

# **A Business Plan for a Dance Studio**

Kateřina Štefkov

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## ZADÁNÍ BAKALÁŘSKÉ PRÁCE

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Zpracování marketingového výzkumu u zvolené cílové skupiny respondentů  
Vyvození závěrů z provedeného výzkumu a jejich aplikace do připravovaného business plánu  
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Vedoucí bakalářské práce:

**doc. Ing. Mgr. Olga Jurášková, Ph.D.**

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doc. Ing. Anežka Lengalová, Ph.D.  
děkanka





PhDr. Katarína Nemčoková, Ph.D.  
ředitelka ústavu

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## **ABSTRAKT**

Tato bakalářská práce se dělí na dvě části a to teoretickou a praktickou. Obě části pojednávají o vytvoření podnikatelského plánu. Už z názvu obou částí můžeme předpokládat, že část teoretická popisuje terminologii spojenou s tématem, které se nazývá Podnikatelský plan pro taneční studio. Na druhou stranu, část praktická již předkládá reálný návrh plánu. Jednou z důležitých kapitol této práce je marketingový výzkum, který je cenným zdrojem pro sestavení plánu jako takového a pomáhá odhadnout jeho proveditelnost.

Klíčová slova: podnikatelský plán, podnikatel, podnikání, proveditelnost, marketingový výzkumu, dotazník

## **ABSTRACT**

This bachelor thesis is divided into two parts and those are theoretical and practical. Both parts are dealing with the creation of the business plan. Even from the name of those parts one can assume that the theoretical part describes the terminology connected with the topic which is called a Business Plan for a Dance Studio and on the other hand the practical one shows the real proposal of the plan. One of the important chapter of the thesis is a marketing research which is a valuable source used to form the business plan itself and to estimate its feasibility.

Keywords: business plan, entrepreneur, entrepreneurship, feasibility, marketing research, questionnaire

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## INTRODUCTION

The thesis is dealing step by step with the elaboration of a business plan. To be more specific, it is a business plan of dance studio. The fitness and healthy lifestyle is these days very modern and often discussed topic of young people, however not just young people are interested in dance and good physical condition.

The reason I have chosen establishing a business plan of dance studio was simple. In first year of my studies I wanted to attend a dance classes but after an online research of provided lessons in Zlín and I did not found anything that would satisfy my needs and wants. Therefore, I have based this business plan on the criteria I have missed in other dance studios in Zlín.

Concerning the structure, the thesis is divided into two parts and those are theoretical and practical. The theoretical part is focused on the technical terms relating to the topic, in order to explain the theory directly connected with entrepreneurship, business plan, and its structure. This particular part of the thesis is partially used as a template for the second part which is the practical one.

With this in mind, comes the practical part and the elaboration of the business plan itself. The most significant part is the marketing research in form of the questionnaire which is used to lay the foundations for the adaptation of provided services according to the demand. The practical part follows the structure of the business plan mentioned in the theoretical part.

The main aim of the thesis is to inform about the basic terms connected with business and mainly with the elaboration of a business plan of the Dance studio Bubble in Zlín and find out if the project is feasible and if the demand is big enough to start the business.

“There are no secrets to success. It is the result of preparation, hard work, and learning from failure.”

- Colin Powell

## **I. THEORY**

## **1 BUSINESS AND BASIC TERMS**

A Subject matter of the theoretical part of this bachelor thesis it to clarify basic terms related to the business and business plan as such, which precedes the elaboration of the business plan itself.

### **1.1 Entrepreneurship**

Entrepreneurship has many definitions and the statement that any business activity which is connected with the market and offering of product or services is among them. The profit is not the key indicator which would be a capital importance of determining whether it is the entrepreneurship or not. The most significant indicator is the communication with the customers and to satisfy their wants and needs. (Dvořáček and Slunčík, 2012, 12)

#### **1.1.1 Entrepreneur**

“Entrepreneur established by the law is:

- Person who is listed in Certificate of Incorporation
- Person who run a business based on trade
- Person who run a business based on something different than trade according to specific legislation
- Person who run a business in field of agriculture and listed in the register according to specific legislation”(Business center.cz , 2016)

#### **1.1.2 5 Starter-qualities for Entrepreneurs**

To become a successful entrepreneur is vital to have at least these 5 starter-qualities. One of the most important is to have common sense if the entrepreneur disposes of with such quality it is not the single-mindedness nor the self-esteem that have such high importance for the conducting a business. On the other hand, the crucial for the success is to be objective, realistic and to see the situation on the market as it really is, which practically means that the entrepreneur should be able to consider if the provided products or services are eligible for the specific market.

This approach is very useful especially for the assessment of business goals which is more important than an elaboration of a business plan. Another essential quality is to avoid the mistakes and faults of yours or others as well as being able to adapt. To start a business does not insist on investing a huge amount of money to promotion but to ensure the missing wants and needs of customers and therefore provide sufficient supply. (Podnikatel.cz, 2012) The last starter-quality for the entrepreneurs it to be innovative, able

to improve products or services according to the latest trends and make the supply interesting and unique itself.

For better orientation the list of those five qualities:

1. Common sense
2. Realistic perspective
3. Ability to avoid mistakes
4. Ability to adapt
5. Innovative (Podnikatel.cz, 2012)

## **1.2 Enterprise**

After discussing the terms as entrepreneurship and entrepreneur it is appropriate to proceed with the term enterprise. An Enterprise is an autonomous element from the economic and also from the legal point of view, which is assumed to be established with the objective of entrepreneurship. To be an economically autonomous unit and have a chance to run a business liberally, brings for the activity, which comes from the running a business itself, a certain owner responsibility. A legal independence represents for the business the possibility of entering the legal relationship with other subjects on the market and what is more to approve the relationship with the contract. (Srpová, 2010, 35)

### **1.2.1 Small and medium-sized enterprises**

The importance of SME's for the world's economy is constantly growing bigger and bigger. This situation comes also in the countries where these enterprises "comprises more than 50% of GDP". (Havlíček and Kašík, 2005, 16) Czech Republic belongs to the category there the market share of SME's is predominant. The European Union is the territory which brings to these enterprises support since it is a constant part of the national economy. (Havlíček and Kašík, 2005, 16)

Basic division of Small and Medium-sized Enterprises according to EU:

1. Number of employees – Enterprises which employed maximum 250 employees
2. Revenue – Enterprises defined by the revenue maximum 50 million Euros
3. Assets- Enterprises characterized assets that are supposed to be less than 43 million Euros (Havlíček and Kašík, 2005, 16)

Basic division of SME's in the Czech Republic inspired by EU:

Microenterprise:

1. Maximum 10 employees
2. Maximum revenue 2 million Euros
4. Maximum assets 2 million Euros (Havlíček and Kašík, 2005, 16)

Small enterprise:

1. Maximum 50 employees
2. Maximum revenue 10 million Euros
3. Maximum assets 10 million Euros

Middle-sized enterprise

1. Maximum 250 employees
2. Maximum 50 million Euros
5. Maximum assets 50 million Euros (Havlíček and Kašík, 2005, 17)

### 1.2.2 Advantages and disadvantages of SME's

SME's are supported by the European Union with certain strategies and decision which might be taken as the **advantages** for conducting the business. There are a few measures that make the start of the company easier by the simple registration, benefits in the form of tax advantages, premises with the low tenancy and help with the bookkeeping. States of the EU also motivate the entrepreneurs with financial relief, cheap business counseling, and coverage of risks. (Havlíček and Kašík, 2005, 15)

On the other hand, there is always the other side of the problem and with this are connected also some **disadvantages** of SME. As for the most serious, that must be mentioned it is the chance of getting a credit. The reason why it is complicated is because these enterprises are considered to be less profiting and risky. Moreover, there are problems that come especially with the size of the enterprise and those are worse access to production factors and the lack of the technical equipment. (Wupperfeld, 2003, 138)

### 1.3 Business plan

A business plan is a written document which is the introduction of the company divided into specific parts each dealing with the different theme of the business. (Wupperfeld, 2003, 11-13)

Another comprehensible definition of the business plan is that the business plan “is also a road map that provides directions so a business can plan its future and helps it avoid bumps in the road.” (Entrepreneur.com, 2016)

The business plan should be cohesive, coherent and reasonably arranged. Intelligibility supposed to be the very essential characteristic of the business plan as well as the persuasiveness. The statement mentioned in the concept must be united and there should not be any contradictions. What is more, the business plan might be enriching for the customers. A concept which brings on the market a new product or service that is missing. Before the conducting the business should the entrepreneur make sure that there is demand big enough to penetrate the market.

To penetrate the market and have a chance to succeed, should be the product or service differentiated from the others. The uniqueness and the additional characteristic that make the product or the service different from the others are those things that attract the attention of the customers. Strategies that are focused on the marketing should be directed at the bright prospects and get to the heart of the matter. The entrepreneur of the project is also taken into the consideration which means that their abilities and achievements are also very important. Presented business plan must be clear and the ideas feasible. (Wupperfeld, 2003, 12)

### **1.3.1 Functions of the Business plan**

The foundation stone of conducting of the business is the composition of the business plan. Becoming the main indicator of the success of the upcoming company. The major thing in which should the founder put an effort. (Wupperfeld, 2003, 12) In other words, the concept is for the beginning company the most important document and the company follows a pattern of the business plan.

