

A Business Plan for the Establishment of a Korean BBQ Restaurant

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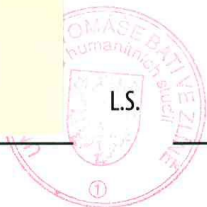
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ABSTRAKT

Tato bakalářská práce se zabývá vytvořením podnikatelského plánu pro společnost Korean BBQ House s.r.o., která bude provozovat restauraci se zaměřením na korejské barbecue a další tradiční korejské pokrmy. Cílem práce je zjistit, zda by taková restaurace mohla být finančně životaschopná, aby se myšlenka na založení takové restaurace mohla do budoucna realizovat. Práce se dělí na 2 části – část teoretickou a část praktickou. V teoretické části jsou vysvětleny pojmy jako podnikání, podnikatel, podnik, právní formy podnikání, business plán a jeho součásti. Praktická část navazuje na poznatky z teoretické části a zabývá se samotnou tvorbou business plánu. Klíčová kapitola bakalářské práce pojednává o finančním plánování, na kterém závisí to, zda bude podnik ziskový a finančně stabilní. Díky konzultaci s majitelem restaurací ve Zlíně a v Praze je finanční část založena na reálných číslech.

Klíčová slova: podnikání, podnikatel, právní formy podnikání, podnikatelský plán, restaurace, korejské barbecue

ABSTRACT

This bachelor's thesis deals with the creation of a business plan for the company Korean BBQ House s.r.o., which will run a restaurant focusing on Korean barbecue and other traditional Korean dishes. The aim of this work is to find out whether such a restaurant could be financially viable, so that the idea of establishing the restaurant could be feasible in the future. The work is divided into 2 parts - theory and analysis. The theory describes concepts such as entrepreneurship, entrepreneur, enterprise, legal forms of enterprise, business plan and its components. The analysis builds on the knowledge from the theoretical part and focuses on the creation of the business plan. The key chapter of the bachelor's thesis deals with financial planning, based on which can be found out whether the company will be profitable. Thanks to consultations with the owner of restaurants in Zlín and Prague, the financial part is based on real numbers.

Keywords: entrepreneurship, entrepreneur, legal forms of enterprise, business plan, restaurant, Korean barbecue

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I hereby declare that the print version of my Bachelor's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

In the business world, everyone is paid in two coins: cash and experience.

Take the experience first; the cash will come later.

Harold Geneen

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INTRODUCTION

The subject of the bachelor's thesis is the creation of a business plan for the establishment of a Korean BBQ restaurant. The inspiration for choosing this topic was my study stay at Soongsil University in Seoul, South Korea.

Korean BBQ restaurants are very popular in South Korea. As Koreans are very friendly and kind people, their habit is sharing with others, especially when it comes to food. For this reason, they very often visit this type of restaurant, where they spend time with their families and friends sitting and barbecuing various dishes and consuming tasty food.

My dream is to start my own business one day, so the topic of creating a business plan was a clear choice. Before starting a business, it is important to create the business plan so that the future entrepreneur can find out whether the idea is feasible and whether the company could be financially viable in the long run. Therefore, I consider writing this bachelor's thesis to be very beneficial if I would like to open this restaurant in the future. Even if the Korean BBQ restaurant is not in the end open, I believe that the knowledge I have gained by studying the materials in writing the thesis will be useful in my life and there will be many opportunities to use the knowledge, for example, when starting a business in areas other than gastronomy.

I chose the city of Zlín as the location of the restaurant, as there is no restaurant with the same concept in the vicinity and despite the fact that the Korean BBQ is not very well known in the Czech Republic, I dare say that thanks to an original idea and appropriate advertising strategies, the restaurant could be successful.

The work consists of two parts - theory and analysis. The theoretical part focuses on concepts such as entrepreneurship, entrepreneur, enterprise, legal forms of enterprise, business plan and its components. The analysis follows the theoretical part and focuses on the creation of a business plan for the establishment of Korean BBQ House s.r.o. I consulted the whole concept of the restaurant, especially the part on financial planning, with Mr. Ing. Michal Nahálka, the owner of the vegetarian restaurant Prašád in Zlín, and that is why I put my effort into working with real numbers.

The aim of this bachelor's thesis is to create a business plan for the establishment of a Korean BBQ restaurant and to find out whether the company would be financially viable in the long run.

