

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Economics**



**Diploma Thesis Abstract**

**Business Plan for the Establishment of a Private Nursery  
School in Prague**

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## **Abstract:**

The thesis focuses on analyzing the importance of business plans in the operation of commercial entities and start of business activities. The findings of the thesis prove that effective planning is indispensable for any business entity to succeed in its market operations. In the practical part of the thesis, a project for establishing a private nursery school in Prague, Czech Republic, is considered. The business, marketing and financial plans developed for the company prove that its market activities might be successful, and therefore the investment project is recommended for being funded.

**Keywords:** business plan, financial plan, marketing plan, nursery school, Prague, project management.

## **Objectives and Methodology:**

This thesis will be dedicated to the analysis of business planning when opening a nursery school in the Czech Republic. The aim of the thesis is to develop a detailed business plan for the opening of a private nursery in school in the city of Prague.

The goals of the thesis are the following: to analyze theoretically the key aspects related to business planning, specifically to the components of business plans, financial plans, and marketing plans; to analyze the specificities of the educational market and the legal conditions of opening a nursery school in the Czech Republic; to develop assumptions for the opening of a nursery school in the Czech Republic and to compile a justified business plan for the opening and operation of the educational institution; to reveal the key advantages and possible threats to be faced by the school; to develop grounded recommendations for the school to succeed in its market activities.

The research questions of the thesis are the following: Can the project for opening a nursery school in Prague be evaluated as commercially justified for investors? What are the main risks for the implementation of the project? Based on the business plan developed for the nursery school to be opened in Prague, what are the main suggestions for it to avoid the risk of failure?

The hypothesis to be tested in the course of the research is the following: The project for opening a nursery school in Prague can be commercially effective within a 10-year time span in different circumstances.

The methodology for writing this thesis was based on a number of different methods and analytical tools. First of all, secondary research was applied in order to collect and analyze appropriate information dedicated to the research topic which is available in scientific literature and other relevant information sources. In the practical part of the thesis, elements of financial analysis were applied when drawing a business plan for the entity and evaluating its potential feasibility.

### **Results and discussion:**

First of all, it should be noted that a major threat to the company's operation might be changes in Czech legislation, which might require the company to pass additional licensing or invest funds in additional activities. Another factor we should be aware of is the importance of reputation. Any inappropriate actions on the part of the teaching staff will be associated by the company's customers as errors or failures on the part of the school itself, and not on the part of its individual staff members. Therefore, the company should avoid any possible conflicts, and should apply the most thorough approach to its recruitment and HR management procedures. Also, the institution needs to be aware of all existing problems and all possible sources of customers' discontent. The management should react quickly to any such issues for the purpose of eliminating them quickly and prevent the customers from making negative advertising for the company. Company should emphasize its risk management activities, and should run effective market research in order to reveal in a timely fashion all possible factors which might threaten the educational institution's effective business performance over the long-term perspective and its financial stability.

### **Conclusion and recommendations:**

Based on the financial estimations we delivered in the course of this research, it can be stated that the business project of a new nursery school in Prague indeed seems to be commercially attractive and justified in terms of the required investment and possible return on such investment. It can be stated that the overview of competitors proves that there is room for

newcomers in the mid-price segment. Based on all these assumptions and findings, we can evaluate the project as indeed commercially justified and attractive.

Based on the findings of our research, we can state that the implementation of the business project for opening a private nursery school in Prague is associated with a great number of risks and threat factors. Namely, those factors might include changes in Czech legislation in the field of education, competitors' market impact, lack of positive business image in the target market, and force majeure factors associated with deterioration of reputation, and so on. The risks associated with the external environment exist too, but we can state that in overall terms, the political, economic and legal environment of the Czech Republic is rather stable, and this contributes to positive expectations associated with the operation of the firm.

In order to avoid the impact of those negative factors, the educational institution should follow several recommendations. First of all, it should be noted that the company needs to create effective business plans for each year of its business activities so as to ensure continuous and uninterrupted monitoring and control, and thus quick adaptation of its business strategies and policies to changing market conditions. Also, it is vital to build effective communication with customers, as the company's business success is preconditioned to the largest extent by the positive attitude of its customers and the information which they spread on it on the public. The company needs to monitor and react quickly to all complaints on the part of children and parents, and to make possible steps to minimize their discontent. Also, the nursery school should run effective and continuous market research in order to reveal in a timely fashion negative tendencies in external environment and implement the required risk management measures. In the context of customer communication, a particularly important recommendation for the nursery school is to use actively the online channel, and namely online social networks. This is a common trend in the educational sector on the global scale, and therefore by using effectively the online channel of communication, the school will be able not only to follow the trend, but also to maximize the effectiveness of feedback collection, and thus to ensure its best image in the eyes of both current and potential customers.

The business, marketing and financial plans developed for the implementation of the project to open a private nursery school in Praha 2 district in Prague, Czech Republic, prove that the project is commercially feasible and might be attractive in financial terms. Despite the fact that the project requires quite significant investment, our estimations demonstrate that it might start bringing cumulative net profits already by the 7<sup>th</sup> year of its activities under the neutral

scenario. Based on these estimations, we can recommend the project for fulfilment, and can evaluate high its opportunities for subsequent business success.

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