

Czech University of Life Sciences Prague

Faculty of Business Administration

Department of Economics



Bachelor Thesis

**Drawing up a business plan: the case study of Kazakh
national cuisine restaurant in Prague**

Anel Ten

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Anel Ten

Economics Policy and Administration
Business Administration

Thesis title

Drawing up a business plan: the case study of Kazakh national cuisine restaurant in Prague

Objectives of thesis

The main aim of the present Bachelor thesis is to draw up a realistic business plan in accordance with all business requirements in the Czech Republic.

To achieve this goal the following research questions will be raised, discussed and gradually answered:

1. What economic, marketing, management and legal aspects should be studied and taken into account prior to launching own business?
2. What is the structure of a business plan and the content of its main parts?
3. How can the Kazakh national cuisine be briefly characterized?
4. What are the pros and cons of running such a business in Prague?

Methodology

Theoretical part of the Bachelor thesis will rest on the analysis and synthesis of relevant literature comprised of selected books, scientific articles, legal documents and electronic sources.

Having collected all the necessary information and data, the Methodology, mainly based on descriptive and comparative techniques plus calculation of main economic and financial indicators, will be applied to answer the stated research questions. SWOT and PESTEL analyses will help to shed the light on both external and internal environment of doing a business. The results of the conducted analysis along with the discussion will constitute the Practical part of the Bachelor thesis.

Based on the theoretical findings and outcomes of the Practical part of the Bachelor thesis, the conclusion and recommendations will be framed.

The proposed extent of the thesis

40-60

Keywords

Business plan; Restaurant; Kazakh national cuisine; SWOT analysis; PESTEL analysis; Prague

Recommended information sources

JOUISSON-LAFFITTE, E. – VERSTRAETE, T. *A business model for entrepreneurship*. Cheltenham ; Northampton: Edward Elgar, 2011. ISBN 978-0-85793-904-3.

RICKETTS, M J. *The economics of business enterprise : an introduction to economic organization and the theory of the firm*. Cheltenham, UK ; Northampton, MA, USA: Edward Elgar, 2002. ISBN 1-84064-524-5.

RICHARDSON, B. – RICHARDSON, R. *Business planning : an approach to strategic management..*

Expected date of thesis defence

2019/20 SS – FEM

The Bachelor Thesis Supervisor

Mgr. Elena Kuzmenko, Ph.D.

Supervising department

Department of Economics

Electronic approval: 9. 3. 2020

prof. Ing. Miroslav Svatoš, CSc.

Head of department

Electronic approval: 9. 3. 2020

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 18. 03. 2020

Declaration

I declare that I have worked on my bachelor thesis titled "Drawing up a business plan: the case study of Kazakh national cuisine restaurant 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 17.03.2020

Acknowledgement

I would like to thank my supervisor Mgr. Elena Kuzmenko, Ph.D. for advices and support during my work on this thesis.

Kazašská národní kuchyně: případová studie vypracování podnikatelského plánu

Souhrn

Práce analyzuje tvorbu podnikatelských plánů a jejich roli při účinném zahájení podnikání. Je znázorněno, jak oprávněné odhady a výpočty v obchodním plánu přispívají k dosažení efektivních obchodních výsledků. Cílem podnikatelského plánu vypracovaného v rámci této práce je zřízení restaurace kazašské kuchyně v Praze. Ukázalo se, že trh je příznivý a restaurace může uspět ve svých činnostech, pokud je schopna odolat stávající konkurenci. Finanční odhady ukazují, že restaurace může dosáhnout bodu zlomu do konce pátého roku své obchodní činnosti. Vzhledem k rozsahu projektu a velké požadované investici je toto období považováno za odůvodněné a efektivní a podnikatelský plán se doporučuje k provedení.

Klíčová slova:

Analýza konkurence, finanční plán, marketingový plán, podnikatelský plán, Praha, restaurace, zákazníci.

Kazakh national cuisine restaurant: case study of drawing up a business plan

Summary

The thesis analyzes the creation of business plans and their role in launching a business effectively. It is illustrated how justified estimations and calculations in a business plan contribute to the achievement of effective business results. The business plan drawn up within the framework of this thesis aims at establishing a restaurant of Kazakh cuisine in Prague. It is shown that the market is favorable and the restaurant can succeed in its activities, if it is able to withstand the existing competition. Financial estimations illustrate that the restaurant can reach its break-even point by the end of the fifth year of its business operation. Given the scale of the project and the large amount of investment required, this period is deemed justified and effective, and the business project is recommended for implementation.

Keywords:

Business plan, competitor analysis, customers, restaurant, financial plan, marketing plan, Prague.

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1 Introduction

The thesis is set to design a detailed business plan for the establishment of a Kazakh cuisine restaurant in Prague, the Czech Republic. The plan should take into consideration the specifics of the environment for doing business and should provide valid calculations and recommendations for potential business owners.

The choice of this particular topic for the research is due to the fact that the market of gastronomical services in Prague is actively developing, and there are numerous groups of customers whose demand can be fulfilled in different ways. Among such possible approaches is the offering of traditional dishes of foreign cultures, which can be innovative and hold a market niche, thus providing opportunities for subsequent development. There are a considerable number of Kazakh students in the Czech Republic, and therefore creating a Kazakh cuisine restaurant in Prague could act as a linkage between the two cultures. The author's personal interest in the development of restaurant business suggests the opportunity to draw up a real and feasible business plan within the framework of this thesis, thus combining individual interest in the business with rational and justified business calculations.

As the thesis aims at creating a true and feasible business plan for a real business, the research carried out within its framework has to cover two main groups of aspects, namely theoretical and practical. The theoretical part of the thesis will consider all the key theoretical aspects pertaining to the research topic and will aim at forming a comprehensive and detailed theoretical background for carrying out the next analytical part of the research. Namely, the theoretical part of the thesis will provide detailed information on what a business is, how important planning is for commercial activities, which elements of business plans exist and how they impact the implementation of corporate policies and strategies, and which types of analyses can be used for improving the planning and control procedures.

The practical part of the thesis will focus precisely on drawing up a detailed business plan to start a new restaurant business in Prague, namely a restaurant of Kazakh cuisine. The business plan will explain the chosen business model, the targeted customer audience, possible market competition, and will also present a detailed overview of expected expenses and incomes to ensure the entity's development and growth. All analytical tools and financial

calculations will be applied based on the theoretical findings collected in the first part of the research project and will aim at conveying practically feasible results, so that the business plan could be actually implemented in real life for establishing the described business.

The author's own recommendations will be developed based on the consideration of possible strengths and weaknesses, which will bring additional value to the thesis.

2 Objectives and Methodology

The main aim of the present bachelor thesis is to draw up a realistic business plan in accordance with all business requirements in the Czech Republic.

To achieve this goal the following research questions will be raised, discussed and gradually answered:

1. What economic, marketing, management and legal aspects should be studied and taken into account prior to launching own business?
2. What is the structure of a business plan and the content of its main parts?
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Theoretical part of the bachelor thesis will rest on the analysis and synthesis of relevant literature comprised of selected books, scientific articles, legal documents and electronic sources.

Having collected all the necessary information and data, the Methodology, mainly based on descriptive and comparative techniques plus calculation of main economic and financial indicators, will be applied to answer the stated research questions. SWOT and PESTEL analyses will help to shed the light on both external and internal environment of doing a business. The results of the conducted analysis along with the discussion will constitute the Practical part of the Bachelor thesis. Based on the theoretical findings and outcomes of the Practical part of the Bachelor thesis, the conclusion and recommendations will be framed.

3 Literature Review

3.1 Business and Business Goals

According to Maheshwari (1997, p.1) a business can be defined as “*an activity, in which different persons exchange something of values whether goods or services for mutual gain or profit.*” The author explains that an inherent trait of any business is its commercial enterprise, i.e. that a business entity always seeks gaining profits, and the ultimate successfulness of a company is defined by the level of profits which it is able to draw through its commercial activities. At the same time, businesses are characterized by the fact that they operate on a particular market and serve the needs of particular customers by delivering added value with their production or other activities. The versatility of businesses and their operations in different industries and sectors provide an important impetus for the development of the national economy and play an essential role in guaranteeing sufficient living standards of the population, as businesses create jobs and saturate the market with products.

Aylen (2012, p.227) states that business goals are those particular objectives which a business sets for itself. While companies operate in an external environment and have to take into account the impact of a great number of external factors, the goal-setting procedures are internal, and it is the responsibility of managers to establish those goals and milestones which their company seeks achieving within a particular timeframe. Every business has its own goals, depending on the industry in which it operates, the resources available, and the vision of the entity’s management. The ultimate aim of any business is to maximize its profits. However, tactical goals can be different and can include increased revenues, improved sales turnover, smaller staff turnover, increased customer loyalty, improved structure of the processes, and so on.

In each of the cases described above, the setting of goals is associated and interconnected closely with business and financial planning, as entities require knowing how their activities should be constructed for the sake of achieving particular results.