I. THEORY

1 ENTREPRENEURSHIP

The concept of entrepreneurship does not have a universally agreed definition so there are many ways how to define this term. According to the Commercial Code (Act No.513/1991 Coll.), entrepreneurship is “a systematic activity which is independently carried out for the purpose of making a profit by an entrepreneur in his own name, and at his own liability”. (Srpová and Řehoř 2010, 20) The Commercial Code was replaced on 1 January 2014 (Nový občanský zákoník 2014) by the New Civil Code and the Business Corporations Act (BusinessInfo.cz 2013) and at the present time “entrepreneurship” is defined neither in the New Civil Code nor in the Business Corporations Act.

A similar definition of entrepreneurship is a definition of a trade, stated in The Trade Licensing Act (Act No.455/1991 Coll.), which reads as follows: “A trade shall mean a systematic activity carried out independently under the conditions laid down in this Act, under a person’s own name and liability, with a view to making a profit.” Srpová and Řehoř (2010, 20) add that in order to properly understand the above-mentioned definition, it is necessary to clarify its partial concepts:

- Systematic activity – the activity must be undertaken repeatedly and regularly.
- Independently – the entrepreneur acts independently only in the case he/she is a natural person. Otherwise, in the case of a legal person, it acts through its statutory body.
- Under a person’s own name – a natural person performs legal acts with his/her name and surname, while a legal person acts under a corporate name.
- Under a person’s own liability – both natural and legal persons assume total responsibility for their business activities.
- With a view to making a profit – the goal of the activity is to generate a profit, although it may not be achieved. (Srpová and Řehoř 2010, 20)

Veber and Srpová (2012, 14) say the interpretation of entrepreneurship is not so simple and they describe entrepreneurship from an economic, psychological, sociological and legal point of view. Although each interpretation differs in some way, they all point out general features, and these are: purposeful activity, creative and initiative approaches, managing and organizing transformation processes, benefits, utility and added value, calculating the risk of failure and bearing the responsibility, cyclic process and repetition (Veber and Srpová 2012, 14)

2 ENTREPRENEUR

According to the Section 420 in the New Civil Code (Act No. 89/2012 Coll.), an entrepreneur is defined as follows: “A person who, on his own account and responsibility, independently carries out a gainful activity in the form of a trade or in a similar manner with the intention to do so consistently for profit.”

As stated in the Section 421, an entrepreneur is also “a person registered in the commercial register. The conditions under which persons are subject to registration in the commercial register are provided by another statute.” and “a person who is authorised to conduct his business activities on the basis of a trade or another license under another statute.” (Portál POHODA 2018)

Veber and Srpová (2012, 15) say that there are many ways an entrepreneur can be defined.

- A person who carries out business activities and runs a business with an awareness of the risk of expansion or loss of own equity.
- A person who is able to identify opportunities, use resources and means in order to fulfil stated objectives while willing to take appropriate risks.
- An entrepreneur is not only a bearer of a business but also is an initiator who invests one’s finances, name, effort, time, accepts responsibility and bears the risk in order to gain one’s financial personal satisfaction. (Veber and Srpová 2012, 15)

Common features that characterize entrepreneurs include:

- ability to find new opportunities and establish objectives
- ability to raise the funds in order to set up a business
- ability to run a business and understand the subject of business
- ability to take risks
- ability to learn from past experiences
- long-term commitment, self-confidence, perseverance, etc. (Veber and Srpová 2012, 15)

3 ENTERPRISE

The concept of enterprise is, of course, closely connected with the above-mentioned terms entrepreneurship and entrepreneur. In accordance with Srpová, Řehoř (2010, 35) and Veber (2012, 15), there are plenty of interpretations. All authors say that an enterprise is:

- (generally) – an entity in which the inputs convert into outputs.
- (comprehensively) – an economically and legally independent unit existing in order to run a business. The economic independence, manifesting freedom in business, relates to the owners' liability for concrete business results. The ability of the enterprise to establish legal relationships with other market entities and enter into contracts with them under certain rights and obligations is termed legal independence.
- (from a legal point of view) – a set of tangible and intangible components of a business. Things, rights and other property values belonging to an entrepreneur also belong to the enterprise and are used for its operation or, due to their nature, are intended to serve this purpose. (Srpová and Řehoř 2010, 35) (Veber and Srpová 2012, 15)

Martinovičová, Konečný and Vavřina (2019, 14) come up with a quite simple definition and describe an enterprise as an entity created for business activities in order to generate a profit.