The fact that it is in the written form is another positive thing since the thoughts and ideas are better to improve and evolve more effectively. Another key advantage of the document is the possibility to present the ideas to other people which can bring constructive critics and possible improvements. The written form of the concept gives more serious impression than just spoken ideas helping not to deviate from the original plan and to set the boundaries, rules, and strategies.

Another key thing to remember is that the business plan is a very precious document on the way to get the financial support from the bank. (Wupperfeld, 2003, 13) Furthermore, their enterprise does not get the financial support only from the bank but also

from the variety of national funds or from the European Union and to get the support also positively contributes the business plan. (Wupperfeld, 2003, 14)



## 2 STRUCTURE OF A BUSINESS PLAN

“Anatomy of a Business Plan is designed to help you write a complete, concise, and well-organized plan that will guide your company towards a profitable future.” (Pinson, 2008, 6)

There is the overview of the **individual parts** of the business plan.

2.1 “Title Page

2.2 Executive Summary

2.3 General Company Description

2.4 Market Analysis

2.5 Marketing Plan

2.6 Financial Plan

2.7 Organizational Plan“ (Srpová, 2011, 14-40)

### 2.1 Title page

The title page of the business plan should consist of a logo and the name of the company, but also information such as the name of the business plan, the name of the author or founder and last but not least the foundation date. It is not such a bad idea to state that the business plan mentions an information which is private and comes with the trade secret which means that it is forbidden to copy and no matter how to manipulate with the business plan without the author agreeing. (Srpová, 2011, 15)

### 2.2 Executive Summary

In order to mention everything substantial Executive Summary should contain information about the business, the specification of the provided service or product, where would be the business located and generally why is the business established. In the Executive Summary supposed to be present the purpose and the reason of introducing the business plan including the profit of the company and how the company grows. The follow-up information should introduce the company properly to attract the attention of investors or lenders. (Pinson, 2008, 26) The executive summary is the right place for the information that has a higher level of importance. This particular part is very special and must be written carefully because mostly based on the introduction are the investors making decisions. (Rogoff, 2007, 162) It is practical to write the executive summary after the whole business plan or to write it partially and then update it because during the

preparation of the business plan there might be some changes that appear step by step working on the business plan. (Pinson, 2008, 23)

### **2.3 Company Description**

The first aspect about the company description to point out is that mostly it is placed right after the chapter about the executive summary. As the name of the chapter indicates there must be described the details about the company and everything essential. This part of the business plan does not supposed to be long. However, the company description is the vital part of the concept which is also the best part for the introduction to outsiders who wants to get to know your project and all the important details. (Abrams, 2003, 59-68)

Approximate structure of the company description:

- “Names
- Legal form
- Leadership
- Location
- Developmental stage
- Financial status
- Products and services
- Patents and licenses”(Abrams, 2003, 69-70)

### **2.4 Product description**

This part of the business plan gives us detailed information about the service or product the company provides. Product/service should be mention in order given by the popularity which practically means b the money the product or services earned. The essential functions of the product/service emphasized, are not the technical ones, one must presume that there can be also ordinary people, who mostly do their buying decision based on the utilization of the product/service, reading the business plan.

To put it another way, the description of the product/service should contain interesting facts and not the boring numbers and statistics. The secret to success is to compare, to give them graphs, charts, people like to see the differences because it makes the decision easier. The more interactive you make it, the more attention you get. (Srpová and Řehoř, 2010, 61)

## 2.5 Market Analysis

One must admit that the market analysis has a significant value in the business plan and if the market analysis is conducted consciously, it can bring certain advantages in the form of investors' and customers' interest. The market analysis provides the information about the target group, competition and other fields necessary to establish the company successfully. (Entrepreneur.com, 2005)

### 2.5.1 Structure of market analysis

Segmentation of the market means a division on the small parts to better concentration on each segment and better satisfaction of particular needs and the main reason to divide it into smaller is to determine target market. *Analysis of Target Market* is on the other hand oriented towards the specifics of the market containing information about market size and user persona. (Entrepreneur.com, 2005) In order to include *Analysis of Competition* which from the name indicates that the main theme will be the competition and everything connected. (Fiore, 2005, 102)

### 2.5.2 SWOT Analysis

SWOT analysis is another option how to direct one's efforts to the right specialization. The analysis is in a place where the main principal is based on the factors affecting the firm and their convenient combination and strategic use.

This method is divided into the internal and external factors influencing the project. **S** from the word itself stands for strengths of the company, **W** for the weaknesses of the company, **O** for the opportunities emerging from the environment surrounding the company and the last one **T** for the threats to the company. To work properly the analysis must be followed by rules. Firstly it is identification, consideration, and prediction of the effect of the factors on the company. (Srpová and Řehoř, 2010, 132-133)

The SWOT analysis enables to create four varieties which combine factors for the purpose of the strategic point of the orientation of the chosen pair. The Strategy which combines *strengths and opportunities* is oriented on the positive factors, therefore, it is the most wanted strategy. The second strategy deals with *strengths and threats*, where the part of strengths is endangered by the threats coming from the outside of the company and the solution is the attempt to transfer threats to opportunities. *Opportunities and weaknesses* create the strategy which is trying to switch and surpass the weaknesses. The last strategy is the combination of the *weaknesses and threats* and the least positive strategy for the

company forcing the situation to the limits and compromises. (Srpková and Řehoř, 2010, 133)

<u>Internal Factors</u>	
Strengths	Weaknesses
Opportunities	Threats
<u>External Factors</u>	

Figure 1: SWOT analysis (own creation based on the data from Srpková and Řehoř, 2010, 132)

## 2.6 Marketing Plan

The theme of this chapter will be marketing and marketing mix and here come a few possibilities how to explain the term marketing itself:

- “An attitude of mind
- A way of organizing the business
- A range of activities
- The producer of profits”(Fifield, 1998, 13)

### 2.6.1 Marketing mix

The marketing mix is a combination of certain elements which operates on the market. It is possible to manipulate only with one element, but also with different combinations and create marketing strategic management. With this in mind, there is well known that the marketing mix is based on the 4Ps and those stand for the product, price, place, and promotion. However, there is a constant progress and nowadays, which is completely normal, can be found even 7P's and the three more stand for the personnel, physical evidence and process in case of the services. (Kozel, Mynářová, and Svobodová, 2011, 45)

To specify 7P's of marketing mix:

*Product/ Service-* Product, as the first 'P' has the biggest importance in the marketing mix and its function, is to satisfy needs and wants of the customer. The product is also the element of the marketing mix which partially affects other elements of the mix. With the products also comes the detailed description. (Srpová and Řehoř, 2010, 199)

*Price-* Price as the second element in marketing mix becomes nowadays more and more important. The main reason is to improve the situation where the quality is at least proportionate to the price. This is the element that affects the revenue of the company and defines a rival position on the market. Srpová and Řehoř (2010, 206) determined that the definition of price is a value of the product expressed in money. There are three methods how to set the price. The first one is oriented to costs and the price should cover them entirely. The second method relies on the competition and the price should be similar to their prices. The last method moves the orientation to the customers and the prices are the reflection of the demand on the market, their ideas about the amount of money that product cost.

*Place-* The third 'P' stands for the place which means the distribution of the product. Whether there will be direct or indirect distribution chosen according to the characteristic of the company and concrete needs.

*Promotion-* Promotion as another element of the mix is publicly popular and that is the reason many people confuse marketing and promotion. This element is used to attract customers and to communicate with them through the special mix used in promotion consisting of sales promotion, advertising, direct marketing, public relations, personal selling. (Srpová and Řehoř, 2010, 213- 219)

*Personnel-* The following three elements of the mix are mostly attributed to services. The fifth 'P' stands for Personnel which is an important part of the company. Nowadays employees are valuable because they are the source of new ideas and solutions. (Kozel, Mynářová, and Svobodová, 2011, 44)

*Physical evidence-* This element refers to the relationship between the product and the customer, how the customer perceives the product and their experience and material environment.

*Process-* As the last part of the marketing mix the thesis mentions Process. The process is the description of methods and techniques that are used to help the whole marketing mix become operative. (Chaffey, Ellis-Chadwick, Mayer, and Johnston 2009, 318-319)



Figure 2: Marketing mix *Source: Data from Chaffey, Ellis-Chadwick, Mayer, and Johnston 2009*

### 2.6.2 Marketing research

Marketing research as another element in the marketing plan is very helpful to set up marketing goals. A primary function is to establish a method of the research. The goals that can be achieved by the marketing research are first to recognize the problem and then it is necessary for the strategic decision making to gain the information needed to solve the problem, to get to know your competition, and also to gain the information about your company as well.

Marketing research can be divided into primary and secondary research according to the age of the gained information. (Marks, 2011) Moreover, in the marketing research is possible to distinguish internal from external research. As for the **internal** research are considered things regarding the internal files such as changes in the marketing mix. (McDonald, 2009, 366) On the other hand, the **external** research derives the information from the external factors influencing the company. (Kozel, Mynářová, and Svobodová, 2011, 54)

A popular way of research is in a form of survey and concretely it is a questionnaire. (Srpková, Řehoř, 2010, 196) There are two possible ways how to create a questionnaire. The first one is to present it in a paper form and the second one is posted online on the internet. With the right motivation of respondents comes the possibility of valuable and needed

information from the research which is very helpful to conduct a business. (Pinson, 2008, 49)

## 2.7 Financial Plan

The chapter about the financial plan is kind of summary of all previous chapters in numbers and also the proof whether the business plan is feasible or not. The financial plan will consist of initial accounting records. (Srpová, 2011, 28) Srpová and Řehoř (2010, 65) provide the information that the financial plan could include a balance sheet, profit and loss account, breakeven point and cash flow.

