

A Business Plan for a Language Agency

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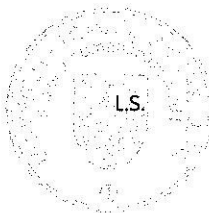
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ABSTRAKT

Táto bakalárska práca sa zameriava na tvorbu biznis plánu pre jazykovú agentúru a na potvrdenie jej udržateľnosti na trhu. Teoretická časť rozoberá základné pojmy spojené s podnikaním a tiež štruktúru podnikateľského plánu. Nasledujúca praktická časť skúma trh pomocou dotazníkového prieskumu a vykonáva kalkulácie vo finančnej analýze, ktoré určujú životaschopnosť podniku.

Kľúčové slová: podnikanie, podnikateľ, jazyková agentúra, biznis plán, finančná analýza, trh

ABSTRACT

This bachelor thesis is focused on creation of a successful business plan for a language agency, and on proving its sustainability in the market. The theoretical part describes the basic terms connected to entrepreneurship and also the structure of a business plan. The following practical part is analyzing the market through the questionnaire research and executing appropriate calculations in financial analysis, which finally determines the viability of the company.

Keywords: entrepreneurship, entrepreneur, language agency, business plan, financial analysis, market

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CONTENT

Content	8
Introduction	11
I. Theoretical part	12
1 Entrepreneurship	13
1.1 Entrepreneur	13
1.2 Company	14
1.2.1 Environmental elements of the company	14
1.2.2 Goals and functions of the company.....	15
2 Start of entrepreneuring	17
2.1 The law forms of entrepreneurship	17
2.1.1 Entrepreneurship of natural persons	17
2.1.2 General conditions for acquiring approval to run a business by individuals:	17
2.1.3 Entrepreneurship of legal persons.....	17
2.1.4 Personal Companies.....	18
2.1.5 Capital companies	18
2.1.6 Associations.....	18
2.2 Individual Law forms of entrepreneurship	18
2.2.1 Public owned company	18
2.2.2 Limited Partnership	19
2.2.3 Limited Liability Company	19
2.2.4 Joint Stock Company.....	20
2.3 Acquiring trade license	21
2.3.1 Process of acquiring trade license	21
2.3.2 Issuing of Trade license	22
2.4 Limited Liability Company	23
3 Business Plan	25
3.1 Types of a business plan	25
3.2 Steps of making a business plan	25
3.3 Parts of a business plan	25
3.3.1 Basic description of the company.....	26
3.3.2 Description of product	27
3.3.3 Marketing and Sales strategy.....	28

3.3.4	Management	28
3.3.5	Time plan	29
3.3.6	Financial plan	29
3.3.7	Risk plan	29
3.3.8	Target market.....	30
4	Marketing plan	32
4.1	Swot analysis	32
4.2	Marketing mix (4P)	32
5	Conclusion of theoretical part	34
II.	Practical part.....	35
6	characterization of the company.....	36
6.1	Basic information.....	36
6.1.1	Location	36
6.2	Main service and activities of the company	37
6.3	Goal of the company.....	38
6.3.1	Specific goals	38
6.4	Choosing the appropriate law form	38
6.5	Description of product/service	38
6.5.1	Language stay abroad	38
6.5.2	Language lessons in Zlín	41
6.5.3	Prices	42
7	The analysis of the market.....	43
7.1	The details of the market.....	43
7.2	Target Market.....	43
7.2.1	Students (13-18 years old).....	43
7.2.2	Students and employed people (18-25 years old).....	44
7.2.3	Employed people (25+ years)	44
7.2.4	Language schools and hotel academies.....	44
7.3	Analysis of the competition.....	45
7.3.1	Domestic competition.....	45
7.3.2	International competition.....	46
7.3.3	Additional value of the language agency Sunseeker	47
7.4	Questionnaire research	47
7.4.1	The conclusion of the questionnaire research	50

8	Marketing Plan	52
8.1	Marketing Mix	52
8.1.1	Product.....	52
8.1.2	Place/Distribution.....	53
8.1.3	Promotion.....	54
8.1.4	Price.....	54
8.2	SWOT Analysis	55
9	Financial Analysis	57
9.1	Initial costs	57
9.2	Labor costs	58
9.3	Operational costs	59
9.4	Revenues	60
9.4.1	Language stays abroad.....	60
9.4.2	Language lessons provided by language agency Sunseeker.....	61
9.4.3	Total monthly revenues.....	61
9.5	Budget of costs and revenues	62
	Conclusion	66
	Bibliography	67
	List of abbreviations	68
	List of figures	69
	List of tables	70
	Appendix P I Questionnaire	71
	Appendix P II: Results of the questionnaire	73

INTRODUCTION

The topic chosen for my bachelor thesis was a business plan for a language agency. Based on the data collected, it was possible to find out what kind of situation is on the market in terms of competition, demand for the service provided by language agency and whether it would be feasible to appear and a maintain position in the market.

In today's world, there are very high expectations from employers for the employees, mainly in terms of language competences, and that is the reason why I chose to start a business with language agency. Also, most people want to travel and have more experiences abroad, and the idea of connecting this experience with studying a language in the foreign country is becoming more and more popular. With this kind of service, I intend to help people to develop themselves, while meeting the goals of a successful company.

Regarding the content, the thesis consists of two parts, which are the theoretical and the practical part. In the theoretical part, I described and analyzed basic terms, which are necessary for every entrepreneur to know, in order to be flexible in the area and to avoid any administrative mistakes, which could be made in the beginning of the entrepreneurship. Also, it describes the structure of the business plan and outline the main steps, which every entrepreneur should follow when starting a business. Based on the theoretical knowledge, the practical part focuses directly on the creation of a business plan. This part comes with important data about market research, which is fundamental for the existence of a language agency, as it shows the demand together with the direct response from the potential customers. With this knowledge, the other parts of the business plan were worked out according to the structure in the theoretical part. The last part of the practical part is the financial analysis, this is where all the crucial calculations showing sustainability of the business in the future are described. The aim of the Bachelor thesis was to find out, whether this business intention is feasible to carry out in reality and also whether it could be sustainable in the market.

I. THEORETICAL PART

1 ENTREPRENEURSHIP

According to Commercial Code, entrepreneurship can be understood as a constant activity executed by individual entrepreneur in his own name and on his own responsibility in order to gain a profit (business.center.cz, 2017).

Srpová and Rehor are characterizing entrepreneurship as “a process of which purpose is creating something more, new value, which can have financial or non-financial form” (Srpová and Rehor 2010, 17).

Another definition, by Veber and Srpová says that “entrepreneurship is plugging economic sources and other activities in such way, that their original value will be increased. It is a dynamic process of creating additional value” (Veber and Srpová 2008, 24).

Peter Drucker, on the other hand, defines entrepreneurship as “a practice, a doing that ultimately depends on performance.”

Entrepreneurship can also be defined based on general features, such as:

- Purposeful activity
- Initiative, creative attitudes
- Organizing and directing of transformation processes
- Practical asset, benefit or added value
- Acceptance and counting with risk of failure
- Repetition, cyclic process

1.1 Entrepreneur

According to Commercial Code, entrepreneur can be perceived as:

- a) A person enlisted in the commercial register
- b) A person entrepreneuring based on entrepreneur license
- c) A person who is entrepreneuring based on on different document than entrepreneur license according to specific regulations
- d) Individual person who is carrying out agricultural activity and is enlisted in evidence according to individual regulations (business.center.cz, 2017)

Veber and Srpová are characterizing entrepreneur as “a person carrying out entrepreneuring activities with risk of enlargement or loss of own capital”, but also “a person who is able to recognize opportunities, mobilize and make use of resources in order to reach set objectives and willing to undertake risks which are connected to it” (Veber and Srpová 2008, 16).

1.2 Company

The Commercial Code presents company as a “file of material and non-material sections of entrepreneurship. It also says, that “the company includes things, laws and other material values, which belongs to entrepreneur and serve for running the company and should serve this purpose according to its nature” (business.center.cz, 2017).

Definition of a company may vary according to different sources and authors, however, main idea is the same. According to Srpová and Veber, “enterprise is in general definition subject, in which happens the transformation from resources to possessions or goods.”

Another definition from the same book of Srpová and Veber is that “more extensively is defined as file of means, laws, resources, and other assets values (either private or rented) which serve the entrepreneur for managing entrepreneurial activities (Veber 2005, 15).

According to Synek, “company is a term for a legal subject, which creates one of the basic forms of institutional arrangement of economics based on production of goods and offering services for money” (Synek 1996, 18).

In general, there are several elements which are influencing the environment of the company.

1.2.1 Environmental elements of the company

- **Geographical environment:** influencing its logistics in major way. Geographical element is very important mainly when choosing location of the firm.
- **Social environment:** every company should research and consider possible aftermaths of its activity for society. The ideal model is useful for the firm and for customers equally.
- **Political environment:** Political parties can profess and practice various political ideology or line, execution of which can have serious aftermaths for business sector (seizure, privatization).

- **Legal environment:** Law and all of its forms are essential basically for any entrepreneurial activity. There are various legal standards, which are determining whether behavior of the company is acceptable or not. The most important one is the Commercial Code, which defines the law conditions for individual and legal person.
- **Economic environment:** It has a crucial importance for the firm, as it represents all inputs(capital, factor of production) and outputs(selling goods and services) for the company. Economic environment also includes clients(subscribers), suppliers and financial institutions(banks)
- **Ecological environment:** Element which have to be respected by the firms. It could create a barrier for the companies which are already creating unecological products, but also opportunities for those which intend to produce eco-friendly products or services.
- **Technological environment:** Represents innovation, which enable companies to acquire better profit, higher competitiveness and humanize work.
- **Ethical environment:** In entrepreneurial world, ethical means providing truthful informations, correct economic competition and promotional campaign or offering good services to customers
- **Cultural and historical environment:** Cultural knowledge and education are one of the main factors of economic progress or technological innovation.

All these single environments are influencing each other, and depend on each other. Therefore every entrepreneur has to prioritize which environment is more important and which he/she should focus on in his/her strategic planning (Synek and Kislingerová 2010, 20).

1.2.2 Goals and functions of the company

1. **Economical function :** Necessity to run its activities in such way that maximum amount of income or share on the market is reached and that more prerequisites for further development are created.
2. **Function of production:** The firm is set up with a purpose to produce specialized range of goods and services
3. **Delivery function:** satisfying certain part of needs on the market

4. **Scientific and technical function:** Using new scientific and technological functions, which can even be result of its scientific and innovation work.
5. **Social function:** Both entrepreneur and employees (with their salaries/incomes) are dependent on good health of the company. Company also takes part on solution of social problems of the workers with offering housing, recreations, or various supplementary services.
6. **Political functions:** By its activities, company can influence various political decisions and function of political system
7. **Security function:** This function is connected mainly with security and protection of health of the employees/workers in the company , but also with security of the firm's property and property rights including liabilities and problems related to protection of environment(Synek 1996, 22).

2 START OF ENTREPRENEURING

Starting an entrepreneurship is a demanding activity, and therefore it is appropriate to lay out specific basic terms connected it, in order to avoid mistakes and focus on the right activity when starting a process.

2.1 The law forms of entrepreneurship

There are two forms of entrepreneurship, which are allowed by Commercial Code. These are entrepreneurship conducted by legal persons and by individuals. (business.center.cz, 2017)

Each of the forms varies in their rights and relations to the company and also in their approach with setting up the company.