3.2 Business Plan and Its Specifics

Capellini (2012, p.550) suggests that a business plan can be defined as “*a written document outlining the details of a proposed business venture, including information such as financial strategies, products and services to be provided, estimated market, profits, key team members, and return for investors.*” In other words, a business plan represents a document in which corporate goals are outlined together with the ways of achieving them. For companies, having a business plan is important in order to forecast their activities against the background of market conditions and to develop appropriate business policies. Business plans are used for subsequent monitoring and control: by comparing the actual achievements across particular indicators which were planned, it is possible to measure the actual effectiveness of corporate activities.

According to Ford, Bornstein and Pruitt (2010, pp.1-2), a business plan generally has several main purposes. Thus, first of all, a business plan is destined to organize corporate activities and to structure the allocation of resources and the distribution of roles between particular business units and individual employees and managers. Second, as noted earlier, business plans are used to ensure proper control over the ongoing and prospective activities of companies. Finally, business plans are important for external stakeholders to understand the actual performance of a business and its future prospects. For example, investors need to see accurate and well-designed business plans in order to make their grounded decisions on whether to assign particular portions of finance. Thus, it can be stated that the users of business plans include internal users such as managers and employees and external users such as third-party investors and the public authorities.

Capellini (2012, p.550) states that a business plan is generally a complex document which includes a great number of different sections and covers particular directions of corporate business activities. Thus, a business plan includes a general overview of the analyzed business, financial estimations of the enterprise’s activities, including the break-even analysis, financial plans, and financial reports; a marketing plan for the company’s marketing activities, and a detailed organizational plan where all roles are attributed to particular performers in terms of wider corporate business goals. Also, business plans can include supporting documents such as tax returns, licenses, and so on.

3.3 Executive Summary

Defining the executive summary of a business plan, Fiore (2005, p.196) notes that it is “*a compact, miniature version of your total business plan and should stand alone.*” The executive summary summarizes all the information presented in the business plan and provides a brief overview from which it is possible to conclude on the larger contents of the business plan and on the specifics of corporate activities as planned for future periods. Executive summaries are helpful for both internal and external users of business plans. For internal users, consulting executive summaries is important in order to retrieve the most relevant information on the business plan, while for external users this is important for quicker decision-making.

3.4 Organizational Plan

Pinson (2008, p.31) states that the organizational plan is the first major section of any business plan, which describes the organizational characteristics of the business in question. The organizational plan starts with providing a summary of the business. Companies can include different parameters in this section of the business plan, but most often it provides an overview of corporate mission, vision, and strategy, as well as the general description of the company’s business model. The mission which a company sets for itself is regarded as a projection of corporate goals from the perspective of where the company would like to see itself in the future. Its vision covers its approach to business. The overview of the strategy is destined to show how the company intends to achieve its stated objectives in the long-term period. The description of the business model shows in more detail how the company positions itself on the market and how it is unique, i.e. different from its competitors as companies offering substitute products or services. Having a unique business model is important for withstanding the existing competition and for remaining effective in commercial activities.

Pinson (2008, pp.34-35) continues further that the next part of the organization plan is the description of products and services which the company delivers to the market and offers to its customers. The description of products means the provision of an overview of how raw materials are processed and converted into ready-to-use products or how services are created on a step-by-step basis. The description of products and services also includes an

overview of particular product characteristics, consumption parameters, product packaging, information on the product lifecycle stage, and so on.

The third section of the organizational plan, as described by Pinson (2008, p.37), is the administrative plan. In this section, a number of parameters are described which outline the general characteristics of the entity from the legal and managerial perspectives. Thus, the administrative plan describes the company's location, its legal structure, and its organizational structure. The organizational structure illustrates the whole complexity of ties which exist between individual business units, managers and employees within the company and which are required for the enterprise's normal functioning. Describing the organizational structure in the organizational plan helps understand how particular business divisions interact and how they cooperate within the larger framework of corporate business.

Murphy and Cunningham (2003, p.155) point out that, while the organizational plan is important for external users, it is first of all important for internal users, as it formalizes the actual structure of ties within the company and thus helps reveal where improvements should be sought in this context.

3.5 Competitor Analysis

Competitor analysis stands for the analysis of business rivals which compete with a company on the market. Today, there are a number of different tools which can be used from both the theoretical and the practical perspectives for analyzing a company's competitors and their activities. However, the most widely used tool today is the Porter's 5 forces model, and below this approach is analyzed in more detail.

According to Kazmi (2008, p.293), porter identifies three key purposes of competitor analysis, namely the following:

1. To identify how each particular competitor might react to any possible changes in the industry and in the wider business environment.
2. To forecast and anticipate the actions of every competitor in the light of the ongoing competitive struggle.
3. To develop a profile of the nature of strategic changes which competitors might undertake.

In all cases above, the performance of competitor analysis allows a company understanding in which particular aspects the competition on the market is the most intense and where improvements should be sought in corporate business policies and strategies to increase the likelihood of effective withstanding of competitive tensions.

According to Omsa (2017, pp.9-10) and Bard (2008, p.75), the Porter's five forces model is a theoretical framework which identified the degree of competition on a particular target market through the analysis of five groups of competitive forces, which are described below.

1. Threat of new entrants. As soon as a company operates on a commercially attractive market, where there is a large customer base and where high revenues can be generated, it incurs risks of the coming of new competitors wishing to have their own market shares. The factors which actually predefine the risk of entry of market newcomers are generally the following:

- entry barriers. Potential barriers include patents, licenses, and other formal requirements to those companies who wish entering a market. The lack of such barriers means higher risks associated with newcomers;
- economies of scale. The greater the economies of scale, the easier it is for large competitors to withstand the impact of potential competitors;
- capital requirements;
- absolute costs;
- product differentiation;
- etc. (Omsa 2017, pp.9-10; Bard 2008, p.75).

2. Threat of substitutes. This competitive force covers the threat of substitute products and services offered by competitors, i.e. those products and services which can fulfill the needs of customers similarly to the products and services offered by the company using a different technology. The factors which affect the intensity of the threat of substitutes, among other include the following:

- the buyer's propensity to substitute: this factor is predefined both by the degree of the buyer's satisfaction with the current product and the buyer's brand loyalty;
- the buyer's switching costs: the less expensive it is for the buyer to switch to a competitor's products, the higher the risks that such a switch would occur;
- range of substitutes available on the market;
- closeness of substitutes;
- etc. (Omsa 2017, pp.9-10; Bard 2008, p.75).

3. Bargaining power of customers. This competitive force is created by customers who can put companies under tension in order to fulfill the needs of customers in a more efficient manner. When buyers have a greater number of market alternatives, their bargaining power is higher, and vice versa. The factors shaping this competitive force are the following:

- buyer switching costs;
- buyer concentration to firm concentration ratio;
- availability of substitute products;
- buyer price sensitivity;
- etc. (Omsa 2017, pp.9-10; Bard 2008, p.75).

4. Bargaining power of suppliers. This competitive force is shaped by the actual power which suppliers have on the market. Companies get particular resources from suppliers for carrying out their business activities. Therefore, when suppliers leave, risks of business shortcomings and failures tend to be higher. The factors belonging to this competitive force include the following:

- suppliers' switching costs;
- supplier concentration to firm concentration ratio;
- level of differentiation of inputs;
- differentiation of distribution channels;
- etc. (Omsa 2017, pp.9-10; Bard 2008, p.75).

5. Competitive rivalry. This competitive force is shaped directly by the activities of competitors. The more effectively the competitors use their resources, the higher the

overall level of competition in the industry. This competitive force is constituted by the following factors:

- sustainable competitive advantages;
- innovations;
- firm concentration ratios;
- etc. (Omsa 2017, pp.9-10; Bard 2008, p.75).

The model designed by Porter allows analyzing the actual level of competition in the given industry for revealing the considered company's positions against competitors. It is generally used as a first step in the value chain analysis. (Omsa 2017, pp.9-10; Bard 2008, p.75).

3.6 Customer Analysis

Customer analysis is a part of the corporate business plan which describes the company's customers, their needs and preferences, and specifies how the company's products contribute to the satisfaction of the aforesaid customer needs. Thus, drawing customer profiles in business plans is important for enterprises to understand better their customers and to be able to adapt even more to their needs.

According to the Small Business Development Center of California (n.d.), customer analysis can include several different approaches depending on the particular characteristics of customers being researched. Thus, analyzing customer demographics is important for companies in order to draw up a profile of their target audience and of different groups of customers. For instance, demographic characteristics of customers include their geographic location, age, sex, ethnic or religious belonging, and so on. Knowing these details about their customers, companies can tailor their products and services specifically to the needs of each customer group, thus increasing the customers' level of satisfaction and improving the overall corporate financial performance.

The Small Business Development Center of California (n.d.) notes further that behavioral analysis can play an important role as well in understanding customers. It can generally be carried out in two main forms, namely the behavioral analysis of customer

buying criteria and the behavioral analysis of the purchase process and patterns. The analysis of customer buying criteria stands for the identification of those driving factors which prompt customers to opt for particular products or services. Companies prefer weighing these criteria for understanding which of them play a more important role in the ultimate customer decisions. At the same time, the analysis of the purchase process and patterns is set to answer questions such as the steps are involved in the customer's decision-making process, what information sources the customer uses for buying a particular product, what timelines exist, and so on.