*Balance sheet* – Balance sheet is an overview of assets and liabilities of the company. In the overview can be also seen the form of the company's financing.

*Breakeven point* – Next comes the breakeven point which is the volume of production that is needed for not being in the financial loss. When the costs are equal to sales is the situation called breakeven point.

*Profit and loss account* – In this account are defined profits, loss and also the net income. (Srpová, 2011, 30)

## 2.8 Risk analysis

Srpová and Řehoř (2010, 66) claim that risks mean the change when the goals are not completely achieved and the following situation brings certain problems. The risk analysis introduces the ability to understand those risks properly and what is more, to be able to take necessary measures because there is always a reason for exposure of risks.

This part of the business plan express the risks, how is able to deal with them and successfully adapt to them. Risks can form because of the mistakes in the business plan, documentation, wrong definition of competence, changes in requirements or insufficiently qualified work team. There are three levels of lowering the risks. The first one total elimination of the risk. The second one is reducing the risk and the last one where with such risk is nothing much to do. (Srpová, 2011, 139-140)

## 2.9 Methodology

The bachelor thesis is divided into two parts and those are theoretical and practical. The theoretical part is focused on the basic terms connected with business and business plan, to better understand the topic itself. The business plan supposed to conduct a new dance studio, however, the theoretical part does not include any history of dance studios or terms

connected with such topic. “There is a general inability to meet the needs of today’s clients” (Clark, Lucett, and Corn, 2008, 7) and the historical background does not change it.

The thesis is written in order to conduct a business plan and take a close look at its feasibility. Using different analysis and methods the thesis gains the needed information. The main goal of this particular thesis is to find out whether the business plan is able to successfully penetrate the market and satisfy wants and needs of possible customers or not.

For complete analysis was carried out an online marketing research in the form of a questionnaire created on the website [www.survio.cz](http://www.survio.cz). Gained information from the questionnaire will be partially applied in the practical part of the thesis and valuable source for the decision-making process in gradually forming a business plan. The thesis is mainly exploring the feasibility of the project and the possibility of success.

Researched questions:

- Is the public interest in dance classes in Zlín big enough to start a brand new dance studio?
- Would be another dance studio in Zlín profitable?



## **II. ANALYSIS**

### 3 ELABORATION OF A BUSINESS PLAN

The practical part is conducting a real business plan and dealing with possible complications during the establishment. This part of the thesis is using the preceding information from theoretical part to follow the proper structure of the business plan. The information and details included in the following part are confidential and comes from the trade secret.

#### 3.1 Title Page

## Dance Studio Bubble

<b>Created by:</b>	Kateřina Štefková
<b>Phone number:</b>	606 094 524
<b>Email:</b>	ka.stefkova@seznam.cz
<b>Address of the creator :</b>	V Zátíši 82 Hanušovice 788 33
<b>Legal form:</b>	Natural person – Unqualified notifiable trade, Vocational notifiable trade
<b>Location:</b>	Gym – Střední průmyslová škola Zlín Tř. Tomáše Bati 4187 Zlín 762 47
<b>Description of the company:</b>	The Dance Studio Bubble is providing a various dance lessons suitable for customers from different age categories. The competitive advantage of the studio are morning lessons and single entry.
<b>Source of the finance:</b>	From own sources – The creator will use her own sources from the personal account to cover startup costs. The total amount of money that are available to start the business is 105 000 CZK.

### 3.2 Executive Summary

#### Description of the company and product

The Dance studio Bubble is established by a natural person – Kateřina Štefková. The founder's idea to establish a Dance studio was not to come up with something new but to offer lessons for people whose answer is that there is no time for dance lessons and to adapt the service to demand. The project will be financed from own sources with the amount of 105 000 CZK to cover startup costs and to set the company going.

The Dance Studio is specialized on the classic lessons such as Aerobic, Latin-American dances and some modern lessons as Twerk, Street dance and others. The lessons will be 60 minutes long and the number of employees will be dependent on the demand and the number of permanent lessons. As a competitive advantage, The Bubble considers offering morning lessons for those who wants to stretch the muscles even before school or work.

From the beginning, the concept will be based on low cost policy, which means that in first years the company will be using rent premises more precisely gymnasium of a high school in Zlín – Střední průmyslová škola. The main purpose of the Bubble is to satisfy and focus on young people who live in the world of ever present internet, where the healthy lifestyle is very popular. Healthy means everything that is connected with some physical activity and body shaping which definitely includes dancing.

The dance studio will cooperate with the high school and the relationship will be secured with a contract where will be written the fixed price for a rent gymnasium per hour 260 CZK and a symbolic amount of money monthly paid for storage of the equipment 100 CZK which will be added to the monthly rent.

#### Competition on the market

In Zlín, there is a very strong competition concerning dance studios. There are several institutions offering similar services, however, there is no other company that would combine the same principles as the Dance studio Bubble. The existing competition sufficiently covers an older generation of customers who prefer Latin- American dance, Aerobic and Zumba that are fundamental for most of the typical Dance studios, Schools or other facilities offering such service in this branch.

There is a list of the competitive companies:

- Beat up -Street dance studio - <http://www.beatup.cz/>
- Taneční klub Fortuna Zlín - <https://www.tkfortuna.cz/index.php>

- Dance Institut - <http://danceinstitut.cz/>
- Dance Studio Starlight - <https://starlight.dance/novinky>
- Taneční škola A. & A. Mědílkovi - <http://www.medilkovi.cz/index.php>
- Taneční klub Rytmus Zlín - <http://www.rytmuszlin.cz/>
- Dance Studio EVANS Zlín - <http://www.evansdance.cz/>

### Financial plan

The dance studio will be financed from own sources of the owner. The amount of money needed to cover initial cost is estimated at 105 000 CZK. In the chapter financial plan, there are described the initial costs, balance sheet and profit and loss account in more detail. In the table number one, we can see the shorten version of the realist profit and loss account that is used as the anchor and the most probable situation for the thesis.

Table 1: Assumed profit (own creation)

<b>PROFIT</b>	<b>Monthly</b>	<b>Annually</b>
<b>EBT</b>	<b>20 945</b>	<b>251 240</b>
Tax	3 142	37 686
<b>EAT</b>	<b>17 803</b>	<b>213 554</b>

### **3.3 General Company Description**

The name of the Dance Studio is very simple and without any special meaning and hidden background. The owner choose the name Bubble because it has a positive association for people and it is easy to say even for children. There is no other company registered with such name. The Bubble will be established by Kateřina Štefková.

As there was already mention Kateřina will be the owner of the company, however, she does not meet the required conditions needed for Vocational notifiable trade. Here comes the authorized representative, who will be used to achieve the trade. In terms of confidentiality, the authorized representative stays nameless. There is no special use to mention the representative in more detail. The representative and the owner made a written agreement that there is no entitlement for a representative to require any compensation or profit share. The owner will employ only to employees (lectrices) and the revenues or assets will not overcome 2 millions of Euro so the company will fit into the group of microenterprises.

For this particular business are suitable three trades. To start the business, the company will use the combination of all three trades. Two of them are listed in the unqualified notifiable trade category with numbers of trades 72 and 74, those are not restricted to any conditions and the last one belongs to the vocational notifiable trade requiring professional competence which is already handled by the authorized representative mentioned above.

The Bubble is going to be financed from own sources concretely from the personal account of the owner. In order to save money and firstly to test the feasibility of the project, the owner decided to rent for the lessons the gymnasium in the school. This location is supposed to be a temporal solution and if the company is successful in few years, customers can look forward to the relocation of the company to separate building.

Another key thing to remember is that because of the big competition it will be very hard to penetrate the market, however, the project is formed to be able to adapt to demand and react to changes in preferences of customers with the best possible result of successful market penetration and ability to remain competitive.

Long term goals of the company are to equally compete with leading dance studios and schools, to have a stable customer base that ensures satisfactory profit, own premises that would enable expansion of the company and broadening of provided services. After few years, there are also plans to expand into other cities and create a whole system of Dance Studios Bubble in the Czech Republic.

### **3.4 Product description**

The Dance studio will provide various types of lessons such as Latin- American dance, Twerk, Dance Yoga, Aerobic, Pilates and Street dance. In the table right after the name of the lesson which is below the description of the lessons, can be seen numbers 1 and 2 which distinguishes the beginners from advanced dancers. However, the division of lessons into beginners and advanced is not fully binding, but more in the competence of the lectrice and she will consider the construction of the lesson. All the lessons are 60 minutes long and it all has the same price and this specific selection of the lessons will cover broad target customers.

#### **Latin- American dance**

The lesson of Latin- American dance will focus on the five most common dances and those will be Jive, Cha-cha, Rumba, Samba and Paso doble. The lectrice will provide basic steps

and figures to be fully able to dance all the five dances after a few lessons. People are allowed to wear a high-heeled shoes to get used to dance in shoes that are mostly worn.

### **Twerk**

Twerk is one of the modern dances which became these days very popular. It is all about the seductive shaking with a bottom. In this lesson is also allowed to bring to the lesson a high-heeled shoes. The customer will be able to twerk on famous songs and to imitate some famous choreography.

### **Dance Yoga**

This particular lesson will combine elements from ballet, yoga, and other modern techniques. The lesson supposed to be enriching in form of the coordination of moves and the flexibility of a whole body. It is suitable even for older people to strengthen their muscles. The Dance Yoga is also the first alternative for the morning lessons.