As reported by Vochozka and Mulač (2012, 35), an enterprise is every institution that is a basic element of the national economy, carrying out a business activity regardless of its legal form and consisting of:

- tangible components (tangible and intangible assets)
- human resources components (such as employers and employees)
- intangible components (company name, licenses, know-how, patents, trademark, etc.)

There are also many criteria according to which companies are divided. Martinovičová, Konečný, Vavřina (2019, 23-24), Srpová, Řehoř (2010, 36), Vochozka and Mulač (2012, 38) deal mainly with the division of enterprises according to the regulation of the European Commission which classifies enterprises as:

- microenterprises – employees <10, annual turnover < 2,000,000 EUR, total assets < 2,000,000 EUR

- small enterprises – employees <50, annual turnover < 10,000,000 EUR, total assets < 10,000,000 EUR
- mid-size enterprises – employees <250, annual turnover < 50,000,000 EUR, total assets < 43,000,000 EUR
- large enterprises – employees >250, annual turnover > 50,000,000 EUR, total assets < 43,000,000 EUR (Srpková and Řehoř 2010, 36)

Pursuant to Vochozka and Mulač (2012,37-38), enterprises can be also divided according to the following aspects:

1. The scope of activity

- local – Enterprises operate only in the local market within the municipality.
- regional – These enterprises operate in the market of the entire region.
- national – The scope of activity of these enterprises is the whole state.
- international – Enterprises of this type operate in 2 and more states.

2. The form of ownership

- private enterprise – The entity is owned only by one private person.
- partner enterprise – The association of several persons with its contribution creates the property of the enterprise and runs a business under a common name.
- state-owned enterprise – The institution is set up and owned by the state government.

3.1 Legal Forms of Enterprise

In the Czech Republic, as reported by the Commercial Code, it is possible to run a business in 2 ways and the Commercial Code allows the following legal forms of enterprise (Veber and Srpková 2012, 68):

- natural person
- legal entity

NATURAL PERSON

Natural persons most frequently want to run a business on the basis of a trade license. (Šafrová 2019, 193) As reported by Synek et al. (2011, 36), an official definition of a trade stated in the Trade Licensing Act (Act No. 455/ 1991 Coll.) is: “a systematic activity carried out independently under the conditions laid down in this Act, under a person’s own name and liability, with a view to making a profit.”

Veber and Srpová (2012, 69) say that natural persons are registered in the Commercial Register compulsorily under the conditions stipulated by the Commercial Code. However, they may be registered in the Commercial Register at their own request.

Based on the type of business activity, the Trade Licensing Act divides trade licenses into 2 categories, namely (Vochozka and Mulač 2012, 34):

- notifiable trades
- permitted trades

In accordance with Šafrová (2019, 193), notifiable trades are further divided into:

- vocational trades – condition for obtaining this type of trade license is apprenticeship, apprenticeship with GCSE or other education related to a trade
- professional trades – applicants must submit a proof of education or length of practice, certificate of retraining or passing the exam
- unqualified trades – no professional competence is required to obtain this type of trade license

In the case of permitted trades, an applicant must be granted a permit from the state to conduct a business in a specific field. In fields that require a concession, there is a high risk of damage to health or is an otherwise sensitive field, for example funeral service, production of alcohol and alcoholic beverages, activities related to firearms and so on. (Šafrová 2019, 193)

According to Synek et al. (2011, 36), to be given a consent for the operation of a trade, a natural person must meet the general conditions:

1. to be at least 18 years old
2. to have full legal capacity
3. to have a clean criminal record

Veber and Srpová (2012, 71) say that this form of enterprise is considered to be suitable for beginning entrepreneurs. As the main advantages, Šafrová (2019, 193) highlights a very simple and fast process for starting a business and low costs associated with the process. As for trade secrets, it is almost easy to keep it, as there is no need to publish anything anywhere. The entrepreneurship of natural persons is also associated with a simpler administration of bookkeeping, and profit taxation is subject only to personal income tax. On the contrary, she considers unlimited liability to be the main disadvantage because there is a possibility the entrepreneur may lose all his personal property. (Šafrová 2019, 193)