The performance of an effective customer analysis is one of the key prerequisites for drawing up an effective and feasible business plan.

3.7 PEST Analysis

PEST analysis is an analytical tool destined to evaluate the macro-environment in which a company operates focusing on its different constituent elements. PEST analysis is important for understanding in detail how the environment surrounding the firm affects its business activities and might continue affecting them in the future. Based on Qin (2010, p.467) and Camilleri and Camilleri (2017, p.278), it can be stated that PEST analysis investigates the following key elements:

- 1. Political factors.** These involve the degree of the government's intervention into the country's national economy, the political stability in the state where the company's business activities are carried out, and the changes in the national legislation in different fields. In general, companies prefer those environments where there is greater political stability and smaller turbulence and where legislation is sufficiently liberal, as this allows effective planning and implementation of business activities.
- 2. Economic factors.** This group embraces all factors of economic and social nature which shape a company's external environment, namely the dynamics of GDP and industrial output, interest rates, inflation and unemployment, foreign exchange rates, and so on.
- 3. Social factors.** These factors include demographic characteristics such as the structure of the population, its growth rates, the access to health and education, and other elements which shape the actual social standards valid in society.

4. **Technological factors.** This group includes elements such as research and development activities, automation, robotization, and other factors which shape the level and intensity of technological change.

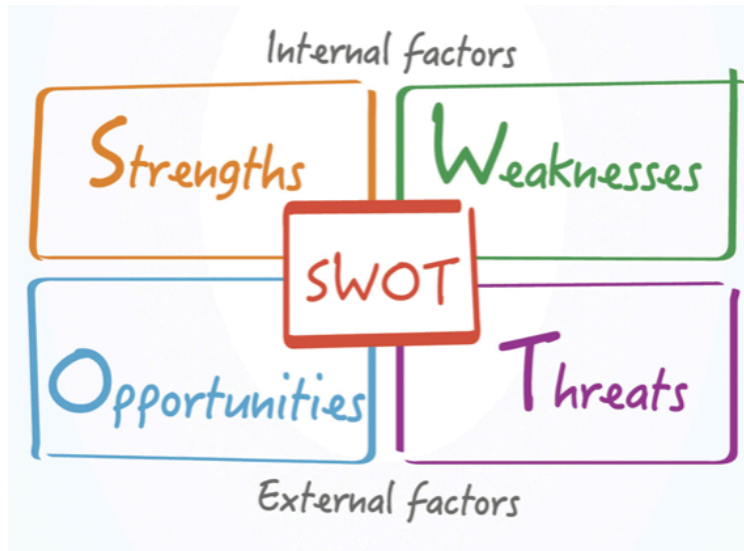
In addition to the traditional PEST analysis, researchers often point out the paradigm of PESTLE analysis, which, as can be seen from the acronym, include two additional factors (Kolios and Read 2013, p.5024):

1. **Legal factors.** These include specifically the legislation applicable in different fields and sectors.
2. **Environmental factors.** These include aspects such as climate and its change, weather, and so on, which is important for the performance of particular economic activities.

3.8 SWOT Analysis

As explained by Hillson (2003, pp.74-75), SWOT analysis is a popular tool which is used by companies for the purpose of revealing the positive and negative sides of their activities from the internal perspective and the opportunities and risk factors associated with their activities from the external perspective. The acronym SWOT stand for Strengths, Weaknesses, Opportunities, and Threats. Hillson notes that a strength can be understood as a particular characteristic, resource, or capacity which an enterprise can use effectively in its business activities for improving its performance. A strength is a positive and internal factor. A weakness, on the contrary is a limitation or defect which exists within the entity and prevents it from achieving the best business performance and the best financial results in the long run. A weakness is a negative and internal factor. An opportunity is a favorable situation which exists in the external environment and which the company can put to its own use for achieving the desired benefits on the market. An opportunity is a positive and external factor. Finally, a threat is a negative situation in the environment which imposes additional risks on the company. A risk is a negative and external factor.

Figure 1 SWOT Analysis



Source: Seth, 2015

Griffin (2007, p.67) notes that “*SWOT analysis is one of the most important steps in formulating strategy. Using the organization’s mission as a context, managers assess internal strengths (distinctive competencies) and weaknesses as well as external opportunities and threats. The goal is then to develop good strategies that exploit opportunities and strengths, neutralize threats, and avoid weaknesses.*” Thus, it can be stated that the inclusion of SWOT analysis in a business plan is justified, as this tool allows improving corporate planning on the level of development of appropriate business strategies.

3.9 Marketing Mix

According to the definition provided by Palmer (2010, p.107), the marketing mix can be defined as “*the set of controllable marketing variables that consists of the blend of these four strategy elements meeting the wants and needs of the target market.*” The Oswaal Editorial Board (2019, p.81) notes that “*In simple words, marketing mix can be defined as the set of marketing tools that a firm uses to pursue its marketing objectives in a target market.*”

The marketing mix is commonly referred to the 4 P’s of marketing due to the structure of its components. Based on Palmer (2010, p.107) and the Oswaal Editorial Board (2019, p.81), those are namely the following:

1. **Product.** The product element of the marketing mix stands for the product or service which a company manufactures or provides to satisfy customer needs. The product components embraces all aspects related to the product, including its parameters and characteristics, specific features, the overall quality, consumption parameters, and so on. The product includes its packaging and labeling, which is important for generating sufficient customers interest. Also, branding plays an important role. Finally, when analyzing the product component of the marketing mix, sufficient attention should be paid to the actual lifecycle stage on which the product is.
2. **Price.** This marketing mix element stands for the actual amount of funds which customers have to pay for buying a particular product. The prices are set by the company taking into account its expenditures and the desired profit margin it wants to acquire from its business activities. The price component includes the price strategy and tactics on given markets, as well as elements such as discounts and rebates which can affect the ultimate level of prices for end customers. Companies can set different prices for different market segments or can follow the standardization strategy, applying the same prices on all markets and to all customer segments.
3. **Place.** The place element of the marketing mix stands for how the customers can access the company's products. It covers the distribution channels which the company uses for conveying its products to end customers. The decisions on locations to be used are based on the company's available logistics infrastructure and resources. The use of franchising belongs to this component as well. Today, both offline and online product sales are used by companies wishing to cover the largest audiences.
4. **Promotion.** This component of the marketing mix stands for marketing communications applied by companies. The promotional mix includes advertising, public relations, direct marketing, and personal sales. Companies use promotion in order to incite their customers more to buy particular products or services.

In addition to the traditional 4 P's, some researchers believe that it is more justified to consider the marketing mix as 7 P's. According to Chaffey et al. (2009, p.276), the additional 3 P's are most often used in the tertiary sector (services) and they are the following:

1. People. The people elements includes the personnel involved in the business processes. To succeed in their business activities, companies need to invest in recruitment and human resource management, provide staff training and career growth, and so on.
2. Process. This marketing mix element stands for the procedures which are used for delivering services. Such procedures include process design, monitoring of service performance, measurement of performance indicators, etc.
3. Physical evidence. This element stands for the environment in which the operations occur and embraces the facilities, spatial layout, ambient conditions, interior design, and so on.

By including the marketing mix in its business plan, a company foresees possible ways of interaction with its customers across all components of marketing, which is indispensable for maximizing the positive outcomes of financial performance.

3.10 Financial Plan

According to the IUCN World Commission on Protected Areas (2000, p.23), a financial plan can be defined as *“a component of an overall business plan, which in turn is one element of a management plan for the protected area.”* The financial plan is narrower than the other elements of the business plan, as it focuses specifically on the numerical evaluation of the expected results of the entity’s business activities. Namely, the financial plan is set to provide a detailed overview of the planned expenditures and revenues which the entity in question can generate in future periods. The financial plan indicates the key performance ratios which are set as standards to be achieved throughout the course of business activities. In the next periods, the financial plan is used to track the actual degree of achievement of the initially planned goals.

For start-up companies, a particularly important aspect of the financial plan is the break-even point analysis. Jafari (2002, p.58) notes that *“Break-even point analysis is concerned with determining the number of units that must be sold, or the level of revenues that must be achieved, to produce a situation where revenues equal expenses.”* Thus, by

performing the break-even point analysis, an entity can evaluate when it can reliably reach a point in which net profits can be generated: this is important for both managers and investors to make their grounded decisions.

Having investigated the key theoretical aspects related to the research topic, it is now worth proceeding directly to the practical part of the thesis and the development of a practical business plan for the chosen commercial project.

4 Practical Part

4.1 Executive Summary

This document describes a business plan drawn for the Kazakh cuisine restaurant “Astana” in Prague. “Astana“ will be new restaurant in Prague which specializes in serving traditional Kazakh dishes. The project’s main goal is to provide a restaurant offering unique Kazakh cuisine in the Czech capital, where a large number of Kazakh immigrants are residing. The restaurant should invite the Czech people to get acquainted with the Kazakh gastronomical culture and the Kazakh immigrants in the Czech Republic to feel like home.

The company will operate as a traditional restaurant, where guests pay for their dishes according to the menu. The menu will features a wide range of Kazakh dishes, from appetizers and drinks to desserts. All workers of the restaurant will be immigrants from Kazakhstan, and the restaurant recreates the ambience of traditional Kazakh houses.