2.1.1 Entrepreneurship of natural persons

In case of natural persons, they are entering the entrepreneurship as entrepreneurs, but at the same time they are figuring as a working force, or labor in the company. Therefore they are bringing the initial capital and their own work force at the same time (Synek 1996, 51). According to Commercial Code, if the entrepreneur is individual, he can act on his/her own, or can be substituted by a representative. (business.center.cz, 2017)

2.1.2 General conditions for acquiring approval to run a business by individuals:

1. Acquiring age of 18 years to day of formation of approval
2. Competence for legal acts
3. Integrity

2.1.3 Entrepreneurship of legal persons

In contrast to individuals, legal persons do not have to enter legal relationships. In this case, only company have to enter legal relationships, excluding the other owners. Legal persons bring the capital deposit into company, but it is up to them whether they will work in company or not (Synek 1996, 51) .

Commercial Code states that legal persons act by statutory organ or can be substituted by a representative.

We can divide legal persons into several categories:

- Personal companies
- Deposit/capital companies

- Associations (Veber and Srpová 2008, 74)

2.1.4 Personal Companies

In case of personal companies is expected personal attendance of entrepreneur on the control of the company and usually unlimited liability of the associates for the firm's obligations. In this category belongs:

- a) Public owned company
- b) Limited partnership company (Veber and Srpová 2008, 74)

2.1.5 Capital companies

Associates or founders have the only responsibility of bringing the capital, but their liability for obligations of the company is either limited or doesn't exist.

Capital companies are:

- a) Limited liability company
- b) Stock company (Veber and Srpová 2008, 74)

2.1.6 Associations

Another legal person, which is less frequent in Commercial Code, is called association.

“Association is a community of not limited number of people based on purpose of entrepreneurship or raising economic, social or other needs of its members”(Veber and Srpová 2008, 81).

2.2 Individual Law forms of entrepreneurship

There are several criterias, based on which is possible to choose the right form of law form. Some of them are more general and others are more specific according to form of activity, which we want dedicate to.

2.2.1 Public owned company

Public owned company is founded by minimum of two associates. The associates are obligated to bring investment into the company only in case that social contract orders it. Also, for liabilities of the company are associates guaranteeing with all of their property. (Synek 1996, 48)

Advantages:

- There is no need of initial capital
- It is easy for associate to leave the company

- Good access to foreign capital

Disadvantages:

- There are several risks connected to unlimited guaranteeing of the associates
- There have to be at least two associates
- Company can be founded only for the purpose of entrepreneurship (Srpková str. 78)

2.2.2 Limited Partnership

Limited partnership can be founded by at least two associates. In this kind of company there are two types of associates. There are limited partners, who are obligated to bring material investment, but they are not obligated personally work in the company, unless they do not wish to do so based on their own decision. Second group is called complementaries. Complementaries are personally working in the company, and they do not have to bring any capital investment for the company. (Synek 1996, 49)

Advantages:

- There is no need of big initial capital – limited partner has to start with a minimum of 5000 czk.
- Profit is divided by the laws of social contract.
- For legal partners there is no restriction of competition

Disadvantages:

- More complicated paperwork connected to foundation of company.
- It is obligatory to create a social contract.
- There is possibility of conflicts between limited partners and complementaries, as both of groups are bearing different level of risk (Srpková 2005, 78)

2.2.3 Limited Liability Company

Limited Liability Company is capital company, which is created by investments of the associates. It is also most common form of entrepreneurship of legal persons. (Srpková 2005, 79) Minimum level of initial capital is 1 CZK, and minimum level of investment of single associate is also 1 CZK. There is minimum of one maximum of fifty associates in Limited Liability Company. (Etrend.sk, 2017)

For this type of company is obligatory to create reserve fond. Supreme authority of the company represents the general meeting, statutory authority who control the firm are the directors named by general meeting.(Srpková 2005, 79)

Advantages:

- Limited liability up to the deposit amount of the associates
- Minimum amount of deposit for the company is 1 CZK
- Minimum amount of deposit for each associate is 1 CZK
- Easy registration of the company for VAD

Disadvantages:

- Necessity of initial capital
- Company with only single associate cannot be the owner or single associate in another ltd.
- Sometimes there is need of notary registration, necessity of establishment of director

2.2.4 Joint Stock Company

In this type of company, single associates own parts of the company called shares or stocks. No shareholder is responsible for the liabilities of the company, only company itself with its all property is responsible for its liabilities. Joint Stock Company is categorized as bigger firm, as we consider as one of the most complicated form of entrepreneurship.(Synek 1996, 50) Initial capital of the firm must be at least 2 million czk without public offer. The highest body of the firm is called general assembly, and the statutory body of the firm is staff, which members are selected and recalled by a general assembly.

Advantages:

- Shareholders are not responsible for liabilities of the company
- Stable and reliable in the eyes of business partners
- Good access to capital

Disadvantages:

- Necessity of high initial capital
- Very complicated and limiting law regulation

- Not possible to set up by only single legal person (Srpková and Rehor 2010, 81)

Cooperative

Cooperative represents association of open number of people based on purpose of entrepreneurship or ensuring economic, social or other needs of its members. There have to be at least 5 members. Cooperative guarantee for its liabilities by all of its property, therefore associates are not responsible for company's liabilities. Initial capital with this form of entrepreneurship must be at least fifty thousand czk.

Advantages:

- Associates are not guaranteeing for liabilities of the company
- Considerable low initial capital
- It is very easy for associates to leave Cooperative

Disadvantages:

- Creation of indivisible fond
- Profit of Cooperative is taxed by income tax of legal person
- Paid shares of the profit are taxed by withholding tax

2.3 Acquiring trade license

Trade license can be conducted by any legal person or individual. However, licensed trade can only be acquired based on registration or authorization by Trade licensing office, professional associations or other body authorized by law. In Czech republic, the most often form of entrepreneurship is based on trade license. (Srpková 2005, 73)

General conditions for acquiring agreement to run a trade license by legal person:

1. Minimum age of 18 years to the day of authorization
2. Competence for legal acts
3. Integrity

Special condition for acquiring trade license are also expert or professional knowledge, in case the law requires such knowledge. In case of legal person, these requirements have to be met by its responsible representative (Synek 1996, 52).

2.3.1 Process of acquiring trade license

1. Keeping the features of trade license

Under the term license trade we can understand consistent activity to run business alone, by your own name, by your own responsibility, in order to get profit and within the conditions stated by the license trade law. Therefore this activity should be fully legal and should not hide any illegal activity, as they must be and are regulated.

2. Meeting the general and special conditions for running business activity

We can divide general conditions for running activity into four parts:

- Minimum age of 18 years
- Competence for legal acts
- Integrity- important to clarify with criminal records
- Submission of document that individual does not have any tax unpaid balances towards any financial bodies of the state

Special conditions for running the activity are professional or other qualification. This qualification can be proved by document of apprenticeship in training or practice, or it can be any document proving high school or university education and specialized training. (Srpová, 2005, 53)

3. Finding out which category trade license belongs to

We can divide trade licenses according to requirements for professional eligibility and according to range of authorization. Trade licenses can be divided into trade, production and service offering licenses.

- According to the law, the trade licenses are mainly:
 - Buying of the goods for purpose of further selling (retail, wholesale)
 - Running of the gas stations
 - Running of auctions
- **Production licenses** are not defined specifically by law, only activities which are permissible by law.
- **Services**, according to trade license law means providing repairs and maintenance of things, transportation, providing of housing and other needs.

2.3.2 Issuing of Trade license

Trade license is issued by local trade license office according to residence of particular person or residence of legal person. Also particular sum is paid for issuing this document. (Srpová 2005, 83)

2.4 Limited Liability Company

Considering that company on which the bachelor thesis is focused will be run as limited liability Company, it will be described in more detail in following paragraph.

Limited Liability Company is considered a capital company, however in its legal regulations there are also certain elements of the personal companies. For establishing and even during its continuance there is needed basic capital, value of which is agreed by the social contract. The associates and person who establishes the company can be either legal person or individual.

Social contract

Alike other capital companies, social contract is crucial for the establishing company. There are several subjects which are covered by social contract, such as the firm, residence, subject of entrepreneurship, directors and specific means of their forms of negotiations, signings, choosing the associates, their business shares and the amount of subscribed and repaid inputs during the establishment of the company. However, in case that limited liability company is founded by only one associate, social contract is replaced by founding document.

General Meeting

The compulsory organ regarding the ltd (limited liability company) is general meeting and director, or directors. Optional body, which is not necessary for establishing but can be possibly set up, is called board of supervisors. General meeting is basically approving of actions in name of the company before its establishment. Its responsibilities are approving of financial statements, distribution of profit and reimbursement of losses, or deciding about changing of the content of social agreement. It has also right to decide about naming and rewarding its directors excluding associates, and other important matters such as deciding about increasing or decreasing of the capital stock. (Srbová and Rehor 2010, 74)

Directors

As a director can be considered an individual, who is statutory authority and at the same time is taking care of company management and other tasks connected to such position. Executive director is not representative of the company, but his/her actions which are taken in the name of the company are considered directly as the actions of the company as such.

We can divide responsibilities of an executive to:

1. Basic responsibilities(general)
2. Responsibilities aimed for specific situations

Among basic responsibilities we can include:

- Execution of the actions in an appropriate manners
- To act in accordance to company's interests
- Secrecy
- To keep prohibition of competition

Responsibilities aimed for specific situations contain:

- Securing accounting and evidence
- Making suggestions for record in commercial register
- Giving informations to associates about issues of the firm
- Duty to assemble general meeting
- Duty to acknowledge associates with the results of voting outside of general meeting
- Duty to attend deciding of single associate, if he is asked so (Srpková and Rehor 2010, 74)

3 BUSINESS PLAN

A Business plan is crucial material, which every entrepreneur must follow, if given business plan should be successful. According to Eugene Kleiner, (Abrams 2014, 25) “a business plan is an entrepreneur’s most crucial business document,” and “No company can expect to articulate its foals or to secure financing without a well –conceived and well-presented business plan” (Abrams 2014, 25).

Business plan also gives certain amount of credibility to everybody connected to it. It includes business partners, potential investors, and ultimately, well-made business plan makes up for a well-made business, which mainly customers will notice. Finally, business plan should give an entrepreneur clear direction, solutions to problem and step-by-step approach.(De Thomas and Derammelaere 2008, 87)

3.1 Types of a business plan

1. **Formal:** This type of Business plan is detailed work, which will be presented to Bankers and Investors. Therefore it must be very specific in terms of numbers, future plans and and analysis of the market.
2. **Informal:** This document will be more summarized, and is used more for the leading part of the firm, to make strategic decisions. Therefore there are not too many specific numbers, except general budgets and cost projections.(Gattis 2011, 8)

3.2 Steps of making a business plan

1. Introducing the basic business idea
2. Collecting informations on the feasibility and specifics of the concept
3. Accustoming the project based on the data gathered
4. Providing informations on specifics of the business
5. Working out the business plan in comprehensive and understandable form (Gattis 2011, 10)

3.3 Parts of a business plan

- Basic description of the company
- Description of a product
- Target Market

- Marketing and Sales plan
- Management
- Time plan
- Risk plan
- Financial plan (Staňková 2007, 100)

According to Staňková and Rhonda Abrams, key elements of a business plan can be characterized as ones, which are mentioned above. However, apart from these key elements there is also important to mention characteristics of a product, or service, which is needed to be clarified properly. Therefore description of a product or service is included.