### **Aerobic**

Aerobic lessons will be the vital ones. Sometimes there can be add a little bit of Zumba elements to boost the lessons. The lectrices will have prepared a complex routines to train even the brain. These lesson are for the people who wants to get a little bit sweaty and urn some calories.

### **Pilates**

Pilates is a slow-paced lesson that perfectly match for the people who wants to strengthen and shape their bodies. It is the second alternative that will be offered in morning lessons. Pilates is quite enriching exercise from the point of health, it gives the energy and it is focused on the deep muscles.

### **Street dance**

The last lesson that the studio will provide is Street dance which will be combining a well-known styles such as hip hop, Rnb, break dance and some others. Street dance lesson are expected to be visited by younger people and also with bigger percentage of attendance of the male customers than in other lessons.

### **Timetable of lessons**

The following table shows the systematic timetable of lessons. The lessons are going to be tactically divided into the whole week to give people bigger opportunity to attend.

Table 2: Timetable of lessons (own creation)

Time/ Day	Monday	Tuesday	Wednesday	Thursday	Friday
<b>Morning lesson 7-8AM</b>		Dance Yoga		Pilates	
<b>Evening lesson 6-7 PM</b>	Latin-American dance 1	Twerk 1	Dance Yoga	Aerobic 2	Pilates
<b>Evening lesson 7-8 PM</b>	Street dance 1	Aerobic 1	Latin-American dance 2	Street dance 2	Twerk 2

1 – Stands for beginners

2 – Stands for advanced

### 3.5 Marketing research

In the theoretical part, there is mentioned that a very important part of the business plan is a marketing research. In this particular case, the best option was to choose the marketing research in form of a questionnaire. To serve the purpose, the questionnaire was created on the website survio.com.

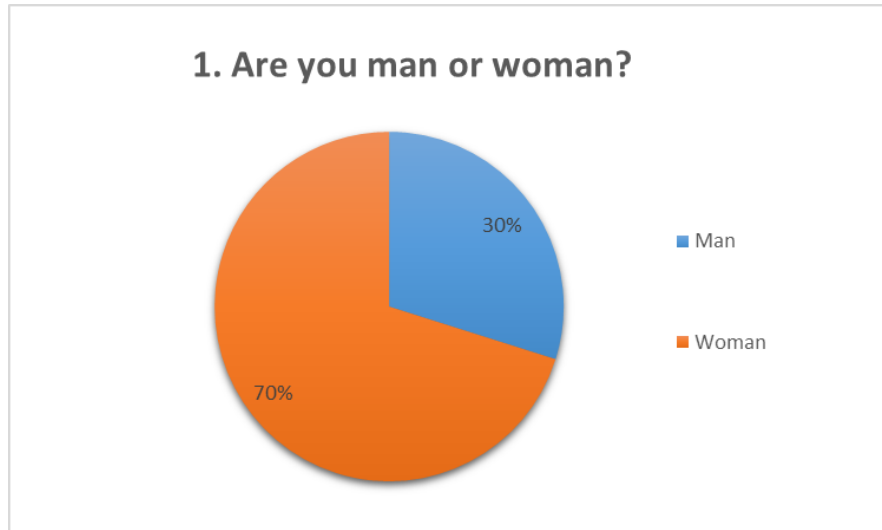
#### 3.5.1 Evaluation of the questionnaire

The total amount of respondents is 308 people, however, another 164 people just opened the questionnaire without any respond and 20 more people did not finished the questionnaire. The first received respond was recorded on 12 March 2016 and the last one came 6 April 2016, so the whole duration of the questionnaire was 26 days. The time needed to fulfil the questionnaire was quite short because the results showed that 58, 4% of respondents fulfilled the questionnaire within 1 minute and 26, 3% of respondents within 2 minutes. The rest of the respondents were divided into small groups with very little percentage but more than 90% of respondents fulfilled the questionnaire within 5 minutes at maximum. The owner has decided to share the questionnaire online via Facebook pages of faculties and groups of students of the University of Tomas Bata in Zlín. The reason for sharing the questionnaire online and via Facebook was to focus directly on the target group of the project.

**First question: Are you, man or woman?**

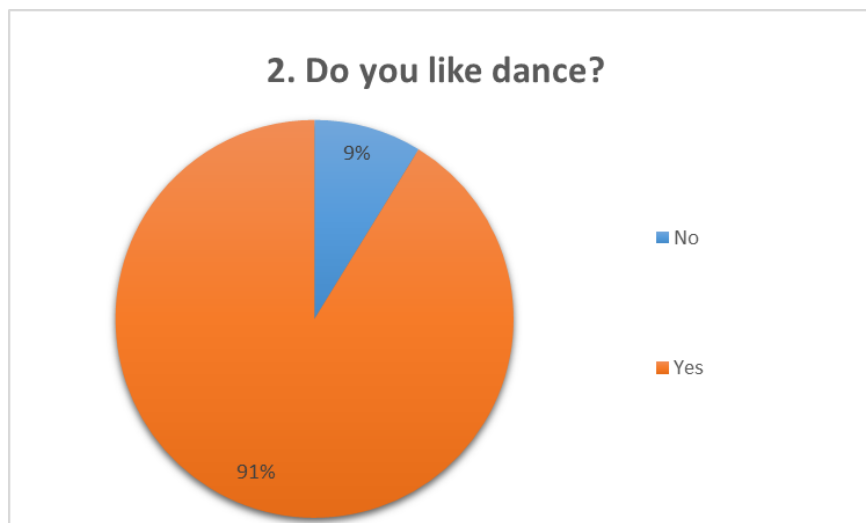
The first question will be mentioned in the Chapter 3.6 Market analysis concretely in the Analysis of the target market.

Chart 1: First question from the questionnaire (own creation)

**Second question: Do you like dance?**

The second question will be also mentioned in the Chapter 3.6 Market analysis concretely in the Analysis of the target market.

Chart 2: Second question from the questionnaire (own creation)

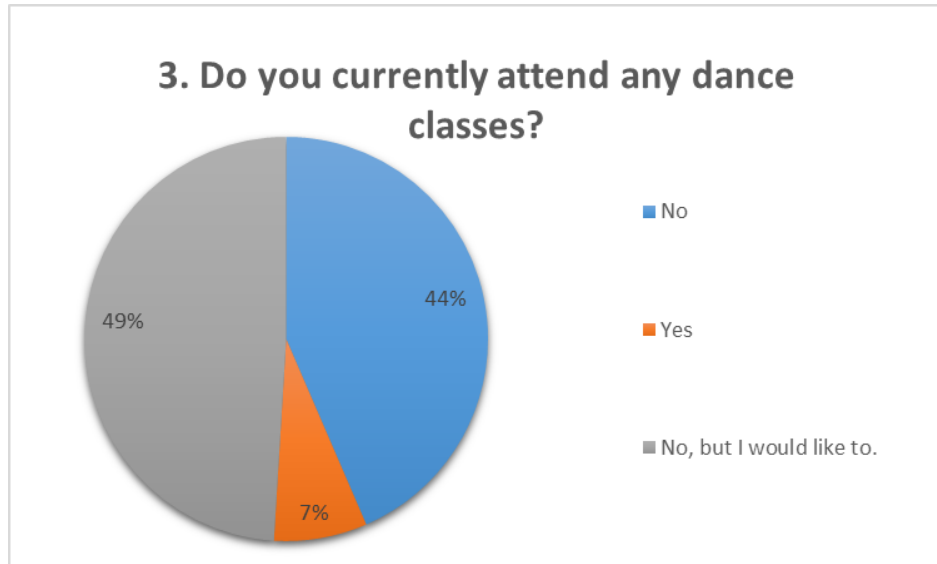
**Third question: Do you currently attend any dance classes?**

The chart shows how many respondents attend any dance classes and how many would like to attend some class. The answers that are positive for our needs are either "Yes" or "No, but I would like to." and those answers responded together 56% of respondents. The significant is that the percentage is over the half and even people who responded just "No", can be persuaded to visit the dance studio. The reason one can expect is that even part of



the people, who did not show the interest, will change their minds. Nowadays people make decision mostly based on the price not the quality and diversity of provided services.

Chart 3: Third question from the questionnaire (own creation)



**Fourth question: If you answered “no” in the previous question, give some explanation.**

This question relates to the previous one and give the author a clear idea what is the reason behind the answer “No”. The chart shows that all answers have a very similar percentage but the most people answered that they did not attend any dance classes because of the price of classes and also because of the insufficient supply. Behind the answer “Other”, was mostly hiding the lack of time, which will the studio try to eliminate by the opportunity of morning classes before work or school.