The restaurant will be located in the center of Prague and will be easily accessible to customers with different means of transport. The company will start its operation with 11 employees: the CEO, 2 cooks, 4 waitresses, an accountant, a marketer, and 2 cleaners.

4.2 Organizational Plan

4.2.1 Description of the Company

“Astana” is a new company in the Czech Republic, which operates in the restoration industry. The company acts as a restaurant preparing dishes of traditional Kazakh cuisine for its guests. The company positions itself as a provider of restauration services with a touch of Kazakh culture for inciting cultural exchange between Kazakhstan and the Czech Republic through gastronomy. The company is a for-profit business and it seeks achieving effective financial performance on its target market. Taking into account these facts, the main goals pursued by the company can be summarized as follows:

1. To serve dishes of traditional Kazakh cuisine to both Czech customers and immigrants from Kazakhstan.
2. To provide the guests with high-quality food products and dishes.

3. To ensure the guests' beneficial and positive pastime.
4. To build strong relationships with local suppliers.
5. To contribute to cultural exchange between Kazakhstan and the Czech Republic.
6. To make the Czech people acquainted with the culture of Kazakhstan.
7. To hold its market niche in Prague.
8. To achieve the break-even point on the third year of the company's business activity.

The company seeks providing all its customers with the best quality of services at moderate prices. The company's products are destined to serve different categories of people in the Czech Republic and are set to satisfy the demand of Czech customers for traditional dishes from other cultures.

4.2.2 Mission Statement

The mission of "Astana" is to provide high-quality and authentic restoration services based on Kazakh gastronomic culture in the Czech Republic. The company seeks creating a cozy and positive place in the center of Prague, where its customers would be able to enjoy a whole range of delicious Kazakh foods. "Astana" provides food diversity to customers in the Czech Republic and joins restoration with culture. The company wants to provide only high-quality foods but at moderate prices for engaging most customers from the Czech Republic.

4.2.3 Vision Statement

The restaurant wants to be not only a comfortable and welcoming place for visitors who seek taking a delicious meal in Prague but also a site where customers can plunge into the atmosphere and culture of Kazakhstan through its gastronomic habits, learning more about this country and becoming passionate for it.

4.2.4 Location

The building of the restaurant will be located in a crowded place close to the city center, namely the city's Školská Street. The premises will be taken on lease. They will cover a total square of 121 square meters, with a large room for guests, a kitchen, a storage room, and a

toilet (see Figure 2). This combination of premises on the chosen space allow satisfying the needs of customers in an effective way, ensuring proper functioning of the restaurant.

This district of Prague has many apartments and hotels located nearby. It can be easily reached by any means of transport and is located only 7 minutes away from the city metro, which makes the location attractive from the perspective of the possible number of visitors.

A downside of the chosen location is the fact that many competitors are located in the nearby area, and therefore customers have a wide choice of restaurants to visit.

Figure 2 The proposed location for the restaurant “Astana” on the street Školská



Source: Sreality.cz, 2019

Based on the analysis of the prices for leasing real estate in Prague 1 and Prague 2 in December 2019, it can be stated that the approximate rental payment per square meter in these districts is around CZK 375. The planned area of “Astana” restaurant is 121 square meters. Therefore, the aggregate price of lease per month will be CZK 45,375.

Figure 3 The proposed location for the restaurant “Astana” on the street Školská



Source: Sreality.cz 2019

The area of the restaurant will be constructed in accordance with all the applicable legal requirements and with the best practices accepted in business. The area for guests and the kitchen will be completely separated. All due safety measures will be undertaken in design planning, including the required ventilation equipment, fire prevention measures, and so on.

4.3 Legal Structure

The chosen form of legal organization for “Astana” restaurant is limited liability company “Astana Restaurant s.r.o.”. The choice of this particular legal form is due to the fact that it requires minimum expenses to start the business, and therefore it is the most convenient for the owner to ensure the initial stage of business to be deployed. Subsequently, new business participants can be included in the company at relatively low expenditures, which is another beneficial point of the limited liability company form of business.

4.4 Organizational Structure

The company will use the linear organization of business, where all employees are liable directly to the business owner, who also acts as the Chief Executive Officer. This organizational structure is chosen due to the fact that “Astana” restaurant is a small firm, with simple subordination ties between the staff.

The company’s Chief Executive Officer (CEO) will be its founder and owner. At least on the initial stage of the company’s business operation, when its turnover is still low, the manager will be directly responsible for the implementation of all of the enterprise’s business processes. Among other things, the CEO will be liable to do the following:

1. to develop the company’s overall business strategy;
2. to control the implementation of the aforesaid strategy in the course of ongoing business activities;
3. to order and control the acceptance of supplies;
4. to communicate with business partners;
5. to approve the general concepts applied in the restaurant and its menu;
6. to communicate with employees and to pay their salaries;
7. to ensure the ongoing budgetary control and financial planning.

The restaurant will employ 2 cooks. One cook will be a chef, and the other will be his subordinate. The chef will be responsible for designing the restaurant’s menu to be approved by the CEO. Also, the chef will be responsible for all processes implemented at the kitchen, including for the quality of dishes served to customers. The second cook will perform a wide range of cooking functions to help the chef.

4 waitresses will be serving customers at “Astana”. The waitresses will be working in shifts: 2 waitresses every other day. Their salaries will be calculated according to the average costs of work in Prague. The functions of the waitresses will be the following:

- to welcome the guests;
- to serve dishes;
- to communicate with the guests;

- to accept orders;
- to accept payments;
- to accept customer feedback.

2 cleaners will work in shifts every other day as well. They will be responsible for cleaning the whole space held by the restaurant, including all premises. Their salaries will be paid according to the average levels of such salaries in Prague.




The company's accountant and marketer will work on a part-time basis, 25 % of the work time every month. The accountant will be responsible for maintaining corporate documentation, compiling reports and filing them before the tax authorities. At the same time, the marketer will be responsible for developing and implementing the restaurant's marketing policies, namely for carrying out the company's marketing activities in online social networks.

The restaurant's approach to its employees will focus on guaranteeing appropriate work conditions, safety at the workplace, and opportunities of personal growth. The salaries offered will be average for Prague, which should allow the workers feeling comfortable in their work, particularly speaking of immigrants from Kazakhstan. The staff will aim to make the guests acquainted with the culture of Kazakhstan.

4.5 Competitor Analysis

Speaking of the niche the company would like to hold, there are currently no competitors in the chosen district of Prague: "Astana" should be the only Kazakh restaurant, and its unique selling proposition will differ from the other restorations located nearby. However, it should be understood that other restaurants still will be acting as the company's market competitors. Below, the main of such potential competitors are considered and a comparison is held between them and "Astana".

Table 1 Main competitors of “Astana”

<p>Bombay Express</p>	<p>This restaurant of Indian cuisine is located in Prague 1. It offers a wide range of traditional Indian dishes at lower-to-medium prices and has 4.4 points on Google reviews.</p>	
<p>Gelateria & Caffé Amato</p>	<p>This restaurant is located in Prague 1 and offers traditional Italian dishes, primarily desserts and ice-cream. The prices are lower-to-medium, and the company has 4.8 points on Google Reviews.</p>	
<p>Žitna 19 Turkish Food</p>	<p>This restaurant is located in Prague 1 and offers traditional Turkish foods. The company offers low prices to its customers. The restaurant’s rank on Google is 3.7 stars.</p>	
<p>Matsuko Chinese/Japanese</p>	<p>This Asian cuisine restaurant is located in Prague 1 and offers traditional Chinese and Japanese dishes. The company’s prices range from lower to medium. Its ranking on Google is 4.6 stars.</p>	

Source: Author’s own research.

As can be seen from the table above, there are a number of restaurants offering traditional food of other countries in the region of Prague 1. They operate with the same pricing policy as “Astana” and mostly have positive feedback from customers on Google. Therefore, competition can be deemed quite high.

4.5.1 Competitive Benchmarking

For the purpose of understanding “Astana’s” key advantages and drawbacks compared to its competitors, the table below is presented.

Table 2 Competitive benchmarking

	“Astana”	Bombay Express	Gelateria & Caffé Amato	Žitna 19 Turkish Food	Matsuko Chinese/Japanese
Location	Prague 1	Prague 1	Prague 1	Prague 1	Prague 1
Product	Kazakh cuisine (main courses, desserts, drinks, etc.)	Indian cuisine (main courses, desserts, drinks, etc.)	Italian cuisine (desserts, etc.)	Turkish cuisine (main courses, desserts, drinks, etc.)	Chinese and Japanese cuisine (main courses, desserts, drinks, etc.)
Prices	Lower to middle	Lower to middle	Lower to middle	Low	Lower to middle
Quality (Google Reviews)	None	4.4	4.8	3.7	4.6
Website	Yes	Yes	Yes	Yes	Yes
Social Networks	Yes	Yes	Yes	Yes	Yes
Information	About the company, mission/vision, team, menu, online booking, photos, contacts	About the company, menu, photos, contacts	About the company, menu, photos, contacts	About the company, menu, photos, contacts	About the company, menu, photos, contacts

Source: Author’s own research.