Ultimately, all of these parts are necessary to create complete and thorough overview on a particular business.

3.3.1 Basic description of the company

- **The company**

It is necessary to lay out basic informations on the business, before the reader can actually go further in more details. The best way to introduce the reader to particular business is to write what business is intending to do. There may be informations about current situation as well, and subsequently it is appropriate to include mission statement, goals and objectives of the company.

- **Company Name**

The names of the company may vary, depending to whom is company presented. In case that business owner or the representative is talking to business partners or investors, he/she may use different names connected to particular business, for instance the own name of the business owner, legal corporate or company name or even a brand name.

- **Company's mission**

In this section it is appropriate to inform the reader about what company focuses on, what simple steps are needed to take to achieve the particular goal and also it serves as a part of representing the company itself. One of the purposes of this section is to attract customers or business partners. (Abrams 2014, 65)

3.3.2 Description of product

Product or service offered by a company is the foremost thing which is used in the market with purpose of acquiring profit and making sales. Therefore creation of this product must be well prepared, deliberately organized and also there has to be great amount of effort put in the creation and then into marketing of a product. This product is often designed for specific target market, as it is discussed in the following section. Product and service should be easy to understand, with a clear meaning and purpose. Marketing of these products or services may vary, according to where is the product/service sold (geographic description) , to whom it is sold (demographic description) , and whether it is sold to other companies or individual clients.

3.3.2.1 Demographic description

When starting a business, entrepreneur has to know what kind of customers wants to have and who wants to reach, and appropriately to that knowledge it is essential to set up specific channels of communication, through which he wants to attract the customers based on their age, religion or gender.

All of this includes tools, which are more or less appropriate when reaching to certain demographic groups of customers. This tools could be either Tv, internet, e-mails, radio or even leaflets. Language, visual image and the way with which the business is communicating with its customers clearly determines what group of customers it is trying to reach. Also, selling to customers is different than selling to other businesses , and in this case all communication channels must be appropriately accustomed to it. (Abrams 2014, 106)

3.3.2.2 Geographic description

The business should also clearly determine what geographic areas is planning to serve, or if it has more domestic or international character. The location of the firm is equally important. It matters if it is located in busy street, mall, big city or small town. There are companies which have location based on particular climate or weather conditions, in order to fulfill the main objective of the company. In terms of entrepreneuring online, there are also geographic limitations, mainly because of logistics, language, licensing or legal issues.(Abrams 2014, 106)

3.3.3 Marketing and Sales strategy

Marketing and Sales strategy serves as a tool for allocating and redistributing money for reaching the customers. As this process costs money, it is necessary to have detailed and specific marketing strategy, which will guide the business along the process. Also, this part is very closely viewed by investors for whose this section is probably the most important part of a business plan as they are funding the business (Abrams 2014, 56).

Part of a marketing plan also includes SWOT analysis, and describing the initial strategies, such as:

- **Product strategy:** In what way will be the product or service unique from others.
- **Price strategy:** How the price will be set. Also depends on costs and prices of the competition.
- **Distribution strategy:** The product can be distributed either directly, or through wholesale to retail. Also this part informs about the strategy for distribution to global market.
- **Advertising strategy:** What kind of media will be used for reaching the customer and what will be specific subject by which we attract the customers.
- **Networking:** Networking is about meeting and making new ties with potential business partners and getting informations from various sources in order to strengthen competitive advantage (Staňková 2007, 101).

3.3.4 Management

According to Rhonda Abrams, “people are the heart of every business”(Abrams 2014, 230). Management in the firm is among the most important factor of success of any business. People have skills and vision, and based on that we can consider employees and people who work in the company as a long-term investment, which will serve the company in a long run. Based on this knowledge, creating Management plan should be based on two main areas, which are the executives and subordinates, the very management structure and style of the company. Synek claims, that it is necessary to take care of the main managerial persons, board members, and the supervisory board with the purpose of continuous education (Synek 1996, 35). Also, the continuous motivation leads the employees towards goals, and consequently more effective results in work (Curtis 1994, 110)

3.3.5 Time plan

Staňková described a time plan according to following ideas:

- Time plan should include the most important stages of each activity. It can also be focused on shorter or longer phases, such as months, weeks, half year or a year. It is crucial for coordination of sales, but also designing and innovation of a product or a service.
- This time plan can be done in various ways, such as techniques of project planning or deciding trees. Time plan allows the entrepreneur to survey and evaluate progress of business activities which lead him to his goal (Staňková 2007, 103).

3.3.6 Financial plan

Financial plan is indispensable part of a successful business plan, as it serves for controlling all the financial and investment streams in the business. It also proves that the creating of a business plan is feasible (Veber and Srpová 2008, 105). Financial plan is made of several elements:

- Income statements
- Scheduled balance sheet
- Cash flow

For the business partners or investors it is also important to show the reliable indicators. These are including indicators of liquidity, activity and indebtedness. Each of them refer to short-term or long-term stability of the firm. (Veber and Srpová 2008, 106)

Also, it is necessary to include how the financial resources will be used and that they will be used for specific and well designed purpose. To sum up in several points, it is appropriate to mention:

- Plans with higher financial capital
- Overview of all of the financial sources which entrepreneur is sourcing from.
- Laying out appropriate financing and with minimum loans selling the shares
- Using money for growth of the company (Abrams 2014, 148)

3.3.7 Risk plan

In the new business, it is very important to define risks and potential threats which are associated to entrepreneurship. On the basis of assessing these risks, entrepreneur can take

appropriate steps to prevent these threats. Also for the investors and business partners it is a sign of will to face a situation on the side of entrepreneur. Investors will feel more reassured, and laying out such steps will also help the very entrepreneur, when he gets a better overview over the situation.

There are many risks, which present a potential threat for a business. We can divide these risks into several categories:

- **Market Risks:** Market does not have to be ready enough for services or products, which the company offers, which concludes in not responding to the offer.
- **Competitive Risk:** This means the risk of new competitors on the market, and also the response of direct competitors.
- **Product Risk:** The service or product may not be done in time, which may result in financial losses and also reduction of customers.
- **Execution Risk:** The task and organization in the company must be running as planned, otherwise may happen that growth of the company and development will stagnate.
- **Capitalization Risk:** It is crucial to set financial plan in such way, that the company won't lose money abruptly, which could result in serious problems.
- **Global Risk:** With internationally reaching company there is a huge risk of influence of other factors in the particular countries, which can have serious aftermaths, such as cutting of supplies or reaching the target market.(Abrams 2014, 149)

3.3.8 Target market

In the business it is crucial to know the customers and their needs, in order to accustom to them. What is very important is to evaluate the market and its needs. Products or services can even be perfect, but if the market is not looking for such services or products, it could be fatal for the starting business. Many investors and business partners are also curious about this part, and looking mainly for the companies who can answer and satisfy the demands of the market. Therefore defining right target market must meet these criteria:

- **Definable:** It should exactly say in what way are potential customers similar.
- **Meaningful:** The characteristics of the customers must rationally relate to the decision to purchase of the product or service.

- **Sizable:** The segment of customers should be large enough for the business to profit from.
- **Reachable:** Both definition and the size must lead to affordable and effective ways to market potential customers.

4 MARKETING PLAN

Marketing plan serves as a crucial element between the company and the customer. Because of marketing plan, the firm can promote and sell its product more effectively and start the business easier. There are several techniques, which can be used in order to create effective marketing plan.

4.1 Swot analysis

Swot analysis serves for researching the marketing environment from inside (internal environment) and outside of the company (external environment).

- Strengths: this section is part of an internal analysis, and is determining the current or developing strengths of the company.
- Weaknesses: Weaknesses are mentioned to focus on the weak parts of the business, and also for the reason to correct them
- Opportunities: Opportunities, as part of external analysis are focusing on area of the market, which has a need to be satisfied, and therefore beneficial for the business.
- Threats: There can be a situation on the market, which can easily lead to lowering the sales and revenues of the company, and consequently an action needs to be taken in order to prevent it. (Kotler 2012, 48)

4.2 Marketing mix (4P)

Another marketing analysis, which is using set of tactics in order to promote the company and brand, is called Marketing Mix. Each of the P's is representing specific area, which is essential for marketing mix.

- Product: In section of product are included topics such as quality, design, services or brand name. All of these specifications together are making up the final product of company.
- Price: Information about prices, discounts and clear overview for the charges of the product or services is another way of attracting customers and promoting product.
- Promotion: Many different ways of promotion can be used in order to promote a product, such as public relations, sales promotion or advertising.

- Place: By place are meant topics such as appropriate distribution channels, transport or location of the company or its branches (Kotler 2012, 25).

5 CONCLUSION OF THEORETICAL PART

The goal of theoretical part was to introduce the reader into problematic of business terms, show the structure of the business plan and clarify the process and relevant steps for constructing the business, and legal acts which need to be done in order to do so.

For Introduction there was used mainly characteristics of the basic terms, characterization of parts of which the single sections consisted, such as start of entrepreneuring or the details of single types of company. This section is followed by a business plan, in which are described single parts of elements which are necessary for successful business plan.

Production of the text and informations were sourced by relevant literature, which was mainly books written by czech authors, but also authors from abroad. Apart from literature sources were used also online sources of appropriate character.

II. PRACTICAL PART

6 CHARACTERIZATION OF THE COMPANY

This part will outline what is the goal of the company, what services does it provide, what structure and law form it will be associated with and what types of customers it will be dedicated to.

6.1 Basic information

The name of the company: Jazyková agentura Sunseeker s.r.o.

Residence: Záramí, 760 01 Zlín

The associates: Erik Toráč

Email: Sunseekeragency@gmail.com

Web address: www.sunseekeragency.cz

The form of entrepreneurship: Limited Liability Company

The subject of entrepreneurship: Mediation services

Mediation services associated with education and travelling

Providing language lessons

Administration services

Monitoring and evaluating services for students

The amount of the initial capital: 500 000 CZK

6.1.1 Location

The firm will have a flexible location in the center of Zlín, where it will be accessible for all the surroundings of the city. This location will also be better for attraction of customers and transparency, as this area is busy with people who may pass around the company. However, the large part of the company communication and cooperation will be also online-based, therefore this offices will mostly serve as classrooms for students who desire to take English classes provided by the company.