LEGAL ENTITY

The second way is running a business as a legal entity. When starting a business, a new legal subject is created – either a partnership or a capital company. Sometimes cooperatives are also formed. However, this is a less common legal form of business. (Veber and Srpová 2012, 68-69)

All types of legal entities are required to be registered in the Commercial Register. The Commercial Code lists the following legal entities (Veber and Srpová 2012, 69):

- partnerships
- capital companies
- cooperatives

In the case of partnerships, the personal participation of the partner in the company's business activities is assumed. The partners may act on behalf of the company and they do so at the cost of unlimited liability for the company's obligations. A capital contribution from partners is not required by law. (Synek et al. 2011, 33-34) The partnerships include:

- General Commercial Partnership, in Czech called “veřejná obchodní společnost”, shortly “veř. obch. spol” or “v.o.s.”
- Limited Partnership, in Czech “komanditní společnost”, abbreviated as “kom. spol.” or “k.s.” (Veber and Srpová 2012, 69)

In contrast with partnerships, the founders and simultaneously partners of capital companies have a duty to make a capital contribution under the partnership agreement. (Synek et al. 2011, 34) Another important fact is the lower level of business risk for individual partners, as their liability for the company's obligations either does not exist or it is limited. (Veber and Srpová 2012, 69) Capital companies are further divided into:

- Limited Liability Company, in Czech “společnost s ručením omezeným”, also “spol. s r.o.” or “s.r.o.”
- Joint Stock Company, in Czech “akciová společnost” abbreviated as “akc. spol.” or “a.s.” (Veber and Srpová 2012, 69)

Cooperatives are less often the chosen legal form of business. This type of a legal entity is established for the purpose of running a business or providing for the economic, social or other needs of its members. (Veber and Srpová 2012, 69)

3.1.1 General Commercial Partnership

A General Commercial Partnership, in Czech “veřejná obchodní společnost” or “v.o.s”, is a type of partnership characterized by entrepreneurship of at least 2 or more natural or legal persons. It is established on the basis of a partnership agreement, which stipulates the shares and mutual legal relations of the partners. However, no share capital from partners is required for the establishment.

A specific feature of this company is that its partners are liable for the company's liabilities with all their assets jointly and severally, regardless of the size of the shares. The company's profit is split among the partners according to the partnership agreement or in equal parts and the partners tax their share only with the personal income tax. (Šafrová 2019, 194)

3.1.2 Limited Partnership

A Limited Partnership, in Czech “komanditní společnost” or “k.s.”, is a type of legal form of enterprise standing on the border between partnerships and capital companies. (Šafrová 2019, 194) It is a mixed-type partnership, since one or more partners are liable for the company's obligations up to the amount of the outstanding (limited partners – in Czech komanditisté) and one or more partners with all their property (general partners – in Czech komplementáři). (Veber and Srpová 2012, 73)

The profit is split according to the partnership agreement or half divided between the company itself and the general partners, who tax their share only once with the personal income tax. The part of the profit which, after split, belongs to the company, is further taxed by corporate tax and only then split among limited partners in proportion to their shares. However, this is quite disadvantageous because limited partners have to re-tax their share by personal income tax. (Šafrová 2019, 194-195) Despite the fact that in the Czech Republic it is not a very popular legal form of enterprise, this type of partnership can be a good solution for a capital-weak entrepreneur with interesting know-how and an investor searching for favourable opportunities. (Veber and Srpová 2012, 73)

3.1.3 Limited Liability Company

A Limited Liability Company, in Czech “společnost s ručením omezeným” or “s.r.o.”, is the most popular (Šafrová 2019, 195) and historically one of the youngest legal forms of enterprise in the Czech Republic. (Srpová and Řehoř 2010, 74) This type of company can be established by only 1 person with a minimal registered capital. The Business Corporations Act (Act No. 90/2012 Coll.) stipulates a minimum amount of CZK 1. However, the reality

is completely different, as it is not possible to establish a limited liability company with a capital of less than a few thousand CZK, which will at least cover the costs of its establishment. The company is liable for its obligations with all its property, but the partners only up to the amount of the unpaid capital contribution. (Šafrová 2019, 195)