Summarizing the findings outlined above, it can be stated that the main disadvantage of „Astana“ is the fact that the restaurant is a market newcomer and thus does not have its ranking on Google Reviews. Otherwise, all companies are comparable in terms of the products they offer, the prices they set and the availability of online platforms for customer communication and the collection of feedback.

An advantage of „Astana“ should be the company’s detailed information about it on its website and the opportunity of booking places at the restaurant online, which is currently unavailable from other restorations in Prague.

Also, „Astana“ should take into account the negative reviews which its competitors have on Google. They are mainly due to the lack of clean space and insufficient level of service on the part of the waiters.

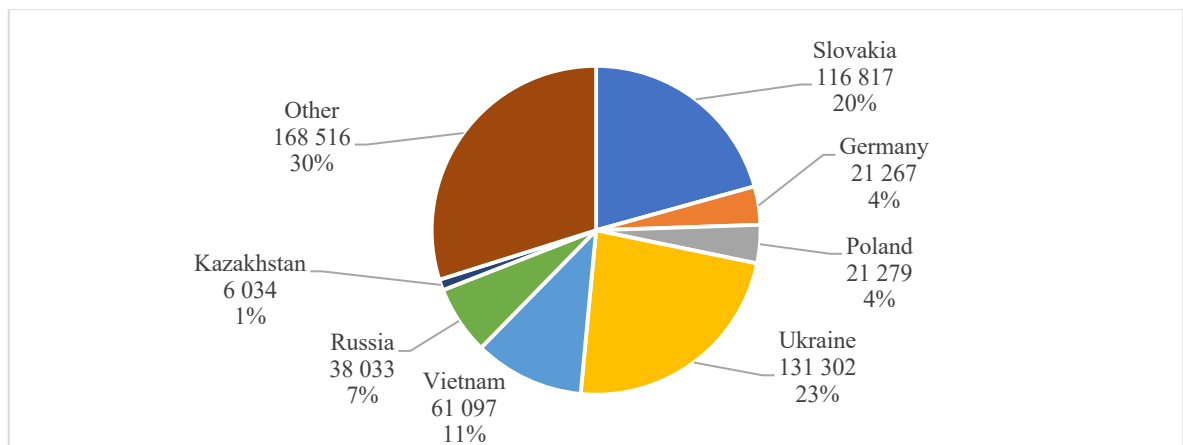
In addition to the restaurants noted above, “Astana” also has a number of indirect competitors such as local Czech restaurants and pubs which do not offer any exotic dishes and focus on traditional Czech dishes or on a wide range of foods without any particular specialization.

4.6 Customer Analysis

4.6.1 General Focus

The main focus of the company’s business policies will be put on two groups of people: Kazakh immigrants on the one hand and Czech customers on the other hand. The focus on Kazakh customers should provide the restaurant with a loyal customer base already in the short-term perspective, as the local Kazakh community communicates closely and supports all immigrants. Therefore, the business organized be people from Kazakhstan should enjoy a high level of demand on the part of the Kazakh people residing in Prague.

Figure 4 Structure of the Immigrant Population in the Czech Republic, as of 2018



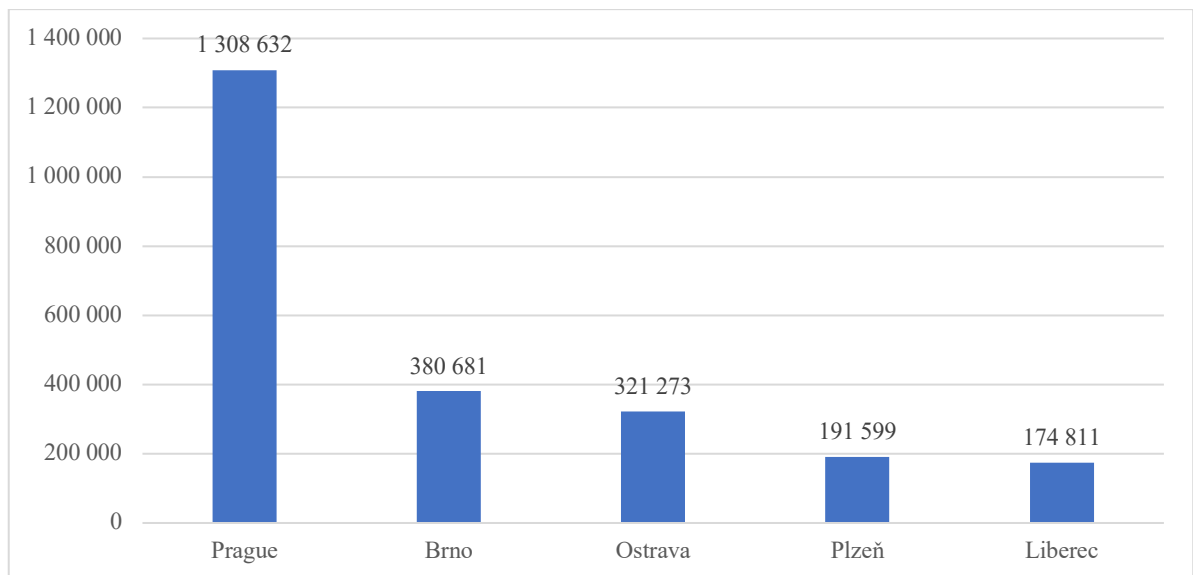
Source: Czech Statistical Office, 2019

As can be seen from the chart above, today, there are more than 6 thousand Kazakh immigrants in the Czech Republic, most of whom are residing in the region of Prague. This accounts for slightly more than 1 % in the total number of foreigners in the Czech Republic. Among these 6 thousand, more than 1.4 thousand are students pursuing their studies at higher education institutions of the Czech Republic.

The other group of customers targeted by “Astana” will include both local Czech citizens and foreigners from other states except for Kazakhstan, who like discovering new cultures and going out for food.

4.6.2 Geographic Analysis

Table 3 Population of largest Czech cities, as of 2018



Source: Czech Statistical Office, 2019

As can be seen from the chart presented above, the largest city of the Czech Republic is Prague, with more than 1.3 million inhabitants. Other large cities include Brno, Ostrava, Plzeň, and Liberec. The main customer base of “Astana” restaurant is located in Prague, and this will be the company’s target audience. However, people from other cities and countries who come to the capital as tourists will be the restaurant’s guests as well.

4.6.3 Age / Gender

The gender structure does not matter for “Astana” restaurant, as the restaurant targets both men and women.

Table 4 Population of Czech largest cities by age, as of 2018

Age group	Prague	Brno	Ostrava	Plzen	Liberec
0 to 14 y. o.	206 668	58 672	48 592	49 519	29 129
15 to 64 y. o.	854 866	243 614	209 121	102 437	111 465
65+ y. o.	247 098	78 395	63 560	39 643	34 217

Source: Author's own research.

As can be seen from the table presented above, the main target audience of “Astana” restaurant (highlighted in orange) will be people aged 15 to 64 years old, who reside in Prague. The geographic limits have been explained earlier in this thesis. At the same time, the broad age range of the target customers can be explained by the fact that “Astana” adopts a loyal pricing policy and that the structure of Kazakh immigrants in Prague is quite high. This is a benefit for the company, as it can target broader audiences for achieving commercial success.

4.6.4 Income

As noted earlier, the restaurant will offer lower to middle prices for its foods. Therefore, it will be affordable for most customers in the Czech Republic across all population layers in terms of income. This should allow “Astana” restaurant maximizing the coverage of potential customers and ensuring effective occupancy rates throughout the day in all seasons.

4.7 Marketing Mix

4.7.1 Product

The company's product is the dishes of Kazakh cuisine which the company offers to its customers. The range of traditional Kazakh dishes offered by “Astana” restaurant includes main courses, drinks, desserts, and other products. All dishes are prepared after a customer makes their order. All dishes belong to traditional Kazakh foods.

“Astana” restaurant will not offer any ready-made products or half-finished products. All dishes will be prepared in real time from raw ingredients. While the company maintains

a lower-to-middle pricing strategy, all its products should be high-quality. Moreover, a key characteristic of the restaurant's dishes is the touch of traditional homemade foods: for the purpose of making the customers feel welcome and comfortable, all dishes will be served with traditional Kazakh sauces and in traditional plates.

In addition to the general menu, the restaurant will also provide special offers on holidays and periodic chef's dishes. This should allow broadening the range of dishes served for customers and inciting the customers to visit the restaurant more often.

Also, "Astana" restaurant will offer the opportunity of ordering take-away foods, which the customers will be able to take with them and eat away from the restaurant's facility.

4.7.2 Price

Given the company's pricing policy, the average prices to be set for the dishes served by "Astana" restaurant is CZK 90 per meal and CZK 102 per drink. These prices are set according to the analysis of the company's competitors. It will be taken as a basis for the subsequent calculations within the practical part of this thesis. The company does not set any compulsory tips for customers, and all such tips are paid only voluntarily.

4.7.3 Place

The company's products are sold directly from "Astana" restaurant's physical location in Prague 1. There is an opportunity to order take-away dishes and of distant ordering, however there is no physical delivery to other districts of Prague, and therefore customers need to come to the company's facility for purchasing the dishes the restaurant serves.