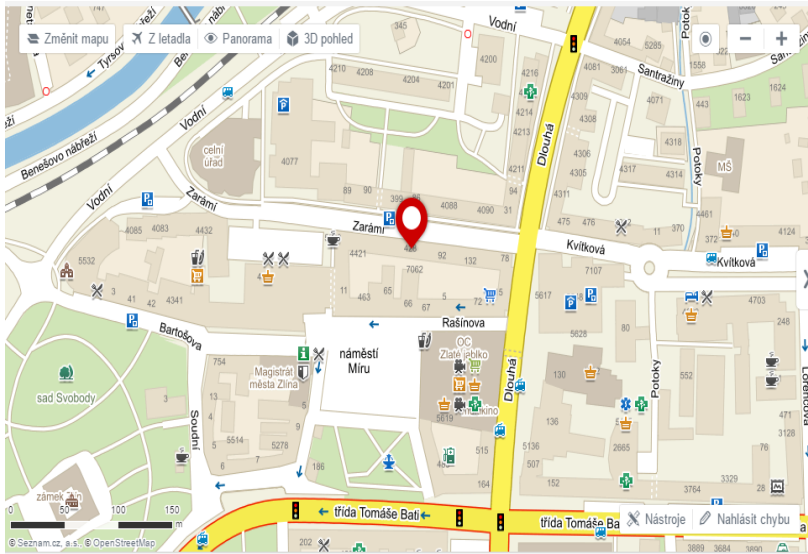


Figure 1. The Location of language agency Sunseeker

Source: *Mapy.cz*

6.2 Main service and activities of the company

The firm's main service will be mediation service between the clients who seek education in English language abroad, and partnering language schools which are already established in Malta. Apart from this, the language agency will also provide language lessons to clients directly in the Czech Republic. Based on this it is appropriate to characterize the company as a language agency, which main purpose is to provide clients education of English language abroad, where they can actively study English in the country where it is established as a native language.

In addition, the services of the language agency Sunseeker provide not only the mediation services, but also the complete monitoring of the student's stay in Malta, and thorough helping and advising with any of the client's need or problem and subsequently solving these problems. The language agency will also provide adequate feedback and evaluation before and after the student's stay abroad.

In case of the providing language lessons in Zlín, the language agency will have a wide range of variety of type of lessons from which the students can choose from.

6.3 Goal of the company

The primary goal is to set up the reliable company-language agency, which will enable clients to travel abroad for language stays in Malta Island, and also provide english lessons in Zlín.

6.3.1 Specific goals

1. Establishing the language agency in the city of Zlín
2. Promoting the company at home and abroad
3. Creating trustworthy and unique company with stable base of customers

6.4 Choosing the appropriate law form

The language agency Sunseeker will be run as Limited liability company, and that is for several different advantageous reasons. Here are mentioned several ones:

- The customers, suppliers, banks and employees will perceive the company as more professional and trustworthy form of entrepreneurship than a sole proprietorship
- Regulation of the salary and consequently the height of payment for social and health insurance
- Limited liability for maximum of the invested capital
- Easy registration of the company for value added tax
- Basic capital of the company is 1 czk
- Minimum amount of deposit of each associate is 1 czk (etrend, 2014)

6.5 Description of product/service

The language agency Sunseeker will have range variety of the products for clients. However, as the company will provide mainly two types of services, being mediation service and language lessons in Zlín, it is necessary to divide them in the appropriate succession.

6.5.1 Language stay abroad

For the language stays abroad, the company will have option for its clients to choose from variety of programmes offered by language school based in Malta, with which has the language agency Sunseeker agreement and mutual cooperation. The clients will also have the possibility of choosing the type of accommodation, provided by the partnering language

school, type of courses and activities which are the part of the programme. The type of the language stays and prices will also vary on the age of the customers.

Following chart represents the types of the courses and activities, which are included in the programme.

Table 1 Language stays for adults (*own creation*)

Language stays for adults	
The name of the partnering language school	Am Language Studio
The length of the stay	2 weeks
Type of accommodation	Hotel
	Shared apartman
	Host family
Type of the courses	General English
	Intensive english
	Mini group english
	Individual english
	Combination English
	Practical english for the work environment/business english
	Long stay
	Exam preparation
Sample of activities	Diving
	Sailing
	Windsurfing
	Welcome party
	Malta tour

The presented chart with the services represents the options for adult students, who choose to stay in Malta 2 weeks and more. Regarding the type of accommodation, the clients can choose between hotel, shared apartman and host family. In the case of the language courses, the options are also very flexible. The participants have the option to choose from:

- General english: Max 12 students in the class, with 20 sessions per week
- Intensive english: Max 11 students in the class, with 30 sessions per week
- Mini group english: Max 6 students in the class, 20/30 sessions per week

- Individual english: 1 on 1 or 2 to 1 studying
- Combination english: General english + Individual lessons
- Practical english for the work environment/business english: focused on desired, specific area , with max 6 students in the class
- Long stay: general english from 8 to 24 weeks
- Exam preparation: general english + individual sessions

Before they come to Malta, the clients have also possibility to choose from various activities offered by the language school in Malta. They can pre-order these activities at the language agency Sunseeker, which will actively communicate with the language school in Malta, or they can buy any supplemental ones directly at the language school, which is based in Malta.

Table 2 Language stay for teenagers (*own creation*)

Language stays for teenagers	
The name of the partnering language school	Am Language Studio
The length of the stay	2 weeks
Type of accommodation	Hotel
	Shared apartman
	Host family
Levels	Beginner
	Elementary
	Pre-Intermediate
	Intermediate
	Upper-Intermediate
	Advanced
Type of the courses	General english
	Intensive english
Sample of activities	Diving
	Sailing
	Windsurfing
	Welcome party
	Malta tour

In contrast to offered service for adults, the package for teenagers will differ mainly in the provided lessons for students. Lessons will not be as flexible as with the adults, as it is expected that target group of clients, who will attend this type of programme will be in the age group from 13-18 year olds.

Moreover, the activities provided for the teenage group of students will be fixed to the price of the programme and therefore it will not be needed to pre-order them at the language agency or at the language school.

In both cases, the language agency Sunseeker will actively provide reliable service in terms of booking, communication and providing information about the programme to the customers. Also, the language agency will monitor any problems or needs of the customers during their stay in Malta, and will be able to solve any problem or critical situation which may occur at the place of their stay. The service of the language agency Sunseeker will also consist of the fluent process of the client's request, since the client's arrival to Malta, till he/she will return home.

6.5.2 Language lessons in Zlín

As noted, the language agency will also have an offer of language lessons provided directly in Zlín. These language courses will be strictly focused on teaching the particular language. The agency will have a team of competent teachers and lecturers, who will take care of the classes and specific provided courses.

Below mentioned chart specify the single options in terms of language courses:

- Courses for children
- Students and adults
- Courses for the companies (professionally and business oriented)
- Specialized courses
- Face to face courses

6.5.2.1 Courses for children

These courses will be focused on the children, who are eligible to attend the courses from the age of 8 years old. They will be taught the basic knowledge of the language which is competent to their age.

6.5.2.2 Students and adults

Courses for students and adults will be customized for the competent level of English of the students. These courses will have continuity and progression in the single study periods, in order to join the concept from previous years. They will be focused on high school students but as well university students and people who are already working but need to enhance their language skills.

6.5.2.3 Face to face courses

Face to face courses will be unique in the way that the lecturer will be able to adjust to the wishes and time limitations of the customer. The specific study plan for the student will be made, in order to reach the desired level and goal of the student.

6.5.2.4 The courses for the companies

Based on the employer's needs, the employees are required to have a certain knowledge in the professional area which they are working in. Therefore, Sunseeker will provide courses for the companies with which they will agree on specific details and the number of people who are selected for this type of education.

6.5.2.5 Specialized courses

Specialized courses will be aimed at the specific goal, which the students want to reach. It can be for example preparing for graduation, for various language certificates, or the courses for the students who want to study abroad with certain professional specifications, such as doctors or lawyers.

6.5.3 Prices

Price of the language lessons in Zlín differ from the prices of language stays in Malta, but both of them were set reasonably in comparison to competition, and also in order for Sunseeker to be profitable.

For language courses in Zlín was price set for average of 2200czk with the compulsory fee of 270 czk. This price is meant for regular courses with 70 hours of lectures in 5 months (1 semester).

For language stays in Malta prices differed, but based on the questionnaire research, were respondents showed interest for longer-term language stay, the price for 4 week language stay was set for 54274 czk.

7 THE ANALYSIS OF THE MARKET

This section will be focused on the analysis of the branch in general, then it will shift to target market and the competition, which will be worked out in more detail. For the analysis of the market will be also used questionnaire research, which is worked out in the end of the section.

7.1 The details of the market

Based on the intention of entrepreneurship, the market in which the company will compete will not only be local, but also international. However, as the firm will provide two types of services, which are English lessons and mediation service for language stays in Malta, we can consider two types of market areas in which the company will be operating. As mentioned before, first is providing a service for education abroad, and second one is focused on providing language classes for students in Zlín.

7.2 Target Market

In our target market, there will be several demographic groups, which Sunseeker intend to focus on with its service of language stays abroad. We can characterize them as:

7.2.1 Students (13-18 years old)

This target group is one of the most desired and most interesting segment, which was proved by questionnaire research. The business is focused on the group mainly for the reason that the programmes offered by Sunseeker will be also focused mainly on this age group. This target market can be characterized as people with low or no income. The programme with which the company would focus on this group of students would be strictly seasonal. Also the partnering language school in Malta will operate with this kind of language courses only in spring, autumn, but mainly summer season.. Even though the company intends to have a large-scale online marketing and run also as international company, the product will be firstly targeted at people who are living in Zlín and subsequently in Czech Republic.

In case of the provided language lessons in Zlín, this segment is equally wanted for this type of service. The data that have been found out in the questionnaire research also found out, that more than 70% percent of the respondents in this age group confirmed that they would like to participate in the language courses provided by language agency.

7.2.2 Students and employed people (18-25 years old)

This focus group is equally important as the previous one, however the types of offer will be in some ways different than the previous ones. Types of programmes and style of education will be possible to sign up to during all year. Also the activities in the specific language school in Malta will be different and students/clients will have the possibility to choose individual English lessons, or lessons focused on specific area. The reason why the offers will be different for this type of target group is, that this group is much more flexible than previous one in matter of time and money. The results of the questionnaire showed, that as much as 40 percent from the total number of respondents were people in this age group, who expressed interest in such service. Also, in this group of people we can include university students, where probability for using such service is much higher than with the people of higher age, which the questionnaire ultimately confirmed.

Adult students and employed people have also different requirements for language education, and additional language lessons connected to field of the customer's studies or profession are highly demanded. That is why this segment is included for the service of language lessons provided by Sunseeker as well.

7.2.3 Employed people (25+ years)

It is appropriate to characterize this group as people with mostly stable income. On the contrary, this target group is less desirable than the two previous ones, mainly because people from this type of segment are less likely to be as flexible in time as the younger people, and have various bonds because of which they cannot go for the offered programme as easily as the students for example. Because of these reasons, the customers from this type of segment are more limited than the previous ones.

However, this type of segment is attractive mainly for the need of language courses focused on the professional area, in which the people from this age group need to perform better in the job or particular business in terms of language competences. For this reason would Sunseeker use this segment for various agreement with companies, but also it would be applicable for individuals who would seek such lessons.

7.2.4 Language schools and hotel academies

Considering that the stay in Malta will be strictly educational, with ide of getting new experiences and gaining new language skills, we also intend to focus our attention for other

language schools, hotel academies, and possibly other high schools oriented for languages and professions which are requiring active use of language such as bilingual high schools. The idea is to motivate and engage students for summer language stay abroad, and make contracts with these schools all over Czech Republic. Students would then go during summer to Malta in numerous groups, for which there would be discounted prices provided from partnering school AM Language Studio directly in Malta.

7.3 Analysis of the competition

This part will be focused on the analysis of the competition from two sides. It will describe domestic competition, which mainly cover competition for service of providing language lessons and also for the service of providing language stays abroad, and secondly the section will analyze the competitors from abroad, which is international competition. This kind of competition will be specifically looked at as competitors for the service of providing language stay abroad.