A company that has a single partner cannot be the sole founder or sole partner of another limited liability company. The maximum number of LLC partners is 50. The General Meeting is company's supreme body. Executives appointed by the General Meeting form the statutory body of the company and these executives participate in the company's business management. (Veber and Srpová 2012, 74)

As a limited liability company is such a popular legal form of enterprise, there are companies whose main activity is the establishment of companies (so-called ready-made companies) and their subsequent sale. The advantage is that a ready-made company is already registered in the Commercial Register and has paid-up capital. (Šafrová 2019, 196)

3.1.4 Joint Stock Company

A Joint Stock Company, in Czech "akciová společnost" or "a.s.", is one of the oldest legal form of enterprise. It is not so common legal form among small or mid-size companies due to its administrative and mainly capital intensity. (Veber and Srpová 2012, 74)

A certain number of shares with a nominal value form the registered capital of a joint-stock company. A share is a security with which the rights of its holder, as a partner of a joint-stock company, are associated. According to the Commercial Code and the company's articles of association, the shareholder may participate in the management of the company, its profit and the liquidation balance. (Nývltová and Marinič 2010, 24)

The minimum registered capital is CZK 2,000,000 or EUR 80,000. The General Meeting consisting of all shareholders is the supreme body of a JSC and these shareholders elect the Board of Directors which is the statutory body of a company. The BOD manages the company and decides on operational matters and these activities are supervised by the Supervisory Board, which is elected by the General Meeting as well. (Šafrová 2019, 196)

3.1.5 Cooperative

A Cooperative, in Czech “družstvo”, is a legal form of enterprise which is not widely used in the Czech Republic. (Veber and Srpová 2012, 75) It is a community of unlimited number of members and serves people with common interests so they can support each other in these interests. Since it is mainly used to provide for the economic, social or other needs of its members, not just to make a profit, it is not exclusively a business company. (Šafrová 2019, 196)

The minimum number of cooperative members is 5 natural persons or 2 legal entities. Members are not responsible for cooperative’s obligation, whereas the cooperative itself is liable for its obligations with all its property. The minimum amount of the registered share capital is CZK 50,000 and at least half must be paid before submitting the application for registration in the Commercial Register. (Veber and Srpová 2012, 75)

A meeting of members is the cooperative’s supreme body by which a board of directors is elected. The board of directors has responsibility for activities such as managing, decision making etc. and these activities are supervised by an audit committee. (Šafrová 2019, 196)

4 BEFORE THE BUSINESS STARTS

A future entrepreneur should become acquainted with obligations and conditions set out in the relevant laws, and on the basis of them then decide and choose the appropriate legal form of business. (Šafrová 2019, 189) The decision is reversible and the chosen legal form is allowed to be changed later. There are a number of criteria according to which a legal form can be chosen, and the most important criterion may be, for example, the minimum size of registered capital required by law. (Veber and Srpová 2012, 68-69)

As reported by Srpová and Řehoř (2010, 54), it is necessary to consider if a potential entrepreneur has personal prerequisites for running a business, good business idea and in what he excels better than the competition. Since the required capital can be determined from the sum of initial costs, it is very useful to write them down. It is inadvisable to start a business without a pre-developed business plan, thanks to which the reality and viability of the business idea can be verified. (Srpová and Řehoř 2010, 54)

4.1 Business Idea

A good business idea is step number 1 of any successful business. For a business to be successful, the real viability of the business idea and the possibility of breaking into the market is assumed. (Srpová and Řehoř 2010, 55) However, Šafrová (2019, 25) claims it is not necessary to have an extremely original idea for running a business, as a lot of entrepreneurs take the opportunity to start a business “without an idea”, for example, by taking over an established business or buying a franchise license.

TAKING OVER A BUSINESS

For beginners in entrepreneurship, taking over a business is a very convenient way to run a business, as they do not have to deal with the problems associated with the establishment of a new enterprise and market positioning. Most often it is the takeover of an established company within the family, when the original founder hands over the company to his successor, such as his son or daughter. (Šafrová 2019, 25-26)

FRANCHISING

Franchising is a specific form of entrepreneurship where a license is bought by an entrepreneur (franchisee) from a franchisor under pre-determined terms and conditions. By purchasing such a license (also called a franchise package), the franchisee receives business support and the franchisor passes on the brand, necessary knowledge, marketing concept, know-how and so on. A fixed fee is paid by the franchisee for the license and also a certain percentage of sales during running a franchise. (Šafrová 2019, 28)