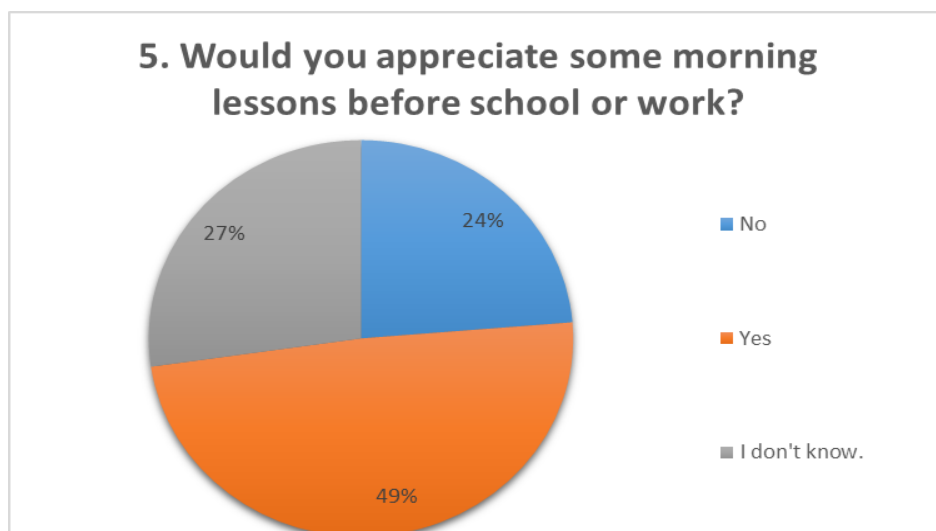
Chart 4: Fourth question from the questionnaire (own creation)



**Fifth question: Would you appreciate some morning lessons before school or work?**

The fifth question was quite specific and oriented directly on the morning lessons which will the studio provide. Even without any further specifications already 49% of respondents answered “Yes” and another 27% “I don’t know.” which means that those respondents would probably need more information like what concrete lesson and when exactly will the lesson start. Generally, they would need a little more persuasion and motivation, however, the positive thing is that they are not rejecting the idea completely and with the proper promotion and provided lesson there is a chance to move the into the category of “Yes”.

Chart 5: Fifth question from the questionnaire (own creation)



The total success rate of the questionnaire was 64, 2% and after the evaluation of the results the owner can presume that the public interest in dance classes is big enough to start a dance studio. The questionnaire helped the owner partially to answer the researched questions and the final decision about the feasibility of the project will be made also on the results of the financial plan later in the thesis.

### 3.6 Market Analysis

#### 3.6.1 Analysis of Target Market

In order to analyze the target market of the studio are used pieces of information from the questionnaire. Definitely, the first question 3.5.1 relating to the gender of respondents. From the chart is visible that most of the respondents were women with the percentage of 70% and the rest 30% were men. The provided product/service is already adapted and the lessons are focused more on women.

To help to get to know business's target group also contributes the second question if they like dance whatsoever. Surprisingly from all respondents just 9 % answered negatively which means that generally in Zlín people like to dance and it is a convenient place to start a business like this. The reason of such results will be probably a high concentration of schools and a university in the center of Zlín.

The questionnaire was shared only among students on the internet, on Facebook pages of the faculties and groups of students so it is presumed that the customers will be mostly young students. However, the service is also adapted to be able to attract the attention of broad target group then just university students.

### 3.6.2 Analysis of Competition

It is essential to analyze the competition to know where the empty gap to penetrate the market is. There is an overview of biggest competitors in Zlín and a little description of their services and prices. The principles are mostly the same. Competitors are using the system of payments half-yearly which means that the customer will pay in advance for a certain number of lessons. The dance studio Bubble wants to use it as and competitive advantage and provide an option to pay single entry, after the lesson. During the analysis of competition was discovered fact that if some dance studio provides a single entry it has a repercussions on the price. It is a quite risk to provide single entry because the customers are not pledge to attend the lessons and motivated by the lost money.

Beat up -Street dance studio - <http://www.beatup.cz/>

Beat up- street dance studio is on the market more than twenty years and they specialize on the street dance. Studio offers styles such as Hip Hop Dance, House dance, Locking, Popping, New jack swing – hype, Wackin', Electric Boogaloo, Break Dance, and Krump Dance. Courses are paid half- yearly and the price is according to the type of course from 1 490 CZK for the children up to 2 900 CZK for adults. A number of courses per week is also diverse from 1 to 2 courses again dependent on the type.

Taneční klub Fortuna Zlín - <https://www.tkfortuna.cz/index.php>

Taneční klub Fortuna Zlín offers courses of Latin-American dance and Ballroom dance. Courses are paid half- yearly which includes 12 lessons and the price is for the beginners 1 500 CZK and for advanced 1 700 CZK. The courses are divided into courses for youth, adults and for amateurs with professional partner.

Dance Institut - <http://danceinstitut.cz/>

Dance Institut is a dance school and the team of the lectrice also provide dance performances for balls, weddings, and others. The dance school offers courses of Pole dance, Zumba, Booty dance, Belly dance and Rope skipping. The only course that is not necessarily paid half-yearly and it is possible to pay right on the spot is Zumba. Other courses are paid half-yearly for a certain number of lessons. The prices differs from course to course.

Dance Studio Starlight - <https://starlight.dance/novinky>

Dance studio Starlight is on the market from year 2011 and the studio is divided into dance school and dance club providing ballroom dance, social and competitive dance and many other offered alternatives. Most of the courses allows single entry, however, it is significantly more expensive than the price of single entry if you pay all the lessons at once half-yearly. The prices for a single entry are approximately 130 CZK per lesson.

Taneční škola A. & A. Mědílkovi - <http://www.medilkovi.cz/index.php>

A dance school presenting courses of Latin-American dance, salsa, merengue, bachata, country dance, street dance and others. The prices are approximately 1 200 CZK for the whole course with a few exceptions. Taneční škola A. & A. Mědílkovi is well known dance school in the region and also linked with Zlín and its founder Tomáš Baťa.

Taneční klub Rytmus Zlín - <http://www.rytmuszlin.cz/>

A dance club officially established in 2011 providing courses such as Zumba, Ladystyling, Latin-American dance, hip hop, street dance and few more. The payment for the courses is in advance.

### **3.6.3 Suppliers**

The cooperation with online suppliers will be only a one-time situation. As long as the studio will be in the rent premises there is nothing to supply with. After first few years there is planned relocation to own premises and then comes the need of suppliers for the minibar and a little snacks to give the customers the possibility to refresh right after the lesson and in case they forget their own drinks to give them the alternative of buying the drink in the minibar.

To start the business it is necessary to buy start-up equipment needed for the lessons. The easiest way to buy the equipment is to use the online shop. Before the purchase is very important to evaluate the alternatives that the internet provides and compare the options. The owner have picked the exercise mats and aerobic balls from the online shop

Insporline.cz. The online shop offers free shipping if the price is higher than 2 000 CZK which is the case of this order, so the final price of for the mats and balls is 3 900 CZK. The last needed equipment are 2 CD players of a good quality which will be bought from the online shop Mall.cz. The total price for the equipment is 11 080 CZK.

Table 3: List of the Equipment (own creation)

Equipment	Quantity	Price of one piece	Total Price
Exercise mat	30	70 CZK	2 100 CZK
Aerobic ball	30	60CZK	1 800 CZK
CD Player	2	3 590 CZK	7 180 CZK
<b>Total Price for the Equipment</b>		<b>11 080 CZK</b>	

### 3.6.4 SWOT analysis

SWOT analysis that shows internal and external factors affecting the company and therefore concretely represents strengths, weaknesses, opportunities and threats of the Dance Studio Bubble including the detailed description of individual points from the table below. For all new business should be the proper and high-quality elaborated SWOT analysis a must.

Table 4: SWOT Analysis (own creation)

	Strengths	Weaknesses
Internal factors	<ul style="list-style-type: none"> <li>• Location</li> <li>• Single entry</li> <li>• Qualified lectors</li> <li>• Wide range of lessons</li> <li>• Popularity of branch</li> <li>• Personal approach</li> </ul>	<ul style="list-style-type: none"> <li>• No own premises</li> <li>• Inability to adjust the premises as the owner wish</li> <li>• Insufficient premises</li> <li>• Limited number of lessons</li> <li>• Limited finance</li> </ul>

	<b>Opportunities</b>	<b>Threats</b>
<b>External factors</b>	<ul style="list-style-type: none"> <li>• Original promotion</li> <li>• Expansion to other cities</li> <li>• Hosting of sport events</li> <li>• Co-operation with foreign dancers</li> <li>• Discount for loyal customers</li> </ul>	<ul style="list-style-type: none"> <li>• Current Competition</li> <li>• Entry of New Competition</li> <li>• Low demand of male gender</li> <li>• Inability to attract enough customers</li> <li>• Regulations affecting the price</li> </ul>

The first internal factor is represented by the strengths of the company including location, single entry, qualified lecturers, a wide range of lessons, the popularity of branch and a personal approach. The Dance Studio Bubble will have a strategic location. It is placed near the center of Zlín where is concentrated a high density of people, and especially young ones. In the center of Zlín is located the University of Tomas Bata in Zlín, many other school facilities and dormitories which mean many potential customers in a very close distance. The second mentioned strength is a single entry that is quite rare for the other competitors who are mostly providing complex entry to lessons which means that the customer is forced to buy approximately 20 lessons right away. A third strength of the company is a wide range of provided lessons which are specified in the chapter Description of the product. Another listed strength is a popularity of branch. Nowadays is very popular to do some sports activity. It could be anything, fitness and dancing generally are definitely one of them. In other words, it is popular to live healthily and look good which is the benefit of attending any dance lessons. The last strength in the table is the personal approach. The Dance Studio Bubble is going to be a new company on the market and it is needed to build a strong customer base and the way how to achieve it successfully is through a personal approach and customer oriented business. People will appreciate the way how they are treated and hopefully, they spread a good reference which can bring new customers.