7.3.1 Domestic competition

In Zlín, there are several competitors in terms of providing certified private language lessons. Among the most important ones it is appropriate include Lingua-centrum, Language school Elvis, language school Skrivanek, Elingua, or language school Only4U. Most of these language schools are focused on broader market, such as courses for students, for public or courses aimed for preparation for language certificates like FCE, CAE or other types of internationally recognized certificates. Most of the mentioned language schools are offering exclusively English classes for public, except the language school Elvis, which is also offering educational language programmes abroad. The advertising of these companies are mostly on internet, which means mainly social media and the leaflets at local high schools or at university.

Another part of competition are well-recognized companies, which are providing language stays abroad in much broader character. Among these companies we can include businesses like Student agency, Studyline or Intact. Considering the company Student agency, it has the highest prices for the length of two weeks stay in Malta among the other competitors. On the contrary, the prices of the company Studyline are in general for the same length and services a bit cheaper, however the differences may vary in sums up to 200€/5410CZK. In case of language agency Intact, the prices are also considerably high,

almost reaching to the amount of money for services of Student Agency. The chart with mentioned prices and services of the other language agencies is showed below.

Table 3 Comparison of the prices of the competition (*own creation*)

The name of the language agency	Length of the stay	Price for the programme
Studentagency	2 weeks	1,380€/37 334CZK
Intact	2 weeks	1,284€/34 737CZK
Studyline	2 weeks	975€/26 377CZK
Angličtina-Malta.cz	2 weeks	1,138€/30 790CZK
Study.cz	2 weeks	810 €/21 924CZK

7.3.2 International competition

Apart from domestic competition, which is considered as Czech Republic, there is also international competition, mainly because this type of service is connected to international customers.

In this type of competition we can include companies such as EF, which is company operating around the Europe, and is basically one of the biggest company of its kind, in terms of providing language educational programmes abroad for students of all kinds. The other part of international competition which comes from neighboring Slovakia also shouldn't be omitted.

In Slovakia are also many language schools, which could gain customers from domestic market, and therefore it is appropriate to mention them as well. Among the most popular and developed language agencies we can include:

Kurzy-pobyty.sk, Enlap and LimiMalta. Apart from EF, which is operating both in Czech Republic and Slovakia, kurzy-pobyty.sk has the widest offer of language courses in different countries, among which Malta is also included. Prices of this company may again vary depending on the course and length of the programme.

However, if considering usual 2 weeks length of a programme, this company is providing English courses in Malta for relatively same price as the companies in Czech Republic. In case of Enlap, the price is considerably cheaper, reaching as much as 200 euros difference to the cheapest possibility in Czech Republic.

Table 4 Comparison of the prices of the competition in Slovakia (*own creation*)

The name of the language agency	Length of the stay	Price of the programme
kurzy-pobyty.sk	2 weeks	780€/21 105czk
LimiMalta	2 weeks	850€/22 995czk
Enlap	2 weeks	700€/18 940czk

It is important to state, that all the mentioned prices are calculated on the basis of option that student prefer to choose accommodation provided by the language school. Based on the questionnaire research it has been found out that the clients mostly prefer the shared apartment, and the price stands for shared room with two beds. Students also have an option to choose the host family or hotel as another possibility of housing in Malta. In such case the prices for housing differ to the prices for shared apartment, but in both cases there is the same difference for the prices between single competitors.

7.3.3 Additional value of the language agency Sunseeker

It is clear that there is numerous number of the competitors operating on the market in Czech Republic, but also abroad. Language agency Sunseeker therefore intends to aim differently than the rest. The idea is to gain larger groups at once, and therefor create much better deals in terms of price on the side of partnering language school based in Malta. The first intention would be to contact and make contracts with relevant language schools and high schools around Czech Republic, and every summer bring numerous number of students not individually, but especially in larger groups at once as a part of particular school to create a better effect and impact on business.

7.4 Questionnaire research

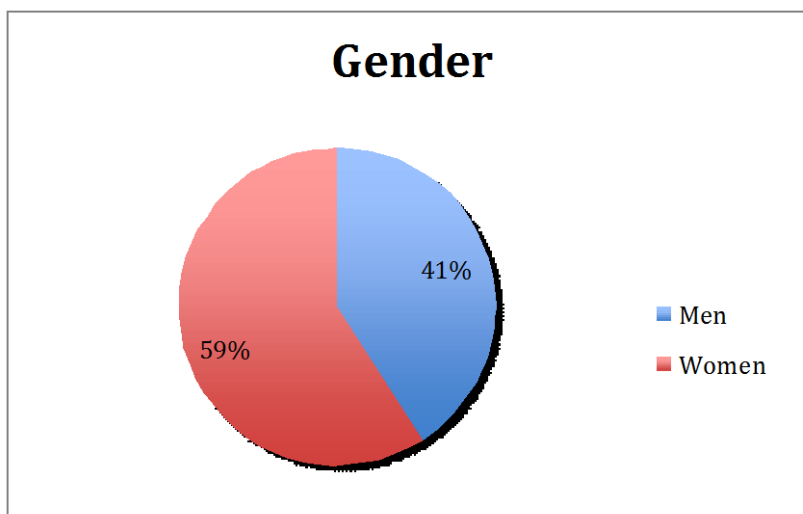
Based on the analysis of the market was necessary to use the questionnaire research as the main tool for the direct contact with the potential customer. The part of the questionnaire research is one of the most important of the business plan, because it clearly shows whether there is any need on the side of potential customers for given service, in this case educational language stays abroad and language lessons provided in Zlín. For the research was used online questionnaire, and also the questionnaire which was given to students directly in the University of Tomas Bata and several high schools in Slovakia and mainly in Zlín. The aim of the questionnaire was to find out if there is any interest on the side of

target segment for this service, and also for the other specifications, which are connected to a programme, such as desired length of stay, or type of accommodation.

What is your gender?

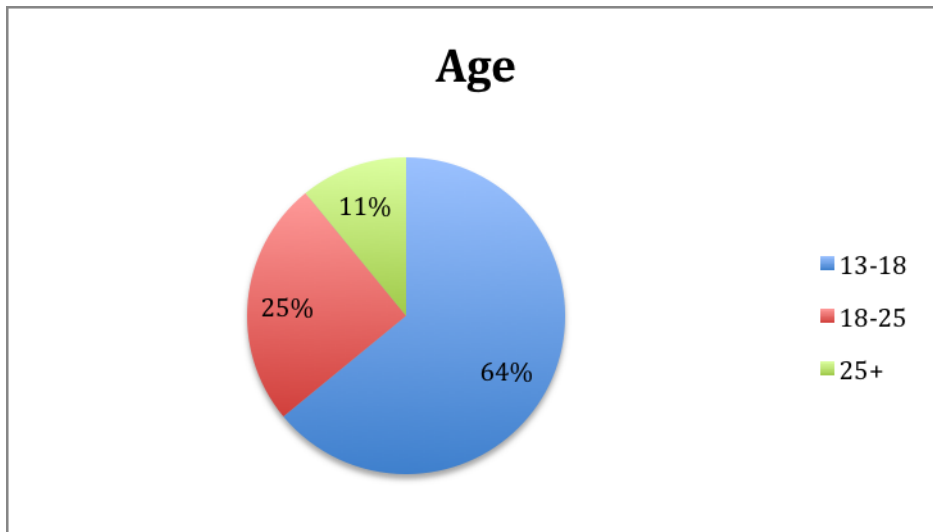
First question, aimed at gender of the respondents, showed that there were majority of women among the respondents. Out of **300** respondents, **177** were of women gender. Based on this information, the business will take the appropriate steps in marketing and communication with customer to aim at the woman gender from the bigger part.

Figure 2 First question from the questionnaire (*own creation*)



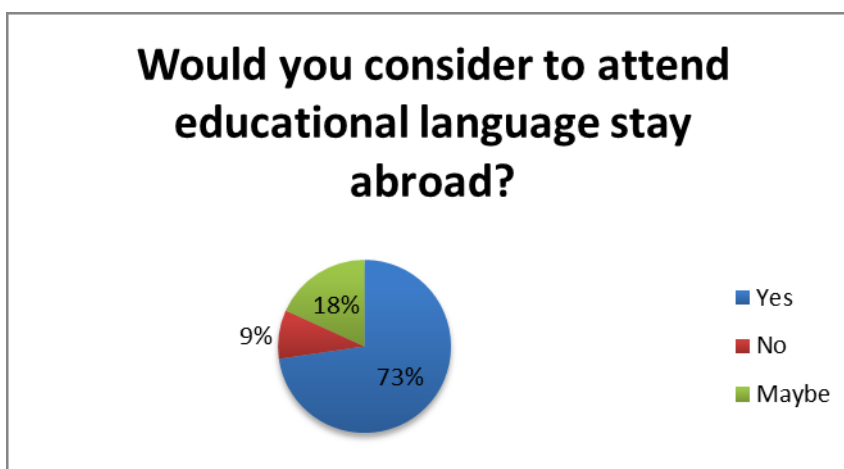
How old are you?

The following question was focused on age of the potential clients. It also set the target group, based on the results of the research. As expected, the highest interest was shown in the age group of people who are **13-18** years old with number of respondents of **192**. This number was followed by age group **18-25** years with total number of **75** people. The smallest group of respondents was in age group of **25** years and older, with 33 respondents.

Figure 3 Second question from the questionnaire (*own creation*)

Would you consider to attend educational language stay abroad?

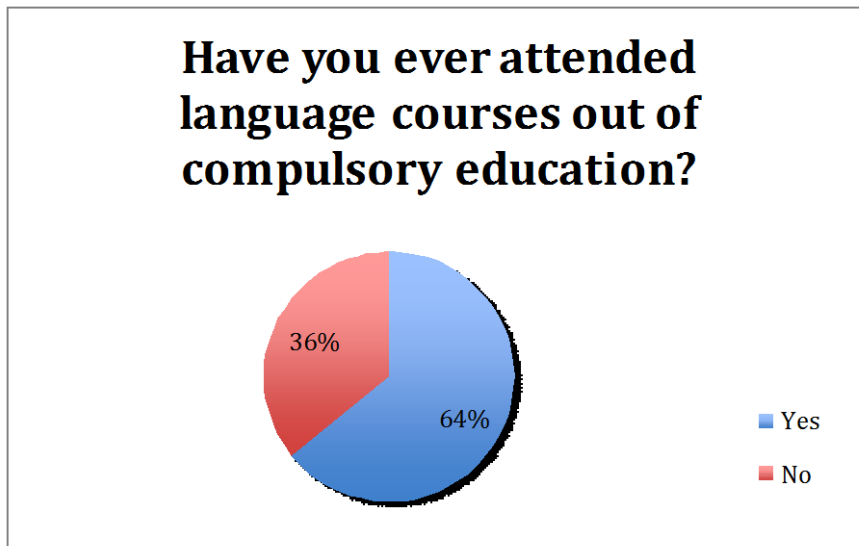
The point of the given question is to find out whether there is any interest on side of respondents to attend educational language stay abroad. Majority of respondents (**219 people**) answered yes. The option “maybe” was chosen by **54 people**, which means that they are also likely to appreciate such service. The negative response occurred only in minority of the respondents, with **27 people**.