5 BUSINESS PLAN

According to Srpová, Svobodová, Skopal and Orlík (2011, 14), a business plan is a written document in which all important external and internal factors related to the business plan are described. McKeever (2018, 3) adds that everything from a company description and marketing planning to financial forecasts and risk assessment is comprised in a business plan. Shelton's definition is more precise and he describes a business plan to be a formal document that covers 5 key elements (Shelton 2017, 23):

1. company objectives
2. justification for the achievability of these objectives
3. a plan how company objectives will be achieved
4. information about the unique selling proposition of the product or service
5. details about company and its human resources intended to meet set goals

Fischer (2014, 13) likens a business plan to a map and says that starting a business without a business plan is like going somewhere unknown and forgetting to take a road map, so it is very easy to get lost.

5.1 Why to Write a Business Plan

There are many reasons to write a business plan. The business plan is usually created when it is necessary to obtain the missing funds from a bank or investor, find a future partner, inform business partners, etc. (Srpová et al. 2011, 14) The most common reason for writing a business plan before starting a business is to confirm the business idea is valid. (Shelton 2017, 47) Thanks to the business plan, the entrepreneur prevents the possible risk of failure before starting a business, as its creation helps to reveal the strengths and weaknesses of the business idea. (Srpová and Řehoř 2010, 55)

McKeever (2018, 5-7) in his book highlights several benefits that come from creating a business plan and says the plan:

- helps to get the necessary finance to run a business
- helps to decide whether to continue running a business or quit
- helps an entrepreneur to be creative and generate new ideas
- helps to boost the probability of success
- helps to work toward set goals

5.2 Principles of a Business Plan

When writing a business plan, it is necessary to follow the generally valid principles, which state that the business plan should be (Srpová and Řehoř 2010, 60):

- innovative – evidence that a product or service is better than a competitor's product or service
- understandable and concise – simple language, no long sentences and careful selection of adjectives
- logical and clear – one sentence follows on logically from the last, statements based on facts, use of tables and graphs for greater clarity
- truthful and realistic – the veracity of the information provided and the realistic view are seen as a matter of course
- respectful of risks – the credibility of the plan is based on the identification of risks and measures for their subsequent elimination

According to Šafrová (2019, 57), the plan needs to be very thematically structured into chapters and subchapters. She adds that a well-written business plan can also be identified by at least 3 variants of the vision of future development – pessimistic, realistic and optimistic.

As reported by Blackwell (2017, 5), in order to keep the reader's interest and curiosity, an entrepreneur must: "be clear, brief, logical, truthful and back up words with figures whenever possible".

6 COMPONENTS OF A BUSINESS PLAN

At present, there is no binding legal regulation that would determine the structure of the business plan. Its structure and scope vary according to the requirements of each investor or bank, for example, many investors require a business plan in the form of a PowerPoint presentation due to lack of time. (Srpková et al. 2011, 14)

According to Abrams (2010), Blackwell (2017), Colwell (2019), Ekanem (2017), Finch (2006), McKeever (2018), Shelton (2017), Sutton (2012), Koráb (2007), Svobodová (2017) and Šafrová (2019), in general, the structure of a business plan can be summarized as follows:

1. Title Page
2. Executive Summary
3. Company Description
4. Product/Service Description
5. Market Analysis
6. Industry Analysis
7. Marketing Plan
8. Management and Staffing Plan
9. Financial Plan
10. Risk Evaluation and Development
11. The Appendixes

6.1 Title Page

As reported by Šafrová (2019, 58), the first impression is very important and this is especially true of documents such as a business plan. So what should definitely not be missing on the title page of a business plan is: the name of the company, the name of the author, and information that it is a business plan. Sometimes the place and date when the plan was written are also given. If a company logo already exists, its placement on the title page can be beneficial. Thanks to the uniqueness of the graphic element, the reader will remember the company better. The title page should visually look professional and very clear, so it is recommended to write everything in the same font and in no more than two different sizes. Koráb (2007, 74) says that for better orientation, the content and list of attachments should be placed after the title page. It is also possible to add a Statement of Purpose, which briefly describes the objectives of the business plan.