4.7.4 Promotion

Promotion will be one of the important elements of "Astana" restaurant's marketing mix. The company will use several key channels for its promotion.

Word-of-mouth

This channel will be used specifically among the Kazakh population in Prague. The community of Kazakh immigrants is quite friendly, and its representatives tend to maintain close communication with their compatriots who have migrated to the Czech Republic. The

emergence of a Kazakh cuisine restaurant in Prague 1 should appeal to the feelings of the Kazakh immigrants and is expected to generate significant interest on their part. Thereafter, Kazakh customers will be likely to advertise the restaurant among both the members of their community and the local Czechs with whom they communicate.

Website

The company will be using its website not only for presenting its menu and the photos of the location, but also for informing the customers of who the team members are, what philosophy the company follows, and so on. This should contribute to the creation of a congruent brand of “Astana” restaurant in the eyes of target customers.

Facebook

The company’s Facebook page will be used for communicating with the customers directly, collecting their feedback, and replying to their criticism. Also, it will tell about the company and its ongoing achievements.

Instagram

The Instagram account of “Astana” restaurant will be dedicated to presenting the company’s dishes and facility in bright and attractive photos.

In order to maximize customer engagement, the company will be offering discounts to those who share the company’s pages on social networks and who tag their friends. Contests will be held on social networks for discounts. There will also be a loyalty program for those guests who visit the restaurant often.

4.8 PEST Analysis

Political factors

Analyzing the political component in the Czech Republic, it can be stated that, despite possible internal struggle between political elites, the Czech Republic still preserves a high level of political stability. But there are several disputes caused by the economic activities of the Prime Ministers of the Czech Republic, which is a prior entrepreneur Andrej Babis. The problem is caused by numerous business entities of the Prime Minister that still are sources of his incomes, though the Constitution of the Czech Republic prohibits any

economic activities for deputies or public officials. Large part of population (approximately 30%) are unsatisfied with political situation and want to change it radically. But this opposition is very politically calm and there is a low probability that it will cause any revolutionary movements that could cause harm to this sort of business.

The level of corruption in the Czech Republic is relatively low, and the country's institutional development is high. The judicial system is characterized by its rather high level of independence from executive powers. Also, the legislation of the Czech Republic is harmonized with the best practices of the European Union and is destined to ensure the operation of the liberal market economy in the state. Therefore, the political factors analyzed can be deemed positive for the initiation and maintenance of business activities in the Czech Republic.

Economic factors

The economic environment in the Czech Republic is positive for business growth as well. Thus, according to the World Bank Databank (2019), the country's gross domestic product amounted to USD 215.7 billion in 2017, which was 10.4 % more compared to the previous year and 15.5 % more compared to the year 2015. The Czech Republic's inflation rate has remained steady on the level of up to 2.5 % in recent years. Furthermore, the Czech labor market is characterized by the lowest level of unemployment. All this proves that the economic environment in the country is favorable for doing business. In terms of social factors, the Czech Republic has high standards as well, which means that the state pays attention to healthcare and people are highly aware of their consuming habits and the impact which they have on human health.

In the last six years (2014-2020), Czech National Bank has led proactive monetary policy in order to stimulate Czech export. This monetary policy included low interest rates on loans, slight depreciation of national currency (Czech Koruna). These led to enormous economic growth and growth in all sectors of manufacturing and services. Labour market grew, unemployment rate decreased under its natural level, and salaries increased more than 30 % a year (Focus-economics.com, 2020).

From one side, this economic growth is good for doing business in the Czech Republic, as income level of people increase so there are more opportunities for people to

consume. On the other hand, salary and rent increase cause higher expenses in business; economic growth lead to the growth in input prices, which is not good for the restaurant.

Social factors

As noted by the US Department of States (2018), the country is a member state of the European Union and is characterized by a high level of respect for human rights and freedoms and the creation of a free environment for both individuals and the corporate sector. The main economic activities of the population are concentrated in the big cities as Prague and Brno, that is why these are the only possible cities to open a restaurant. Prague is a multinational city, there are a lot of students and foreigners, and locals are tolerant to foreigners.

There is another social factor to pay attention to. Czech people are rather conservative in their choice. They are great lovers of Czech cuisine and are not very opened to new cuisine experience. However, Prague shows a good example of Chinese, Thai and Vietnamese cuisines as well as cuisines from European countries. Thus, there is a big chance that Kazakh cuisine will be accepted by local citizens.

Technological factors

Finally, in terms of technological factor, the liberal market of the Czech Republic is welcoming technologies from foreign investors and develops the local social infrastructure favorable for domestic research and development.

Technology is developing very rapidly and favorably for restaurant industry. There are new manager information systems that provide all necessary instruments and tools for managing restaurant revenues and supplies, staff and customers. A lot of new IT technologies for restaurants have been created recently, and they are developing every year. A lot of processes in the restaurants can be automated in the current times and do not need personal involvement.

Therefore, based on the findings of the PEST analysis, it can be stated that the environment in the Czech Republic is favorable for doing business, which is positive for the future activities of “Astana” restaurant.

4.9 SWOT Analysis

The SWOT analysis of “Astana” restaurant should allow understanding better the company’s strengths, weaknesses, opportunities and threats in its business operations.

Table 5 SWOT analysis of “Astana” restaurant

<p>Strengths</p> <ol style="list-style-type: none"> 1. Unique selling proposition (Kazakh cuisine). 2. Transport accessibility. 3. Location close to hotels and business center. 4. Affordable prices. 5. Cozy atmosphere. 	<p>Weaknesses</p> <ol style="list-style-type: none"> 1. Narrow menu. 2. No business experience. 3. Lack of positive reviews. 4. Lack of own premises. 5. Expensive equipment.
<p>Opportunities</p> <ol style="list-style-type: none"> 1. Opportunity to expand the business. 2. Steady immigration of Kazakh people in the Czech Republic. 3. High customer loyalty. 	<p>Threats</p> <ol style="list-style-type: none"> 1. High market competition. 2. Possible lack of demand for Kazakh cuisine.

Source: Author’s own research.

As can be seen from the information presented above, the main strength of “Astana” is the fact that the company has its unique selling proposition: its focus on Kazakh cuisine is narrow and allows conquering a narrow niche on the Prague restoration market. At the same time, the restaurant is located close to the city center and is available with all means of transport, operates close to hotels and business centers. This means that the area is crowded and there will be sufficient frequency of visits. Also, the company offers prices affordable for different population layers and provide cozy atmosphere.

The company’s main weaknesses include the fact that its menu is narrow (as it is limited solely to Kazakh cuisine), lack of own premises, and other facts associated with the company’s start on the market of restoration, namely its lack of experience and lack of positive customer reviews.

The main opportunity which the company enjoys is its potential for business growth, steady customer base represented by Kazakh immigrants in the Czech Republic, and the fact that the Kazakh diaspora in the country communicates closely and remain internally connected.

Finally, the company's main threats include the fact that the competition is high on the restoration market in Prague, and this means that Kazakh dishes will not necessarily win their competition against other exotic foods such as Turkish, Chinese, and so on.

4.10 Financial Analysis

For the purpose of understanding the ultimate financial attractiveness of the chosen project for investment, it is worth drawing up first a detailed business plan for the restaurant. In order to understand the project's commercial effectiveness, it is worth evaluating expected the expenses which the company might incur.

Lease. First of all, it should be understood that the company does not have its own premises and will have to pay for lease. As noted earlier in this thesis, the price for the lease of premises with utilities on Školská street is calculated as CZK 375 per square meter. The planned area of "Astana" restaurant is 121 square meters. Therefore, the aggregate price of lease per month will be CZK 45,375. So, the total expenses which the restaurant will have to incur during a calendar year amounts to $45,375 * 12 = \text{CZK } 544,500$. Taking into account the fact that the restaurant is a long-term project and the amounts of lease is quite large, it is expected that the owner of the premises will enter into a long-term agreements, and this should allow "Astana" restaurant getting a fixed price to be paid for lease every year. For the calculations, it is estimated that the lease agreement will be concluded for 7 years.

Salaries. Another important source of expenses will be the amount payroll for the company's staff. As noted earlier, the company's staff includes the CEO (business owner and investor), 2 cooks, 4 waitresses, an accountant, a marketer, and 2 cleaners.

It is expected that the CEO's fixed salary will amount to CZK 20,000 (in addition to the profit which the CEO might draw as the business owner). Therefore, yearly expenses on the CEO's salary amount to $12 * 20,000 = \text{CZK } 240,000$.

The salaries of waitresses are calculated according to the average market rates of CZK 110 per hour. The total number of hours a waitress works per day is 9, and each waitress works every second day. This means that the yearly salaries of 4 waitresses will amount to $4 * 365/2 * 9 * 110 = \text{CZK } 722,700$.

The costs for the cleaners' salaries are calculated according to the average market rates of CZK 95 per hour. Therefore, 2 cleaners who work every second day will be earning $2 * 365/2 * 9 * 95 = \text{CZK } 312,075$ per year.

The average salaries of two cooks will be calculated at a rate of CZL 130 per hour. Therefore, two cooks will be earning $2 * 365 * 8 * 130 = \text{CZK } 759,200$ per year.