Figure 4 Third question from the questionnaire (*own creation*)

Have you ever attended language courses out of compulsory education?

The fifth question was in the questionnaire in order to find out how many people actually attended any extra language courses in their life. In case that applicants have already undertaken such courses, there is high possibility they will tend to expand their language skills even more, either at home, which would mean that there is high probability for using services which are provided by Sunseeker in Czech republic (Language courses) or abroad (Language stays). **163** respondents represented group of people, who showed interest for this option. The other part of the respondents was in minority, with **132** respondents.

Figure 5 Fourth question from the questionnaire (*own creation*)

**7.4.1 The conclusion of the questionnaire research**

The results of the questionnaire research revealed that there is interest for the service on the side of potential customers. In the following questions has been found out, that majority of people have previous experiences with the language courses, which means that there is still interest for language courses apart from compulsory education.

Also, it has been found out that most of respondents would like to participate in the language courses abroad, with duration of more than 4 weeks, and with activities included in the programme. Another gathered knowledge informed, that the respondents would prefer to have classes composed of international students. Also, the respondents would prefer the accommodation in the alternative of shared apartment, and they would like to

travel accompanied by a friend. This point was especially important, because the interest of a customer to take another friend, or travel in a group means widening of the range of the clients, and ultimately higher profit for the company.

The last question was aimed at research of the general opinion for studying language abroad, specifically whether people think that studying language abroad is more effective than at home.

The information from questionnaire research will help and will be used for further steps of setting up an effective running language agency.

8 MARKETING PLAN

One of the most important element which contributes to making a business successful is marketing plan. As Mckeever states, marketing plan describes topics which comment on wide range of the topics, beginning with connection of the business to local and international economies, to very logo of the company (Mckeever 2012, 140) . Therefore, it is crucial for language agency Sunseeker to create effective marketing plan. This part will be focused on marketing mix and SWOT analysis, by which the internal and external influencing elements will be determined.

8.1 Marketing Mix

All the parts of the marketing mix will be analyzed based on the service provided by the company Sunseeker. It is necessary to outline these parts in detail, and by that reach the effective marketing strategy for the company. Mentioned parts will be specifically Price, place, product and promotion.

8.1.1 Product

The main product of the company is a service, not a physical product. This service is about providing clients an educational stay in Malta Island, with possibility to attend different cultural, sport, and social events after school hours. In order to accomplish this, the language agency Sunseeker will cooperate with other language schools based in Malta, which will fully take care of the whole stay of the clients and be responsible for them. The company will also have its delegates, who will ensure that the service is running smoothly and in case of any problems on side of the students/clients, will be able to help and solve the situation immediately.

By attending this programme, the students will improve their English in a way that they usually cannot do in their home country, such Czech republic. They are forced to speak the language and by interaction with other foreign students on lessons and activities, they will be able to practice the language all day. Furthermore, the partnering language schools, which will directly teach and manage the students, are equipped with a qualified team of teachers, activity leaders and coordinators who are ensuring that students are safe and the lessons and activities are delivered in timely manner and that the programme is thoroughly enjoyable.

Second type of product which will the language agency provide are the English language lessons directly in Czech republic. These lessons will be provided by the qualified teachers, and will serve as a secondary service of the company. English language lessons provided in Zlín will be of various characters. Students will be able to choose whether they need English for improving in specific area, develop themselves professionally or for example as a purpose a preparation for the graduation examinations.

8.1.2 Place/Distribution

The language agency Sunseeker acts as a mediation service between student and language school based in Malta. Based on this reason, the company will use non-direct distribution channel. However, in case of language classes provided by the language agency in Zlín will be used direct mediation service, as these classes will be provided directly by the company and no third party will figure in this type of product.

Regarding the language lessons provided by the language agency, it was needed to base the location close to the student facilities and center of the city. For this reason, there was picked a locality, which matches the appropriate location. The access and flexibility of the place was the main reason for the choice, but other following factors also came into consideration:

- Modern area
- Close access to the center of the city
- Reasonable price
- Spacious room for setting up office and smaller class

The place is specifically located in Záramí street, which is close to facilities of Tomas Bata University, but also high schools at which the language agency will focus its promotion efforts.

In this spaces with area of 70 square meters will be possible establish both office and classroom for students, which was one of the main purposes when searching for the place. Regarding the opening hours for public, language agency intends for flexible opening hours, which means scheduled lessons will be held at specific time and date, therefore there will be no need for other members of staff to stay at the facility at the other time than the

lesson hours. In case of administration office, the facility will be open every day from 9:00 am till 18:00 pm.

8.1.3 Promotion

Promotion of the service of the company will be the key part of the successful exchange between the customers and the language agency. Considering the primary target segment are teenagers and university students, social media will be the key instrument by which will be intended to attract the customer. This means, that promotion on these platforms will be in form of pictures and videos, which will be describing atmosphere and life during the language stay in Malta. The social media coverage will include mainly Facebook and Instagram. The media content will also refer on the official sites of the language agency Sunseeker, where the services will be described in detail.

The company's official website will include these specific sections:

- About the company
- Courses
- Calculation
- Contact
- Summer language programme

8.1.4 Price

The price which will be given will differ based on the type of the service chosen by customer. Both in case of providing language stays abroad and English classes run by the company Sunseeker, the price set depending on the competition.

Language stay abroad

For this type of service, the price will vary in many ways. The customers will first have to choose a variant which will fit them most, and based on this will be the calculation made. However, certain prices are fixed, and these are for certain items regarding the language stay, such as accommodation (hotel, family, apartment), types of language courses, and ultimately length of the stay. The company Sunseeker will focus on providing this service with strategy of low cost, but also with reliability and quality.

Language lessons provided by Sunseeker

As this service has much more fixed prices than the previous one, it is much easier to differentiate from competition in terms of prices. There will be various prices mentioned, including specific requirements, such as private lessons, language for specific purposes or preparation courses. The mentioned prices and the chart with the description of the lessons can be found below.

8.2 SWOT Analysis

Another part of marketing plan is SWOT analysis, according to which will be possible to determine different factors which are influencing the Sunseeker company both internally and externally.

The first two mentioned factors are included in internal analysis of the company. These are strengths and weaknesses.

Strengths

There are several strengths of the company, by which it can promote itself, and also they are main reasons why the customers should choose just company Sunseeker among the other competitors.

- Accessible prices
- Quality service and helpful attitude toward customer during all their language stay
- Location of the company
- Responsible and quality language education
- Personal presence of representative during the language stay
- Teachers as native speakers

Weaknesses

With the new business on the market, there comes several weaknesses which are needed to take into consideration.

- Limited capacity of the space for teaching students
- Smaller amount of employees in the beginning

Opportunities

- Arrival of new university students
- Reaching the international customers through good value offers through social media

- Better economic conditions in Czech republic
- Collaboration with more high schools around Czech republic and Slovakia

Threats

- Numerous competition
- Economic crisis
- Termination of collaboration with language schools abroad and in Czech republic

9 FINANCIAL ANALYSIS

Financial analysis for Sunseeker language agency will focus on the basic overview of the initial expenses, sources of funding, the income statement, operational and labor costs, and the costs and revenue plan.

9.1 Initial costs

This section will describe in more detail the initial expenses and costs for establishing the language agency. It will provide an overview for expenses intended for legal acts, such as establishing limited liability company, but also promoting expenses, travel expenses, operating costs and expenses for equipment for the Sunseeker's headquarters in Zlín.

Chart below shows, that for legal acts which are needed to be done in order to establish Sunseeker as ltd., is needed 10,444czk.

Table 5 Initial costs (*own creation*)

Expenses necessary for establishing Limited liability company	Price
The stamp (administrative fee)	2 000CZK
The court fee for signing up to commercial register	8 000CZK
Fee for administrative verification of signatures	444CZK
Total expenses	10 444CZK

The following chart states the costs for the equipment for the Sunseeker office in Zlín. The equipment will be used for the furnishing the main office and also the classroom for students. The total expenses for the equipment were in the amount of 105,573czk.

Table 6 Cost of equipment (*own creation*)

Equipment for office and classroom	Price per unit (CZK)	Number of units	Total price (CZK)
School desk	3 500	12	42 000
Office desk	4 500	2	9 000
Projector	10 773	1	10 773
Desk	2 700	1	2 700
Computer	13 000	2	26 000
Chair	600	12	6 000
Speaker	1 800	1	1 800
Printer	1 000	1	1 000
Copier	2 500	1	2 500
Office cabinet	2 000	1	2 000
Rotating chair	1 800	1	1 800
Total			105 573CZK

In this chart are covered the main expenses for promoting the company. They include marketing promotions and single items, which are used as promotional devices. For the items like promotional costs for Facebook and Instagram is charged no price, and that is for the reason that these social networks will be managed directly by the founder of the company in its early stages.

Table 7 Promotional costs

Way of promotion	Price(CZK)
Web pages	12 000
Facebook	0
Instagram	0
Leaflets	1 000
Posters	2 500
Internet articles-PR	4 000
Total	19 500

9.2 Labor costs

The table of labor costs will outline the detailed specifications about salaries for the employees and single owner of the company. Considering that the company has a single owner, the fixed salaries will be set only for the direct employees of Sunseeker agency. Also, in order to minimize further cost, employees will work on average of 4 hours a day, only required to work at scheduled time of the lessons. The owner of the company will therefore get the minimal salary and by that prevent the higher labor costs. During the first months of entrepreneurship, owner will also run the administrative tasks and will handle most of the communication with customers. The total revenue of the company will also be in possession of the single owner, and for that reason will not be necessary to set high salary for the owner.

Table 8 Monthly labor costs in super gross wage (*own creation*)

	Super gross wage (czk)	Social insurance (czk)	Health insurance (czk)	Gross wage (czk)
Owner	29 480	5 500	1 980	22 000
Employee 1	33 500	6 250	2 250	25 000
Employee 2	33 500	6 250	2 250	25 000
Total	96 480			

Table 9 Monthly labor costs in net wage (*own creation*)

	Net wage (czk)	Tax advance (czk)	Tax deduction (czk)	Social and health insurance (czk)
Owner	13 088	4 422	2 070	2 420
Employee 1	15 155	5 025	2 070	2 750
Employee 2	15 155	5 025	2 070	2 750

According to table number 8, the total labor costs for one month will be 96 480 czk.

9.3 Operational costs

Operational costs are including several items mainly connected to running a company, including labor costs. Following table is listing the all of these items.

Table 10 Monthly operational costs for Language agency Sunseeker (*own creation*)

Operational costs (czk)	Monthly price(czk)
Labor costs	96 480
Rent + energy consumption	25 000
Internet services, mobile	1 000
Equipment for office	800
Total	123 280

After adding all relevant items, total amount of 123 280 czk was issued.

9.4 Revenues

The calculation of revenues was based on the questionnaire research and the number of respondents who showed interests for particular services offered by language agency Sunseeker. Tables below show the specific services, number of clients and the charged prices for these offers. As mentioned before, the following services will include:

- Language stays abroad
- Language lessons provided by Sunseeker agency

9.4.1 Language stays abroad

For language stays abroad, the calculation was based on the number of clients participating in the programme and the margin and commission on the original price which was negotiated between Sunseeker and language school based in Malta. Commission and margin, which is issued by Sunseeker, makes up the revenues of the company. The tables below are describing these prices in more detail, with the original price of the language school in Malta and the price of language agency Sunseeker.

