11570	11 570	11 570
Accumulated Depreciation	5 720	17 290	28860	40 430	52 000
Residual Price	46280	34 710	23 140	11 570	0

Source: Author

Table 29 Depreciation 2nd group

Cameras	2019	2020	2021	2022	2023
Depreciation	2 475	4 725	4 725	4 725	4 725
Accumulated depreciation	2 475	7200	11 925	16 650	21 375
Residual Price	42 525	37 800	33 075	28350	23 625
	2024	2025	2026	2027	2028
Depreciation	4 725	4 725	4 725	4 725	4725
Accumulated Depreciation	26 100	30 825	35 550	40 275	45 000
Residual Price	18 900	14 175	9 450	4 725	0

Source: Author

After taxation, the realistic scenario of Cash Flow for the 1st year will be 67 516 CZK. Author would like to take into account optimistic and pessimistic scenarios. For the pessimistic scenario author decided to decrease the occupation by 15% and with optimistic scenario increase by 10%. It can happen because of lack of customer research, also competitors might introduce new product. On the opposite side, the positive scenario can be seen because of the rapid popularity among tourists or competitors will decide to close their café.

Pessimistic CF1	173 253 CZK
Realistic CF 1	203 827 CZK
Optimistic CF 1	224 209 CZK

Break-Even Point

Total Fixed Cost	120 090 CZK
Average Selling Price	84 CZK
Average Variable Cost	52,5 CZK

The break-even point on a monthly basis equal to 3 812. It means to avoid a lost the company needs to sell 3 812 items per 1 month.

Payback Period

Total Investment	658 580 CZK
Annual Cash Flow	203 827 CZK

The investments will be returned in 3 years and 2 months.

4 Conclusion

Bachelor thesis aims to develop a business plan for cat café Catissimo in Prague. The purpose of business plan is to create realistic and clear strategy for running a new business.

The theoretical part is aimed on collecting all the relevant information about business planning based on literature research. In the theoretical part, the author provides a clear platform for the future developing of practical part based on the main books.

In practical part, the author creates a business plan for Catissimo. Catissimo is a new company in gastronomy industry with anti-café structure. The main goals are aimed to be social useful, to be profitable and to gain loyal customers. The main idea of company is to provide home for cats and easy communication with animals for potential customers.

By using competitive analysis and creating competitive research the main disadvantages of the Catissimo are a small variety of menu and new company. In addition, by analyzing competitors' reviews author found the most common mistakes, which may help to avoid them in the company.

After analyzing main potential customers author describes families based in Prague with middle-income as our potential customers. However, tourists (also from all the parts of Czech Republic) as our secondary customers. Shown statistical data gives a clear representation that the tendency on restaurants expenses in Czech Republic increases; it gives a good opportunity for the company.

The Marketing plan was represented through the most common 4P Marketing mix. In the section of Products is a description of menu, cats and what services will be provided. After analyzing how much customers are willing to pay and competitor prices, the price list was set. For promotion author decided to choose only online marketing.

In the last, financial part, all start-up expenses (equipment and services) were calculated, having a result of 658 580 CZK. The cash flow statement for the first year equals to 203 827 CZK. The payback period of the investments is 3.2 years.

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