The accountant will be working as a freelancer on a 25 % time schedule, i.e. approximately 90 days every year, and his salary will be CZK 110 per hour. I.e., the total salary will be $90 * 8 * 110 = \text{CZK } 79,200$.

Finally, the marketer will be working on a 25% schedule, and his hourly rate will be CZK 120, which means that the aggregate expenses will be $90 * 8 * 120 = \text{CZK } 86,400$.

Therefore, the aggregate yearly payroll will be $240,000 + 722,700 + 312,075 + 759,200 + 79,200 + 86,400 = \text{CZK } 2,199,575$.

Also, it is assumed that salaries will be growing at a rate of 2% per year, as this will be required in order to motivate the employees and to keep the team's motivation at a sufficient level.

Material costs represent another important element of the company's total expenditures. The material costs will be associated with purchasing food materials, kitchen utensils, and all other similar products required for ensuring the restaurant's proper operation. Based on the chose area and geographical location of the restaurant, it is assumed for the purposes of the business project, that the restaurant will be selling approximately 2,400 portions of meals and 3,200 portions of drinks every month. This forecast is based on the results of the similar Mexican restaurant, which is situated in the neighborhood of the intended place for the restaurant. The information is from the internal sources of the Mexican restaurant. Also there was an analysis of the similar restaurants in terms of its size and scale and this numbers correspond with the findings.

The average prime cost of meals is calculated as CZK 65 per unit, and the average prime cost per drink is assumed to be CZK 50. Thus means that the total material costs during a month will amount to $2,400 * 65 + 3,200 * 50 = \text{CZK } 316,000$. This means that yearly material costs will amount to $12 * 316,000 = \text{CZK } 3,792,000$. Also, it is expected that material costs will be growing at a rate of 2 % every year.

Marketing costs. In addition to paying the salary of the social media marketer, the company will also have to invest funds in Google AdWords advertising and in advertisements on social networks for ensuring the inflow of customers. It is expected that the total amount of marketing costs during the first year of the restaurant's operation will be CZK 100,000. In the next years, as the restaurant will become more famous and will build up its loyal customer audience, the yearly marketing expenditures can be expected to drop to CZK 30,000. These figures are calculated as approximate, and the actual amount of such expenses might vary according to the changing conditions of doing business and the operating objectives the company might pursue.

In addition to the costs outlined above, it should be noted that "Astana" restaurant will require initial investment for launching its business. This will include the investment in repairs, design of the premises, and purchase of all equipment required for the initial stage of the hotel's operation, as well as all furniture, lighting, and so on. For the sake of these calculations, it is assumed that such investment will amount to CZK 1,300,000. In order to make this investment, the company is expected to raise a loan for a period of 5 years, at a yearly interest rate of 6.5 %. The conditions of the loan are calculated based on the data from Českomoravská stavební spořitelna (2019). Taking into account this fact, it can be stated that the company's interest payment on the loan will amount to $0.065 * 1,300,000 = \text{CZK } 84,500$ during the first year. Also, the repayment of principal loan will be occurring in equal parts every year and will amount to $1,300,000 / 5,000 = \text{CZK } 260,000$.

Calculating "Astana" restaurant's potential revenues, it is expected that the company's average price per drink will be CZK 102 and average price per meal will be CZK 90. Taking into account the restaurant's area and the previous calculation of the thesis regarding the occupancy rate, it is expected that the company will be selling 2,400 portions of meals and 3,200 portions of drinks every month. This means that the company's expected revenues per month amount to $2,400 * 90 + 3,200 * 102 = \text{CZK } 542,400$. So, yearly revenues are estimated to be $542,400 * 12 = \text{CZK } 6,508,800$.

In addition to this, it is expected that the company will be able to keep growing its revenues at an average rate of 5 % throughout the next years thanks to its popularization on the Czech market and the development of its business.

The company's profit before taxes is constituted by the difference between its total revenues and the cost of goods sold. This difference is subject to the profit tax, which, according to the Czech legislation in force, is 19 %. The value of profit before tax less the profit tax will constitute the net profit available to the company after all deductions.

Table 6 Financial estimations for the project

	2020	2021	2022	2023	2024	2025	2026
Initial investment	1,300,000						
Repayment of loan principal	260,000	260,000	260,000	260,000	260,000		
Remaining loan amount	1,040,000	780,000	520,000	260,000			
Interest on loan	84,500	72,800	54,600	36,400	18,200		
Lease of premises and utilities	544,500	544,500	544,500	544,500	544,500	544,500	544,500
Salaries	2,199,575	2,243,567	2,288,438	2,334,207	2,380,891	2,428,509	2,477,079
Material costs	3,792,000	3,867,840	3,945,197	4,024,101	4,104,583	4,186,674	4,270,408
Marketing, costs	100,000	30,000	30,000	30,000	30,000	30,000	30,000
Total costs	6,980,575	7,018,707	7,122,735	7,229,207	7,338,173	7,189,683	7,321,987
Revenues	6,508,800	6,834,240	7,175,952	7,534,750	7,911,487	8,307,061	8,722,415
Profit before tax	-471,775	-184,467	53,217	305,542	573,314	1,117,378	1,400,428
Income tax (19%)	0	0	10,111	58,053	108,930	212,302	266,081
Net profit	-471,775	-184,467	43,106	247,489	464,384	905,077	1,134,347
Net profit (cumulative)	-471,775	-656,242	-613,135	-365,646	98,738	1,003,814	2,138,161

Source: Author's own calculations.

As can be seen from the information presented in the table above, the company will be incurring losses during the first two years of its activities, and already on the third years of its business operation, it will be gaining profits on its business. The company's cumulative losses will start decreasing since the third year, and this will allow achieving the break-even point by the end of the second year.

Now, let's calculate the company's expected financial results under the worst-case and best-case scenarios. For this, it is expected that the restaurant's initial revenues for the first year will be -10 % and +10 % respectively.

Table 7 Financial estimations for the project (best-case scenario)

	2020	2021	2022	2023	2024	2025	2026
Initial investment	1,300,000						
Repayment of loan principal	260,000	260,000	260,000	260,000	260,000		
Remaining loan amount	1,040,000	780,000	520,000	260,000			
Interest on loan	84,500	72,800	54,600	36,400	18,200		
Lease of premises and utilities	544,500	544,500	544,500	544,500	544,500	544,500	544,500
Salaries	2,199,575	2,243,567	2,288,438	2,334,207	2,380,891	2,428,509	2,477,079
Material costs	3,792,000	3,867,840	3,945,197	4,024,101	4,104,583	4,186,674	4,270,408
Marketing costs	100,000	30,000	30,000	30,000	30,000	30,000	30,000
Total costs	6,980,575	7,018,707	7,122,735	7,229,207	7,338,173	7,189,683	7,321,987
Revenues	6,769,152	7,107,610	7,462,990	7,836,140	8,227,947	8,639,344	9,071,311
Profit before tax	-211,423	88,903	340,255	606,932	889,773	1,449,661	1,749,324
Income tax (19%)	-40,170	16,892	64,649	115,317	169,057	275,436	332,372
Net profit	-171,253	72,012	275,607	491,615	720,716	1,174,225	1,416,953
Net profit (cumulative)	-171,253	-99,241	176,366	667,981	1,388,697	2,562,923	3,979,875

Source: Author's own calculations.

As can be seen from the table above, the company's break-even point under the best-case scenario can be achieved already by the end of the third year of its business activities, which suggests the restaurant's additional attractiveness as an object of investment.

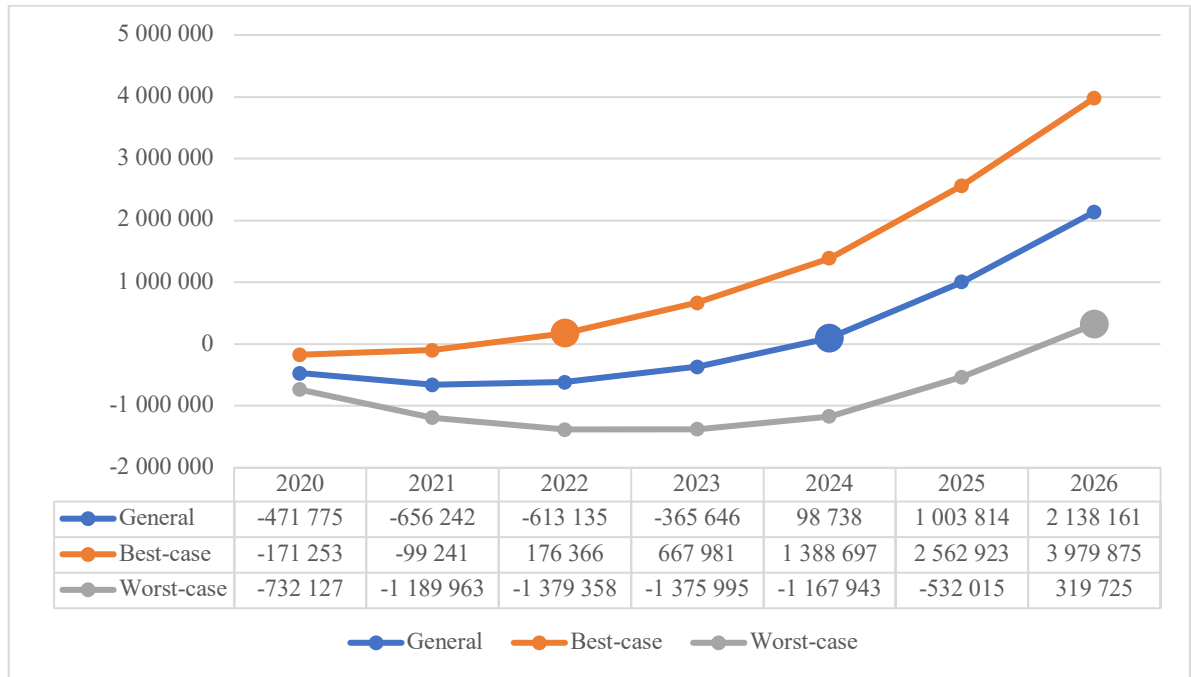
Table 8 Financial estimations for the project (worst-case scenario)