Table 11 Table of revenues for language stays abroad (*own creation*)

	Number of clients (CZK)	Commission (%)	Margin (CZK)	Monthly revenues (CZK)
Optimistic variant (for 4 weeks stay option)	30	5	215	248 543
Realistic variant (for 4 weeks stay option)	20	5	215	165 677
Pessimistic variant (for 4 weeks stay option)	12	5	215	99 396

Table below shows the original price of the language school (direct price), and the selling price of Sunseeker, which will be officially included in pricing list.

Table 12 Difference between original and selling price for one night for student (own creation)

	Direct price for one night (czk)	Selling price for one night (czk)
Language school in Malta	1 723	
Language agency Sunseeker		1 938

9.4.2 Language lessons provided by language agency Sunseeker

Revenues of providing language lessons by Sunseeker will be calculated on number of persons attending the lessons and fixed price which is charged monthly. In the price is also included the registration fee which is compulsory for every new client when signing up for lessons.

Table 13 Revenues for language courses (*own creation*)

	Registration fee (czk)	Monthly price (czk)	Number of clients (czk)	Total monthly revenues (czk)
Optimistic variant	270	2 200	40	88 270
Realistic variant	270	2 200	25	55 270
Pessimistic variant	270	2 200	18	39 870

9.4.3 Total monthly revenues

The table below shows total monthly revenues, considering that conditions of realistic variant were met in both types of services.

Table 14 Total monthly revenues (*own creation*)

	Monthly revenues (czk)
Language stays abroad (monthly revenues)	165 677
Language courses provided by Sunseeker (monthly revenues)	55 270
Total	220 947

9.5 Budget of costs and revenues

Based on the calculations of costs and revenues, which are planned over the period of 3 years, it was possible to find out the total amount of return of investment. Also, it has been found out that break-even point of the company will be attainable in the 9th month since the start of entrepreneurship.

The tables below show the overview of income, revenue, costs and cumulative profit over months in 3 years period. It is important to mention, that all included profits are based on the steady amount of customers with identical revenues every month. The calculation was based on the assumption of steady number of customers with data from realistic variant of incomes, which was mentioned in the previous table.

	September	October	November	December	January	February
Revenues (czk)	0	120 000	220,947	220 947	220 947	220 947
Costs (czk)						
Initial costs	10 444					
Cost of equipment	105 573					
Promotional costs	19 500	19 500	19 500	19 500	19 500	19 500
Labor costs	96 480	96 480	96 480	96 480	96 480	96 480
Operational costs	123 280	123 280	123 280	123 280	123 280	123 280
Total costs	355 277	142 780	142 780	142 780	142 780	142 780
Revenues-costs	-355 277	-22 780	77 220	77 220	77 220	77 220
Income tax		22 800	14 671	14 671	14 671	14 671
Total revenues	-355 277	-45 580	62 549	62 549	62 549	62 549
Cumulative profit	-355 277	-400 857	-338 308	-275 759	-213 210	-150 661

Table 15 Total costs and revenues for year 2017/18 (*own creation*)

Table 16 Total costs and revenues for year 2018 (*own creation*)

	March	April	May	June	July	August
Revenues (czk)	220 947	220 947	220 947	220 947	220 947	220 947
Costs (czk)						
Initial costs						
Cost of equipment						
Promotional costs	19 500	19 500	19 500	19 500	19 500	19 500
Labor costs	96 480	96 480	96 480	96 480	96 480	96 480
Operational costs	123 280	123 280	123 280	123 280	123 280	123 280
Total costs	142 780	142 780	142 780	142 780	142 780	142 780
Revenues-costs	77 220	77 220	77 220	77 220	77 220	77 220
Income tax	14 671	14 671	14 671	14 671	14 671	14 671
Total revenues	62 549	62 549	62 549	62 549	62 549	62 549
Cumulative profit	-88 112	-25 563	36 986	99 535	162 084	224 633

Table 17 Total costs and revenues for year 2018/19 (*own creation*)

	September	October	November	December	January	February
Revenues (czk)	220 947	220 947	220 947	220 947	220 947	220 947
Costs (czk)						
Initial costs						
Cost of equipment						
Promotional costs	19 500	19 500	19 500	19 500	19 500	19 500
Labor costs	96 480	96 480	96 480	96 480	96 480	96 480
Operational costs	123 280	123 280	123 280	123 280	123 280	123 280
Total costs	142 780	142 780	142 780	142 780	142 780	142 780
Revenues-costs	77 220	77 220	77 220	77 220	77 220	77 220
Income tax	14 671	14 671	14 671	14 671	14 671	14 671
Total revenues	62 549	62 549	62 549	62 549	62 549	62 549
Cumulative profit	287 182	349 731	412 280	474 829	537 378	599 927

Table 18 Total costs and revenues for year 2019 (*own creation*)

	March	April	May	June	July	August
Revenues (czk)	220 947	220 947	220 947	220 947	220 947	220 947
Costs (czk)						
Initial costs						
Cost of equipment						
Promotional costs	19 500	19 500	19 500	19 500	19 500	19 500
Labor costs	96 480	96 480	96 480	96 480	96 480	96 480
Operational costs	123 280	123 280	123 280	123 280	123 280	123 280
Total costs	142 780	142 780	142 780	142 780	142 780	142 780
Revenues-costs	77 220	77 220	77 220	77 220	77 220	77 220
Income tax	14 671	14 671	14 671	14 671	14 671	14 671
Total revenues	62 549	62 549	62 549	62 549	62 549	62 549
Cumulative	662 476	725 025	787 574	850 123	912 672	975 221

Table 19 Total costs and revenues for year 2019/20 (*own creation*)

	March	April	May	June	July	August
Revenues (CZK)	220 947	220 947	220 947	220 947	220 947	220 947
Costs (CZK)						
Initial costs						
Cost of equipment						
Promotional costs	19 500	19 500	19 500	19 500	19 500	19 500
Labor costs	96 480	96 480	96 480	96 480	96 480	96 480
Operational costs	123 280	123 280	123 280	123 280	123 280	123 280
Total costs	142 780	142 780	142 780	142 780	142 780	142 780
Revenues-costs	77 220	77 220	77 220	77 220	77 220	77 220
Income tax	14 671	14 671	14 671	14 671	14 671	14 671
Total revenues	62 549	62 549	62 549	62 549	62 549	62 549
Cumulative profit	1350 515	1413 064	1475 613	1538 162	1600 711	1663 260

Table 20 Total costs and revenues for year 2020 (*own creation*)

	January	February	March	April	May	June
Revenues (CZK)	220 947	220 947	220 947	220 947	220 947	220 947
Costs (CZK)						
Initial costs						
Cost of equipment						
Promotional costs	19 500	19 500	19 500	19 500	19 500	19 500
Labor costs	96 480	96 480	96 480	96 480	96 480	96 480
Operational costs	123 280	123 280	123 280	123 280	123 280	123 280
Total costs	142 780	142 780	142 780	142 780	142 780	142 780
Revenues-costs	77 220	77 220	77 220	77 220	77 220	77 220
Income tax	14 671	14 671	14 671	14 671	14 671	14 671
Total revenues	62 549	62 549	62 549	62 549	62 549	62 549
Cumulative profit	1037 770	1100 319	1162 868	1225 417	1287 966	1350 515

Calculations, which are shown above in costs and revenues budget shows that profit will be generated since May, which is the seventh month from the start of legal entrepreneurship. First month, which is September, will generate no profits, as in this month are only paid the necessary costs, and no revenues are made. Second month will have minimum revenues, and that is for the reason that the incomes will not be so high, as the company will just start its service in that time. From the following month was counted with realistic alternative, which is specifically 220 947 czk revenues per month. Based on the mentioned data, it is appropriate to state that the company will be viable and profitable, as the break-even point will be reached already in year 2018.

CONCLUSION

The topic of the thesis focuses on the method for creating a business plan for a language agency. Therefore, the main goal was to find out, whether such company could even penetrate the market, and more importantly sustain a long-term position in the market and stay prosperous in the long term.

The first part of the thesis, which is the theoretical part, conducts an analysis of the structure, parts and terms, which are connected to a business plan. These data are based on relevant literary and Internet sources, which are also mentioned in the thesis. Furthermore, the practical part analyzes each section in detail. One of the most important sections, which is included in the practical part is the questionnaire research, which showed the real interest on the side of respondents. Specific questions which were used for analysis of the market helped to determine the main preferences and interests of the respondents. It was crucial to find out whether there even really is a demand for this type of service, which are language stays abroad and language lessons, and the questionnaire proved that this demand really is in the market.

Real calculation for the business plan was executed in the financial plan, where all the costs and expenses were taken into consideration, and showed the expected costs and revenues in single months and years. Financial analysis showed, that the net profit of the company after the first year reached 224 633 CZK.

After thorough analysis of the market which had been carried out, it was shown that even with the present competition, the language agency Sunseeker will be able to survive and compete in the market. This finding was based mainly on the response of potential clients and their real interest for the given service.

It is noticeable that people would enjoy travelling combined with learning a foreign language, and this gives a promising opportunity for the language agency Sunseeker. After evaluating all the possible factors, it is appropriate to state that the language agency has a promising chance to be successful in the market.

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LIST OF ABBREVIATIONS

- CZK Czech crown
LLT Limited Liability Company
VAD Value added tax

LIST OF FIGURES

Figure 1. The Location of language agency Sunseeker.....	37
Figure 2 First question from the questionnaire.....	48
Figure 3 Second question from the questionnaire.....	49
Figure 4 Third question from the questionnaire.....	49
Figure 5 Fourth question from the questionnaire.....	50

LIST OF TABLES

Table 1 Language stays for adults.....	39
Table 2 Language stay for teenagers.....	40
Table 3 Comparison of the prices of the competition.....	46
Table 4 Comparison of the prices of the competition in Slovakia.....	47
Table 5 Initial costs.....	57
Table 6 Cost of equipment.....	57
Table 7 Promotional costs.....	58
Table 8 Monthly labor costs in super gross wage.....	59
Table 9 Monthly labor costs in net wage.....	59
Table 10 Monthly operational costs for Language agency Sunseeker.....	59
Table 11 Table of revenues for language stays abroad.....	60
Table 12 Difference between original and selling price for one night for student.....	61
Table 13 Revenues for language courses.....	61
Table 14 Total monthly revenues.....	62
Table 15 Total costs and revenues for year 2017/18.....	62
Table 16 Total costs and revenues for year 2018.....	63
Table 17 Total costs and revenues for year 2018/19.....	63
Table 18 Total costs and revenues for year 2019.....	64
Table 19 Total costs and revenues for year 2019/20.....	64
Table 20 Total costs and revenues for year 2020.....	65

APPENDIX P I QUESTIONNAIRE

Aké je vaše pohlavie?

- Muž
- Žena

Aký je váš vek?

- 13-18
- 18-25
- 25+

Váš súčasný stav

- stredoškolský student
- vysokoškolský student
- zamestnaný

Aká je vaša národnosť?

- Česká republika
- Slovensko
- Iné

Navštevovali ste už niekedy jazykové kurzy mimo povinné štúdium?