As a second internal factor are considered weaknesses of the business itself, including no own premises, inability to adjust the premises as the owner wish, insufficient premises, limited number of lessons and limited finance. With this in mind, all the weaknesses of the Dance Studio Bubble are mostly connected with the premises. The location itself is great

as it is mentioned above in the strengths. However, the weak point of the studio is that the premises are not in the possession of the owner and they are rented. The rented place for the lessons is convenient in order to keep the expenditure low but the number of lessons is limited and also, there is no chance to rebuild the premises in favor of the owner and adapt them more for the provided services. This brings another disadvantage in the form of the limited premises which means that the company will not have any extra exercise equipment. The last weakness of the studio is a limited finance because the project will be financed from own sources and the owner does not want to take out any loan.

The second part of the SWOT analysis are the external factors such as opportunities and threats. Opportunities for the company are original promotion, expansion to other cities, hosting of sports events, co-operation with foreign dancers and discount for loyal customers. One of the opportunities is to make some original promotion to attract more customers and spread the awareness of the company and the providing services. After a few years if the project will be successful the owner plans to expand to other cities and create a whole system of Dance Studios Bubble in the Czech Republic which is a great opportunity for the company. Another opportunity is to host sports events in order to attract more customers and spread the awareness of the company. The next level of this situation is to build a well-known brand and to be able to arrange cooperation with some foreign dancers who can bring some new approach and trend from the world. The last opportunity in the table that is mentioned is a discount and other advantages for loyal customers.

As another external factor are considered threats. The company is exposed to the threats that are represented by current competition, entry of new competition, low demand on the side of male gender, inability to attract enough customers and regulations affecting the price. One of the biggest threat is a current competition with their regular customer base that makes the market penetration even harder. The entry of the new competitor can pose a threat to the position of the company and come up with some new service to attract people's attention and therefore steal company's customers. As well as the competition is posing a threat possible low demand on the side of male gender. It is a quite a stereotype that dancing is just for women and men are rather supposed to play football or something. The threat in the form of inability to attract enough customers has a high probability in newly established companies. The last threat to mention are regulations and the inflation that can affect the price of the lessons and force the owner to raise them which might lead

to loosing of customers. The business plan would use the strategy of strengths and threats in order to transfer the threats into opportunities.

### 3.7 Marketing Plan

The part of marketing plan is, first of all, a marketing mix that deals with the best combination of the product itself, price, place, promotion, physical evidence and process. Second part of the marketing plan represents the marketing research described in the chapter 3.5 that is for better orientation and backing up the decision made based on the answers of respondents arranged earlier in the business plan.

#### 3.7.1 Marketing mix

##### Product/ service

The product is described in detail in chapter 3.4

##### Price

A price of the lessons is based on the research in form of a questionnaire. For the pricing has been chosen a method based on the answers of respondents. The owner used an arithmetic mean to calculate the price and the result was approximately 133 CZK. In order to adjust the price for students and young people generally, who will be the potential target group the owner has decided to reduce the price by 33 CZK.

Table 5: Prices of lessons (own creation)

<b>Lessons</b>	<b>Price</b>	<b>Duration</b>
<b>Latin-American dance</b>	100 CZK	60 minutes
<b>Twerk</b>	100 CZK	60 minutes
<b>Dance Yoga</b>	100 CZK	60 minutes
<b>Aerobic</b>	100 CZK	60 minutes
<b>Pilates</b>	100 CZK	60 minutes
<b>Street dance</b>	100 CZK	60 minutes

##### Place

The dance studio will be providing a service in form of dance lessons only and there is no other intermediary. The distribution channel is therefore very simple and it goes right from the producer to customer. Any other distribution channel or broadening of the provided services are planned in the future depending on the premises and success of the company.



Location of the high school where the owner rents the gymnasium for the lessons is quite strategic. From the map is possible to see that the school is near the main street Tr. Tomáše Bati and not too far from the buildings of the Tomas Bata University in Zlín. The high school Střední průmyslová škola Zlín is located in the center of Zlín which gives the studio a great opportunity to attract many students who are concentrated in the center of Zlín because of the school, university, shopping or cafés and pubs. In the center of Zlín is located also many other school facilities and dormitories which mean many potential customers in a very close distance. To get to the gymnasium from náměstí Práce last approximately 20 minutes on foot or can be used local public transport.



Figure 3: Location of the gymnasium Map by Google Maps [www.google.cz/maps](http://www.google.cz/maps)

### Promotion

It is crucial to have a promotion of a high quality and with the right timing when starting a new business. The main goal is to attract enough attention of potential customers. One of the advantage of promoting before opening the studio can definitely be people's awareness to help have the lessons full or at least filled enough to be able to function from the very beginning.

### *Social media*

Using the social media is in these days very popular one can say that even necessary and highly modern. The dance studio will be targeting young people and the best way how to attract them is through social media like Facebook, Instagram, Twitter, Snapchat and others. The dance studio Bubble will have the account on the Instagram and also a Facebook page. On the Instagram will be posted photographs from the lessons and representing photographs of lectrices of the studio. On the Facebook page will be also

posted the photographs and what is more there will be an overview of lessons. The Facebook page will also serve as a means to communicate with customers a place where they could give a feedback and evaluate the quality of lessons and lectrices as well. The Facebook page will have a name Dance Studio Bubble and this form of promotion if for free.

#### *Radio*

As another form of promotion, the studio will use a promotion in the radio. The promotion will last 6 months and it will be before the studio starts running to attract the sufficient attention. The promotion will be in form of 30-second spots broadcasted every hour during the whole week on the radio Zlín. Expected price is 2 625 CZK per week.

#### *Leaflets*

To have something that can be placed almost everywhere are the leaflets the best solution. For this reason, will be ordered 400 pieces of the size A5 and the price of the order will be 2 100 CZK. Leaflets will contain all the needed information about the new dance studio Bubble and afterwards divided and spread into the schools, all the faculties of the university and shopping centers in Zlín.

#### *Word of mouth*

One of the best promotion is the word of mouth. If the customers are satisfied they are happy to tell their friends and give a positive recommendation which is for free and effectively brings new customers.

#### *Web page*

For people who are not fans of the Facebook, there will be an alternative in form of web page with the domain [www.dancestudiobubble.cz](http://www.dancestudiobubble.cz). On the web page will be all the pieces of the information needed. The system for the customers will be the same as on the Facebook page. Purchase and graphical processing costs will be 6 500 CZK.

Table 6: Costs of the promotion (own creation)

<b>Promotion</b>	<b>Price</b>
Radio spot	63 000 CZK
Leaflets	2 100 CZK
Web page	6 500 CZK
<b>Total price for the promotion</b>	<b>71 600 CZK</b>

People

The owner will employ two lectrices on Agreement to complete a Job. Both of them will be paid by the hour (lesson). Hourly wage is going to be 250 CZK. The lectrices have another job on full-time. It is important to have reliable employees, especially in this branch the employees must be passionate and well-qualified. In order to provide the best service, the owner has decided to invite applications for the position of dance lectrice. The best option were two lectrices Veronika Novotná and Lucie Nováková.

Both lectrices are well-qualified, pedagogically educated, professional dancers with certificates and expert knowledge from the field of fitness, healthy nutrition and willing to help the customers as well as the lectrices possibly can.

To work on the assumption that the lectrices each will have 6 lessons per week and the hourly wage is 250 CZK. In the table 6 can be seen their income.

Table 7: Salaries of employees (own creation)

<i>Employees</i>	<b>CZK / lessons Per month</b>	<b>Withholding tax 15%</b>	<b>CZK / Per month</b>	<b>CZK/ Per year</b>
<i>Lectrice Lucie</i>	6 000	900 CZK	5 100	61 200
<i>Lectrice Veronika</i>	6 000	900 CZK	5 100	61 200
<b><i>Total salaries per month / per year</i></b>	10 200 CZK / 122 400 CZK			

In order to make the division of lessons according to lectrices, more transparent see the table number 7. These timetables are useful and advantageous for the employer as well as for the employees to keep it organized and clear.

Table 8: Division of work (own creation)

<b>Time/ Day</b>	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>
<b>Morning lesson 7-8AM</b>		Lectrice Lucie		Lectrice Lucie	
<b>Evening lesson 6-7 PM</b>	Lectrice Veronika	Lectrice Veronika	Lectrice Lucie	Lectrice Veronika	Lectrice Lucie
<b>Evening lesson 7-8 PM</b>	Lectrice Veronika	Lectrice Veronika	Lectrice Lucie	Lectrice Veronika	Lectrice Lucie

### Physical evidence

Normal customer is not used to make a research first. Usually makes the decision based on the first impression that does not have to be always the best one. It is logical that customer that will look for a dancing studio for example on the internet a web page will do the first impression. That is why the Dance studio Bubble will spend appropriate amount of money on the web page design. To admit that lessons in the ordinary gymnasium are not the biggest allurements. However, the time, while the lessons will be in the gymnasium, wants the owner use to make a research. To ask customers what they think the premises should look like and give the customers chance to express their suggestions and opinions because the customers are what gives the business a power. The dance studio Bubble will be customer-oriented and wants the people to know that. The premises of the gymnasium are maybe not the best you will see however the lectrices are true professionals and that is the most important thing. On the other hand, not all customers should perceive the premises of the gymnasium negatively. To take into account that the customers will not be only young people the older ones could appreciate the premises. The premises can take them back into their younger days and bring some memories which will definitely affect the ambience positively.