	2020	2021	2022	2023	2024	2025	2026
Initial investment	1 300 000						
Repayment of loan principal	260 000	260 000	260 000	260 000	260 000		
Remaining loan amount	1 040 000	780 000	520 000	260 000			
Interest on loan	84 500	72 800	54 600	36 400	18 200		
Lease of premises and utilities	544 500	544 500	544 500	544 500	544 500	544 500	544 500
Salaries	2 199 575	2 243 567	2 288 438	2 334 207	2 380 891	2 428 509	2 477 079
Material costs	3 792 000	3 867 840	3 945 197	4 024 101	4 104 583	4 186 674	4 270 408
Marketing costs	100 000	30 000	30 000	30 000	30 000	30 000	30 000
Total costs	6 980 575	7 018 707	7 122 735	7 229 207	7 338 173	7 189 683	7 321 987
Revenues	6 248 448	6 560 870	6 888 914	7 233 360	7 595 028	7 974 779	8 373 518
Profit before tax	-732 127	-457 836	-233 821	4 152	256 854	785 096	1 051 531
Income tax (19%)	0	0	-44 426	789	48 802	149 168	199 791
Net profit	-732 127	-457 836	-189 395	3 363	208 052	635 928	851 740
Net profit (cumulative)	-732 127	-1 189 963	-1 379 358	-1 375 995	-1 167 943	-532 015	319 725

Source: Author's own calculations.

As the table above illustrates, under the worst-case scenario, the company's break-even point can be achieved by the end of the seventh year of its activities. This is less attractive for the business and suggests that additional measures should be undertaken to achieve the fulfilment of at least the general scenario outlined above.

Figure 5 Comparison of the general, best-case, and worst-case scenarios



Source: Author’s own calculations.

The figure above illustrates how the three financial cases consider in this chapter compare and correlate. It can be seen clearly that the best-case scenario is significantly more attractive compared to the other two, but the general scenario suggests effective financial performance as well.

Taking into account these findings, it is now possible to proceed to the discussion section.

5 Discussion

The findings of the practical part of the research suggest that the project designed can be commercially feasible and effective, even though difficulties might arise in the course of its implementation.

Thus, the founder of the restaurant should bear in mind that the level of competition on the restoration market of Prague is high, particularly in the district where the company's operations will be carried out. In this context, the main issue is the fact that the company's niche is very narrow. Kazakh cuisine is not so popular, and this is confirmed by the lack of Kazakh restaurants in the nearby area. On the one hand, this means that "Astana" restaurant has a unique selling proposition, but on the other hand, this suggests that Kazakh cuisine might be not so popular among Czech customers. The company can attract either those people who feel some sort of spiritual connection with Kazakhstan or those who want to try something new. Otherwise, customers are more aware of Turkish or Chinese cuisine than of Kazakh dishes, and thus they will be more likely to visit neighboring restaurants which deal with other cuisines.

Given these limitations, it can be recommended for the company to put an emphasis on the development of an effective marketing campaign from the very beginning of its business activities, so as to start building loyal customer audience and give an impetus to the company's quick growth. As shown in the SWOT analysis of "Astana" and its competitors, most restaurants of this price segment in Prague do not use fully their websites and online social networks for spreading information about them and appealing to customers. "Astana" should actively communicate with customers in online social networks and should show clearly its mission and vision in addition to the gastronomical products it offers. The initial focus should be put on attracting the Kazakh diaspora in Prague, and this should help further attract Czech customers on subsequent stages of the restaurant's activity.

Other factors are rather positive for the restaurant's commercial success: in addition to the fact that it can hold a narrow market niche, the restaurant is also located in a place with a high level of customer flows. At the same time, the market of the Czech Republic and the business environment are overall favorable for startups, and the availability of Kazakh immigrants in Prague allows expecting the firm's good start.

The financial calculations provided in the business plan suggest that the project has good chances for commercial success. Thus, based on grounded estimations assumed for the initiation of the project, it has been shown that the expected break-even point should occur within 5 years of the start of the business, which can be deemed a good period taking into account the size of the project and the large amount of investment required. Furthermore, it should be noted that both the best-case and the worst-case scenarios of the business lie only within 2 years of the general-case scenario. This proves that the company can succeed even in the conditions when its business profitability will be smaller. However, the worst-case scenario would require as much as 7 years for achieving the break-even point, which can be deemed a long time period for returning the investment and starting to gain net profits.

In order to avoid the risks of following the worst-case scenario and for guaranteeing the general scenario of business growth, the company should focus on minimizing its ongoing expenditures to ensure proper financial management. It is not advised to raise the prices, as the company's competitors operating on the same market segment tend to adopt the lower-to-medium pricing strategy as well. Therefore, the company should focus on searching for suppliers with lower prices. The company would benefit from entering into long-term agreements with business partners and from participating in loyalty programs.

If all these recommendations are implemented properly, „Astana“ restaurant will enjoy great chances of achieving business success in the long run.

6 Conclusion

The findings of the thesis testify that drawing up an effective business plan is indispensable for launching a commercial profitable and effective business. Such plans include a wide range of aspects important for the future company's proper operation. Namely, the structure of the business plan should include the following parts: description of the idea, its peculiarities, financial plan with financial calculations and estimations, marketing plan including analysis of competitors and the market, as well as the general explanations pertaining to the company's business mission and vision, market goals, and the principles it puts into the core of its activities. All these findings should be stated in the summary in case someone wants to know the most important findings without reading all the plan. Business plans are required for a wide range of users, including both internal (such as the business owner, manager, and employees) and external (third-party investors).

There are some management, marketing and economic aspects that should be taken into account before opening this type of business in the Czech Republic. Primarily, there must be good management with focus on restaurant management and marketing for foreigners and expats from Kazakhstan and other countries living in the Czech Republic. Management should be well acquainted with features of Kazakh cuisine as well as with mentality of key customers. Also, there are numerous economic factors that should be taken into account, primarily economic situation in the country and competency in the restaurant market in the Czech Republic. There are a lot of restaurants which are not bad in terms of quality and price for food and beverages. This can be a negative factor and must be analyzed before opening a restaurant in the Czech Republic.

The business plan prepared in the practical part of this thesis created a detailed framework for the subsequent operation of Kazakh cuisine "Astana" in Prague. The company intends to operate as a restaurant serving traditional Kazakh dishes. Its main customer audience includes the Kazakh immigrants residing in Prague and the local Czech customers who want to get acquainted with Kazakh culture. The restaurant's aim is not only to serve delicious food but also to connect two cultures. This can also lead us to the answer of the question, how Kazakh cuisine can be briefly characterized. In terms of Kazakh restaurant in Prague, Kazakh cuisine can be characterized as cuisine that will bring

extraordinary experience for its visitors, because it combines Asian exorcism and European luxury.

Also, it is necessary to state all pros and cons of opening such restaurant in Prague. The financial calculations performed within the business plan suggest that the company can succeed in its market activities, even despite the fact that large initial investment is required. These estimations show that, under the regular scenario, the total time required for achieving the break-even point of the investment project is 2 years. The period of 2 years can be deemed appropriate for the company given the size of initial investment and the scale of the project. The worst-case scenario is less attractive, but still can be deemed appropriate. Also it is necessary to mention that current economic situation in the Czech Republic is favorable for opening a restaurant, but still there is a contrafact that salaries are high and there is lack of labor force in the Czech Republic, which is negative factor for the restaurant. The input prices increase, which can lead to increase in prices of dishes and beverages.

For achieving the best commercial results, the company should focus on effectively managing its costs and engaging in long-term relationships with suppliers. Also, it should be borne in mind that there are a great number of restaurants in the district: even though they do not serve Kazakh dishes, they can still deprive the company of its customer base, as customers are more used to Turkish, Chinese cuisine, and so on. In order to get the initial impetus and the opportunity to compete on the market more effectively, the company should invest in marketing and should focus on promoting its idea and its brand in online social networks.

Based on these findings and justified assumptions, it can be recommended to implement the project. The fulfillment of the recommendations developed in the course of this research should allow effectively launching the restaurant and subsequently achieving its commercial success.

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