- Áno
- Nie

Mali by ste záujem vyskúšať jazykový pobyt v zahraničí?

- Áno
- Nie
- Možno

Pokiaľ áno, na akú dlhú dobu by ste chceli vycestovať?

- 2 týždne
- 2-4 týždne
- Viac ako 4 týždne

Ako moc by ste ocenili rekreačné aktivity? (BBQ, koncerty, spoločenské udalosti) 1 pre najmenej a 5 pre najviac

- 1
- 2
- 3
- 4
- 5

Ako moc by ste ocenili triedu pozostávajúcu zo zahraničných študentov? 1 pre najmenej a 5 pre najviac

- 1
- 2
- 3
- 4
- 5

Aký typ ubytovania by ste preferovali?

- Hotel
- Zdieľaný apartmán
- Bývanie v rodine

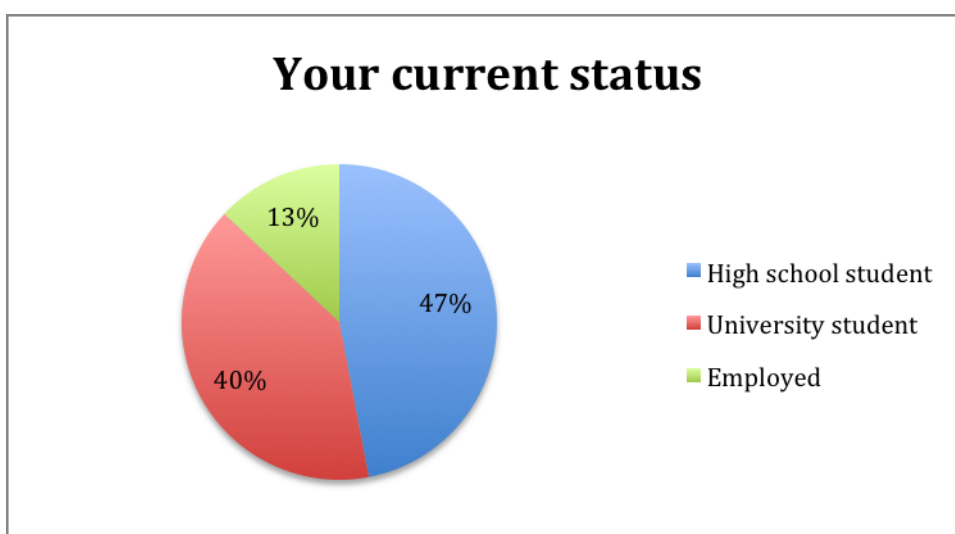
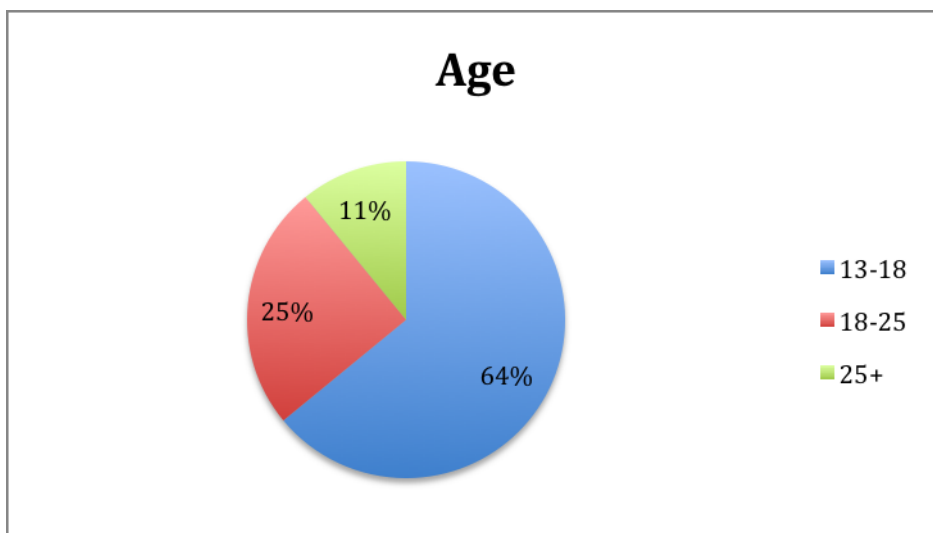
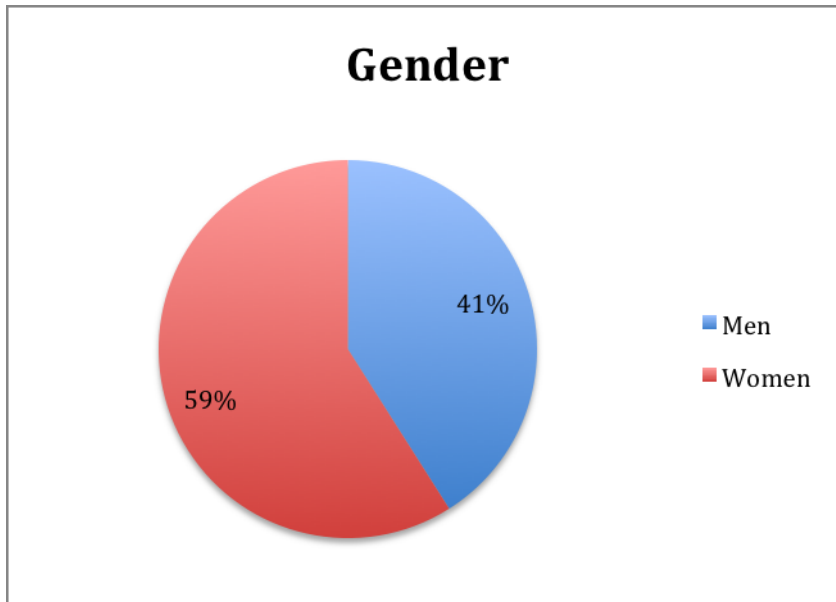
Ako by ste najradšej cestovali?

- Osamote
- S kamarátom/s kamarátkou
- So skupinou

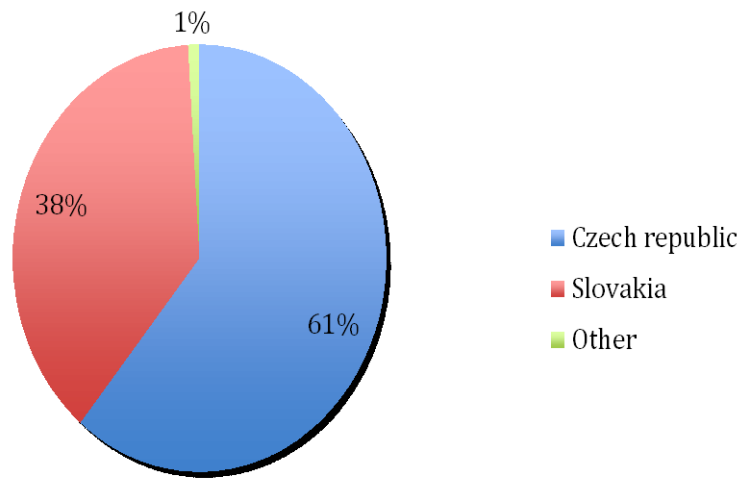
Myslíte si, že výučba angličtiny v anglicky hovoriacej krajine bude viac efektívna ako výučba v CZ/SK?

- Áno
- Nie
- Neviem

APPENDIX P II: RESULTS OF THE QUESTIONNAIRE



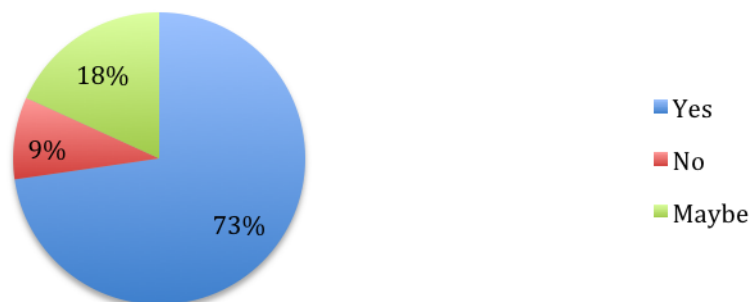
Nationality



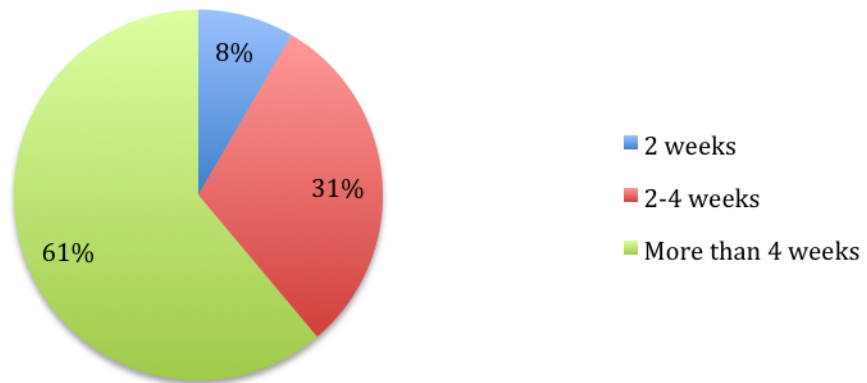
Have you ever attended english language courses out of compulsory education?



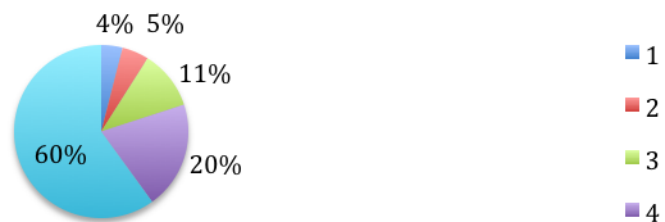
Would you consider to attend educational language stay abroad?



If yes, for how long would you like to stay abroad?



How much would you like the possibility of the recreational activities? (bbq, concerts, social events) 1 being the least likely and 5 being the most likely



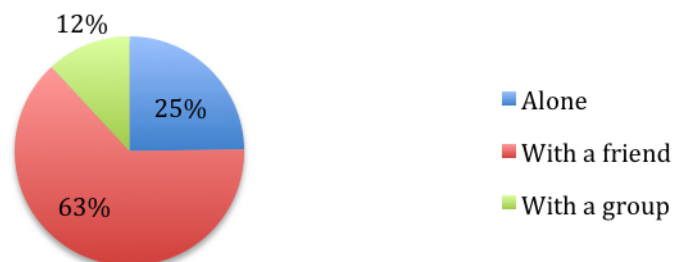
How much would you like the class consisting of mostly international students? 1 being the least likely, 5 being the most likely



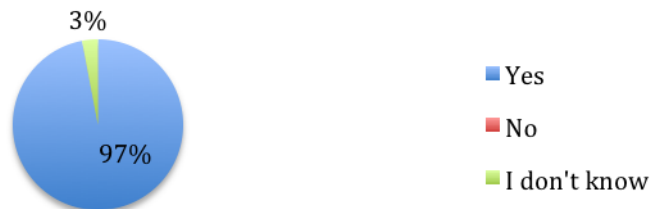
What kind of accomodation would you prefer?



How would you like to travel the most?



Do you think that studying english in english speaking country will be more effective for your learning than in CZ/SK?



Have you ever attended language courses out of compulsory education?