### Process

The last P from the marketing mix stands for the Process. It is used to control if the whole marketing mix working well. To the process can be included the whole procedure. From the beginning when the customer recognize a need to attend a dance lesson. Important part is to give the customers option to influence the involvement of the provided service by giving the studio a proper feedback. The web page will also include the option to use a special application to help the customer choose the right lesson.

## **3.8 Financial Plan**

The financial plan of the dance studio Bubble consist of a several accounting records. Firstly the thesis mentions the start-up balance sheet and the registered capital. Next table will be concerning the initial costs and right after initial costs comes the break-even point and profit and loss account with 3 varieties and these are pessimistic, realist and optimistic one.

### 3.8.1 Start-up balance sheet

In order to conduct a business is the financial plan one of the essential parts. The first record is a start-up balance sheet where the main sum is a registered capital, the studio will be financed from the own sources of the owner and especially from the personal account and the amount of money is 105 000 CZK that is put into the dance studio in form of the registered capital. The registered capital is used to cover the initial costs of the studio.

Table 9: Start-up balance sheet (own creation)

#### Start-up balance sheet in CZK (June 2016)

Assets		Liabilities and Equity	
<b>Long- term assets</b>		<b>Equity</b>	105 000
		Registered capital	105 000
<b>Current assets</b>	105 000	<b>Liabilities</b>	
Bank account	105 000		
<b>Total</b>	<b>105 000</b>	<b>Total</b>	<b>105 000</b>

### 3.8.2 Initial costs

A second table is presenting the situation of initial costs. In this category is included the costs relating to the establishing the trade license, using the promotion, equipment needed to be bought for lessons. Another costs included are social and health insurance of the owner and also the rent. The last sum is called other costs and serve as a financial reserve to be able to pay any extraordinary costs.

Table 10: Initial costs (own creation)

#### Initial costs in CZK

Trade license	2 000
Promotion	71 600
Equipment	11 080
Social Insurance	1 972
Health Insurance	1 823
Rent	12 580
Other costs	3 945
<b>Total initial costs</b>	<b>105 000</b>

### 3.8.3 Break-even point

Break-even point is concerning the situation when the company does not make any profit or loss. In other words, when the costs are equal to revenues. To consider that this particular business is providing a service and the numbers must be round the calculation is not completely punctual, however, it is understandable if we take into the consideration the fact that the business is dealing with people. From the table number 10 can be seen that the studio will not make any profit or loss when the price will be 100 CZK per lesson and the number of customers attending the lessons is 271 people per month which makes the revenue of 27 100 CZK and perfectly covers the monthly fixed costs and those are 27 055 CZK.

Table 11: Break-even point (own creation)

<b>Provided Service</b>	<b>Price of the Lessons</b>	<b>Number of customers / month</b>
Latin-American dance	100	48
Twerk	100	48
Dance Yoga	100	48
Pilates	100	48
Street dance	100	48
Aerobic	100	31
<b>Price / Number of customers</b>	<b>100</b>	<b>100/271</b>
<b>Fixed Costs/ Revenue</b>	<b>27 055</b>	<b>27 100</b>
<b>Profit/loss in round numbers</b>		<b>0</b>

### 3.8.4 Profit and loss account

The reason of using the pessimistic, realist and optimistic options is to balance the fact that the studio is based on the single entry payment. The pessimistic version of the profit and loss account represents the situation when the revenues are dependent on the number of customers. For the pessimistic option, the owner have chosen the expected number of customers will be 5 customers per lesson and the price for the lesson 100 CZK. In the table number 11, is shown the calculation and the result is that in this case the studio will have a monthly loss of 3 055 CZK and the business would be considered as unsuccessful.

Table 12: Profit and loss account – pessimistic (own creation)  
 Profit and loss account – Pessimistic in CZK

	Monthly	Annually
<b>Fixed costs</b>	<b>27 055</b>	<b>324 660</b>
Wages	12 000	144 000
Withholding tax	1 800	10 800
Net wages	10 200	122 400
Rent	12 580	150 960
EET	480	5 760
Operating costs ( wages, rent)	22 780	273 360
Health Insurance	1 823	21 876
Social insurance	1 972	23 664
<b>Revenues</b>	<b>24 000</b>	<b>288 000</b>
Service sales	24 000	288 000
<b>EBT</b>	<b>- 3 055</b>	<b>- 36 660</b>
Tax	0	0
<b>EAT</b>	<b>- 3 055</b>	<b>- 36 660</b>

The realist option is dealing with the same situation as the first table with the difference of the number of attending customers which in this case will be 10 customers each lesson. The price is the same and the results of the calculation are that the studio will be prosperous and have a monthly profit of 17 803 CZK. The realist option is used as the anchor and this situation is expected to be very close in real after the dance studio Bubble will be opened. The results in the table are answering the researched question and showing that if the reality will be at least a little bit close to this predicted situation the business plan is feasible and will be profitable.

Table 13: Profit and loss account – realist (own creation)  
 Profit and loss account – Realist in CZK

	Monthly	Annually
<b>Fixed costs</b>	<b>27 055</b>	<b>324 660</b>
Wages	12 000	144 000
Withholding tax	1 800	10 800
Net wages	10 200	122 400

Rent	12 580	150 960
EET	480	5 760
Operating costs ( wages, rent)	22 780	273 360
Health Insurance	1 823	21 876
Social insurance	1 972	23 664
<b>Revenues</b>	<b>48 000</b>	<b>576 000</b>
Service sales	48 000	576 000
<b>EBT</b>	<b>20 945</b>	<b>251 240</b>
Tax	3 142	37 686
<b>EAT</b>	<b>17 803</b>	<b>213 554</b>

The last option dealing with the profit and loss account is the optimistic version where the calculation are based on the 15 attending customers per lesson, per month and the results are positive. The monthly profit turned out well and the amount is 38 203 CZK.

Table 14: Profit and loss account – optimistic (own creation)

**Profit and loss account – Optimistic in CZK**

	Monthly	Annually
<b>Fixed Costs</b>	<b>27 055</b>	<b>324 660</b>
Wages	12 000	144 000
Withholding tax	1 800	10 800
Net wages	10 200	122 400
Rent	12 580	150 960
EET	480	5 760
Operating costs ( wages, rent)	22 780	273 360
Health Insurance	1 823	21 876
Social insurance	1 972	23 664
<b>Revenues</b>	<b>72 000</b>	<b>864 000</b>
Service sales	72 000	864 000
<b>EBT</b>	<b>44 945</b>	<b>539 340</b>
Tax	6 742	80 901
<b>EAT</b>	<b>38 203</b>	<b>458 439</b>



### **3.9 Risk Analysis**

It is essential for the business to know the risks that are highly possible to happen and to be able to eliminate them or take preventive measures so the risks do not affect the business functioning as much.

#### **Business failure**

Business failure is the main risk and the only suggestion to avoid it is to have a proper elaboration of the business plan to have the rough idea if the business will be prosperous or not.

#### **A lack of customers**

A lack of the customers is the risk that is going to take almost every new business on the market which is also the case of this dance studio and the way how to eliminate the threat is to invest a lot of money in the promotion to advertise the business and spread the information about the newly existing studio. Another solution might be offering some bonus or to provide a discount on the lesson for customer who has already attended more than 10 lessons. The last suggestion to avoid the lack of customers is to use the allurements of outdoor work-outs and lessons.

#### **Unmotivated employees**

The third risk is the possibility to have unmotivated employees what is also a huge problem for the company. With this in mind the owner should take care about the employees in form of sufficient communication and keep good employee/employer relationship. To motivate the employees in financial form, for example, to promise premium in case of higher attendance of lessons or satisfied customers giving the positive feedback on the lecturers.

#### **Insufficient premises**

The risk of insufficient premises is quite probable. The only solution is to save the money as much as possible, keep the costs low and constantly look for new premises to rent on full time not hourly or after reaching the constant customers base, sufficient profit and taking everything into consideration and take out a loan and buy own premises.

#### **Injuries**

In case of this particular branch are the injuries big risk and to eliminate it is to give an instruction in safety and recommend to have accident insurance in case something happens.

**New competition**

New competition penetrating the market is a common risk that must be taken into account. The preventive measures to remain on the same position on the market are to be providing the services sufficiently and the satisfied customers stay. To give the customers a bonus for being loyal and appreciate them in form of free entry or hosting a sport event.

**Regulations**

The last risk that must be taken into consideration are regulation of the government. Especial now when the government passed a law relating to the electronic register of sales (EET) and the first group of entrepreneurs start register from the December of the year 2016. The regulation will concern the studio as well and it is useful to presume it in advance and to save the money for the cash register or another possible form.

## CONCLUSION

The main aim of the bachelor thesis was to explain the basic terms connected with business and mainly with the elaboration of a business plan for the Dance studio Bubble in Zlín and find out if the project is feasible and if the demand is big enough to start the business.

In order to mention the structure, the thesis was divided into two parts and those were theoretical and practical. The theoretical part was focused on the technical terms concerning entrepreneurship, five qualities for entrepreneurs, enterprise, describing the SMEs and the rest of the theoretical part was dealing with the structure of the business plan itself. This part was written to introduce the theory relating to the topic based on the specialized literature and online sources to gain the sufficient knowledge in the field of establishing a company. This particular part of the thesis was partially used as a template for the second part which is the practical one

A second and also a more significant part of the bachelor thesis was the practical part containing the elaboration of the business plan. To that end, there were included chapters following the structure mentioned in the theoretical part. The significant part was the marketing research in form of the questionnaire which was used to lay the foundations for the adaptation of provided services according to the demand and also the financial plan that shows the feasibility and profitability of the business plan essential to decide whether the studio will be successful or not. However there are other important chapters including market analysis which analyzes the competition on the market and helps the entrepreneur to distinguish from the competitors.