6.2 Executive Summary

The goal of this section of the business plan is to summarize all the important information provided in more detail in the following parts of the plan. The reason an executive summary is absolutely crucial is that based on reading this section, the reader decides whether he wants to commit more time to wade through the rest of the business plan or not. (Shelton 2017, 69-70) According to Sutton (2012, 25), this part aims to arouse the reader's interest. Koráb (2007, 75) likens this section to a miniature of the entire business plan, as it briefly describes the founder or manager of the company, the products and services offered, the market and strategies, the necessary financial resources and other key data. Abrams (2010, 53) advises that despite the fact that this part occurs at the beginning, it should be written after the completion of the business plan's conclusion.

6.3 Company Description

In accordance with Shelton (2017, 73-74), the general company description is usually no longer than 1 page, sometimes even 1 paragraph, and communicates details of a business such as: company name, company's objectives and the mission statement, legal form of enterprise, product or service description, contact information and a listing of company owners. Abrams (2010, 78) says that the Statement of Mission indicates that the author of business plan understands company intention and can clearly interpret business he is in and its goals.

6.4 Product/ Service Description

Conforming to Blackwell (2017, 10), this section should contain an accurate description of products and services. Colwell (2019, 206) says it should be divided into 2 parts: the first part with a comprehensive product introduction, information about proprietary rights and pricing strategy; the second part with a competitive advantage summary and a value proposition. Since the photos, brochures, technical and other specifications are bulky, they should be situated in an appendix. (Shelton 2017, 83)

6.5 Market Analysis

As reported by Abrams (2010, 99), analysing markets helps to understand and identify potential customers. She asserts that having just an excellent and innovative idea for running a business is insufficient. In order for the company to be successful and not to fail, it is necessary to have a sufficiently large and accessible market. (2010, 4) In accordance with Koráb (2007, 36-37) and Šafrová (2019, 59), this chapter should include a thorough analysis of the market environment and competition. Koráb adds that natural factors, the political situation, legislative conditions, etc. should also be included. Last but not least, the analysis of customers is essential in this chapter. (2007, 36-37)

6.5.1 PESTLE Analysis

According to Červený et al. (2014, 54), PESTLE analysis is also called analysis of the wider external environment. The acronym PESTLE consists of the initial letters of individual factors of the company's external environment and these are (PESTLE Analysis 2020):

- Political – these factors can determine how and to what extent the economy and industry can be influenced by the government (e.g. tax policies, trade tariffs, etc.)
- Economic – through this factor, the economic issues having an impact on the company are examined (e.g. interest rates, inflation, unemployment rate, etc.)
- Social – thanks to social factors, such as customer demographics, cultural trends, lifestyle attitude and education, a business can analyse the socio-economic environment of its market
- Technological – the industry and the market can be either positively, or negatively affected by these factors such as: the Internet, technological evolution, technology life cycle, etc.
- Legal – these factors include patents and copyright, laws related to consumer protection, discrimination, health and safety, etc.
- Environmental – the climate and its changes, waste management, green/eco-friendly products and operations, laws related to pollution and recycling are factors, that influence the surrounding environment (PESTLE Analysis 2020)

6.5.2 SWOT Analysis

It is a simple tool that deals with the characteristics of key factors influencing the company's strategic position. (Srpková and Řehoř 2010, 132) The acronym SWOT is derived from the initial letters of each quadrant included in the analysis. (Blažková 2007, 55) These quadrants are:

- Strengths – internal factors that help to support opportunities and overcome threats
- Weaknesses – internal factors that result in not being able to take advantage of opportunities and make a company vulnerable to threats
- Opportunities – external factors, so the company has no control over them, but they are beneficial and helpful for the business
- Threats – external factors impeding or blocking company success and are out of company control (Sarsby 2016, 8-10)

6.5.3 STP Marketing Model

SEGMENTATION

According to Šafrová (2019, 99), market segmentation is a process of organizing a huge confusing market with lots of potential customers. The main goal is to divide the market into smaller groups that we can clearly identify and describe their needs, characteristics and behaviour. (Kotler and Armstrong 2010, 215) For a more detailed breakdown, segmentation criteria are used, namely (Šafrová 2019, 100):

- demographic (gender, age, ...)
- ethnographic (nationality, race, ...)
- geographical (state, region, environment, ...)
- psychographic (lifestyle, temperament, values and priorities, ...)
- socioeconomic (education, occupation, income, ...)
- physiographic (health status, disability, ...)
- behavioural (product experience, motivation, ...)