The foundation stone of the thesis was already mentioned marketing research in form of the questionnaire. The research was vital not only for the selection of provided service but also for the formation of the financial plan. The information gained from the questionnaire showed the approximate requirements on the side of the demand and potential customers and the owner adapted the provided service and prices to the results of the research.

After a careful consideration of the certain circumstances on the market and the results of the financial plan and the marketing research, it is possible to claim that the business plan is feasible and if the situation will be at least a little bit similar to the presumed situation in the business plan the realist profit and loss account shows that the studio will be profitable and the profit will be approximately 17 803 CZK per month.

A writing of the thesis definitely enhanced my experience and knowledge from the business field and made me think about the business from the point of view of the owner as well as from the point of view of the customer. It would be interesting to see how would the business plan changed after the relocation of the studio into own premises.

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## **LIST OF ABBREVIATIONS**

EAT	Earning after taxation
EBT	Earnings before taxation
SME	Small and medium-sized enterprises
SWOT	Strengths, Weaknesses, Opportunities, Threats

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## **APPENDICES**

The Appendices includes the following documents:

P I      The questionnaire

P II     The results of the questionnaire

## APPENDIX P I: QUESTIONNAIRE

Jste muž nebo žena

- Muž
- Žena

Máte rádi tanec?

- Ano
- Ne

Navštěvujete v současnosti nějaké taneční kurzy?

- Ano
- Ne
- Ne, ale rád/a bych.

Pokud jste v předchozí otázce odpověděli ne, odůvodněte.

- Ceny
- Nejsem sportovně založený/á.
- Nedostatečná nabídka
- Jiná

Ocenili byste taneční lekce či workouty v ranních hodinách před školou či prací?

- Ano
- Ne
- Nevím

Jaký taneční žánr byste preferovali?

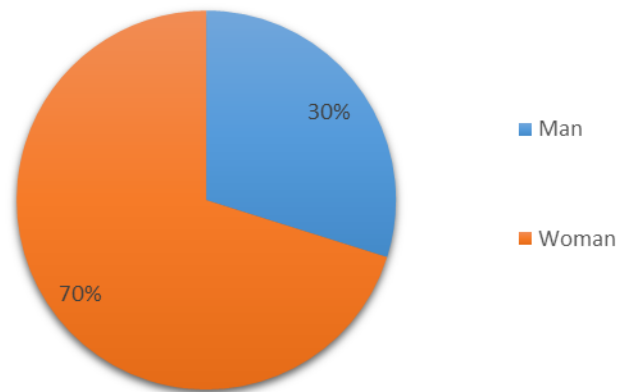
- Taneční
- Mainstream
- Jazz
- RnB
- Klasický
- Jiná

Jaká cena by vám přišla za jednu lekci (50 min) adekvátní?

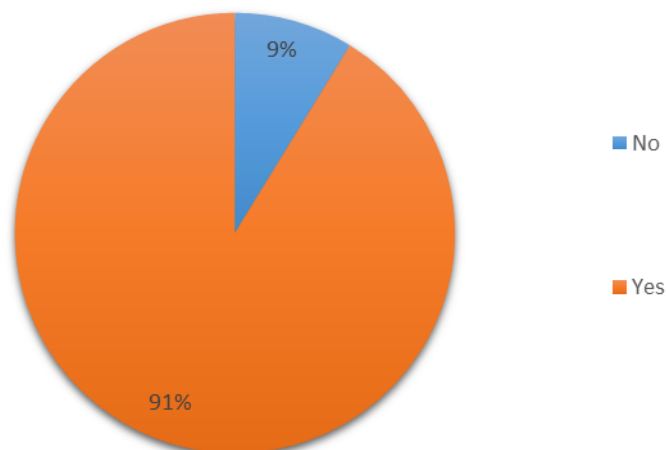
- do 100 Kč
- 100-150 Kč
- 150 Kč - 200 Kč
- více

## APPENDIX P II: RESULTS OF THE QUESTIONNAIRE

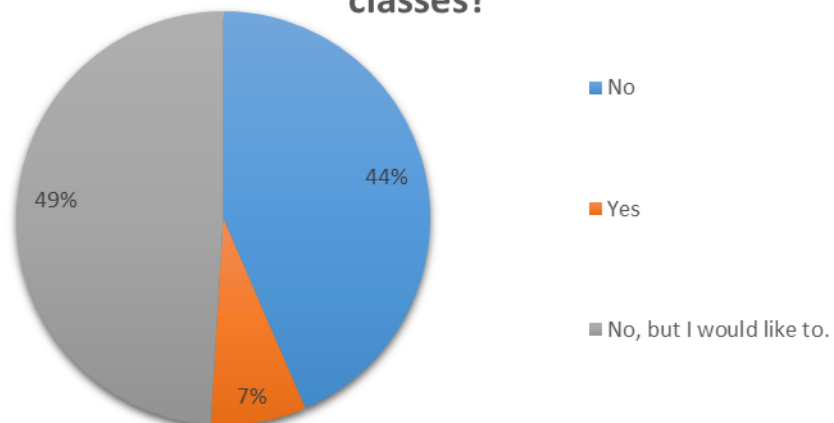
### 1. Are you man or woman?



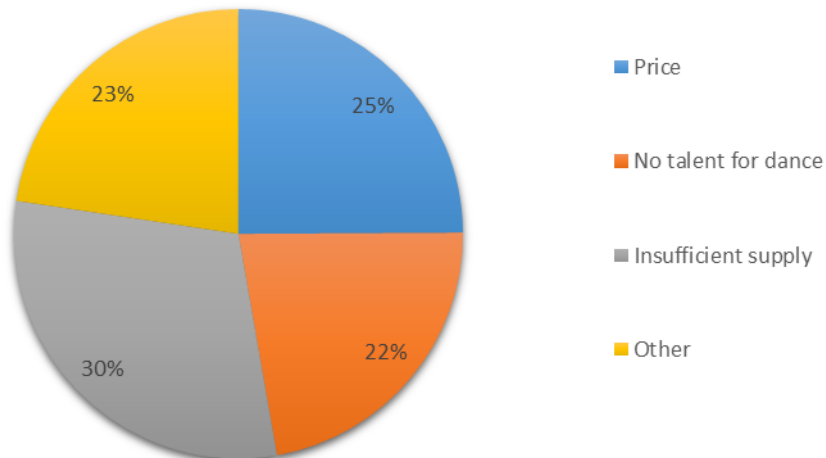
### 2. Do you like dance?



### 3. Do you currently attend any dance classes?



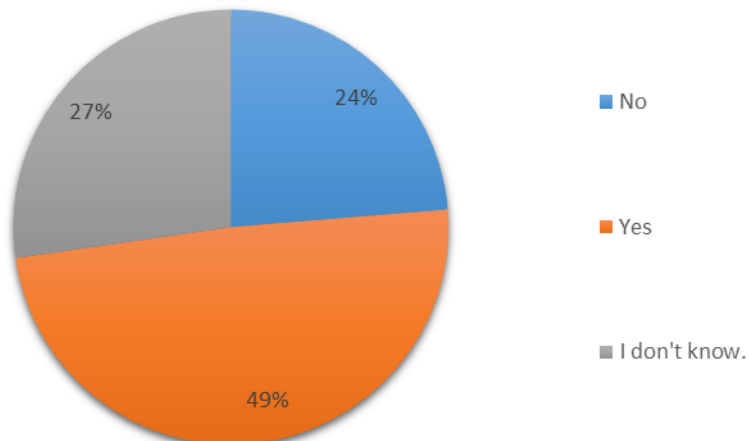
**4. If you answered "no" in the previous question, give some explanation.**



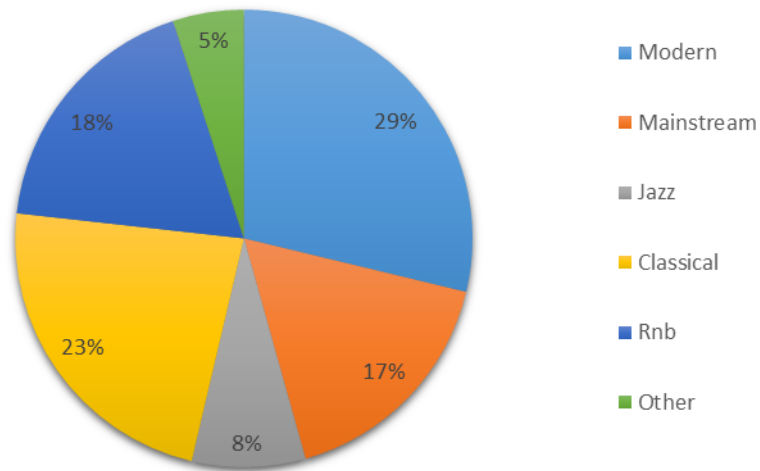
OTHER: Samples of answers

No time – more than 70%, no interest in dance classes – 20% and 5% - feeling uncomfortable while dancing, 5% - health problems

**5. Would you appreciate some morning lessons before school or work?**



## 6. Which dance styles would you prefer?



OTHER: Sample of answers

Ballet, Zumba, Aerobic, Twerk, Hip hop, Latin-American dance, Jazz, Street dance,

## 7. What price would you find adequate for one lesson (50 minutes)?