TARGETING

Market segmentation is followed by a process of targeting. (Šafrová 2019, 102) This process consists in evaluating and selecting a specific segment or several segments, which the company will then focus on. (Kotler and Armstrong 2010, 215)

There are several different ways in which market targeting can be done: companies can target in a very broad way – undifferentiated (mass) marketing, very narrowly – micromarketing (local or individual marketing), or somewhere in between – differentiated (segmented) marketing or concentrated (niche) marketing. (Kotler and Armstrong 2010, 225-226)

POSITIONING

In the early stage of positioning, a unique value proposition can help. The main goal of positioning is to communicate the value that we want future customers to associate with a particular product or service. It is appropriate to choose a characteristic that distinguishes a company from its competition and is interesting enough that it forces the customer to prefer the company over its competitors. (Šafrová 2019, 107) In other words, it is a process of reaching a clear and desirable position relative to competitors in the minds of target customers. (Kotler and Armstrong 2010, 216)

6.6 Industry Analysis

Unlike Koráb (2007) and Šafrová (2019), Colwell (2019, 212) says that market analysis and industry analysis differ from each other and for start-ups, it is important to deal with each one separately. This section deals with the competitive environment in which a particular company will operate. (Colwell 2019, 217)

6.6.1 Competitor Analysis

A competitor analysis is focused on identifying both direct and indirect potential competitors. When creating a competitor analysis, an author should focus on why they are his competitors and how they differ. (Colwell 2019, 219)

6.6.2 Value Proposition

A value proposition is a key factor in the whole business. Colwell says it is the "why of the business", which answers 2 questions: Who are the target customers, and how does the company differ from the competition? (Colwell 2019, 114)

6.7 Marketing Plan

A marketing plan differs from a market analysis. While an analysis helps to identify the potential customers and their wants and needs, a marketing plan is used in order to reach these potential customers. (Abrams 2010, 99)

6.7.1 Marketing Mix

Based on the analysis of customers and identification of the target group for which the product is intended, it is possible to determine the price, method of distribution and promotional tools that will be used to reach the target customers. (Šafrová 2019, 59) As reported by Jakubíková (2013, 195), the mix includes controllable marketing variables, which serve to ensure that the company's production program meets the needs and wishes of the target market. The marketing mix classic form is consisted of 4Ps:

- Product
- Price
- Place
- Promotion

Because the 4Ps of marketing may seem to be product-centric, it is recommend to use also the marketing mix compiled from the point of view of the buyer, which is the model of 4Cs:

- Customer value
- Cost to customer
- Convenience
- Communication (Jakubíková 2013, 195)

6.8 Management and Staffing Plan

This section summarizes the number of employees necessary to run the business, and a plan of operations is first needed to determine this. Once the plan of activities and tasks is known, it is possible to create jobs that need to be filled. Therefore, the question of how and where to look for such workers is also addressed. (Šafrová 2019, 59) Finally, the wage costs needed for financial planning are calculated from the number of employees. (Shelton 2017, 120)

6.9 Financial Plan

A financial plan transforms all the previous sections into a language of numbers and various indicators, from which statements, graphs and tables are subsequently created. (Šafrová 2019, 59) The purpose of a financial plan is to ensure that the business plan makes sense and the business is profitable. It is necessary to find out how much money is needed to run a business. By creating a financial plan, it can be verified whether the company is financially sustainable in the long run. (Červený et al. 2014, 152)

The plan should always focus on an optimistic, realistic and pessimistic variant of the market situation. (Šafrová 2019, 60) Abrams (2010, 271) says that the financial plan should contain 3 most important financial forms such as: Income Statement, Cash Flow Projection, Balance Sheet and other types of forms if needed.

6.10 Risk Evaluation and Development

Risk assessment is part of the planning process. (Ekanem 2017, 62) In this section, it is necessary to identify and describe the biggest risks that threaten the existence of the company and may arise from the weaknesses of marketing, production, management team or technological development. It is highly desirable to analyze these risks and to prepare the procedures necessary to prevent them. (Koráb et al. 2007, 38) By assessing possible business risks, investors are assured that the entrepreneur is aware of these risks and is not just naively optimistic. Consideration of how the business will grow and grow over time should not be missing in this part. (Abrams 2010, 257, 260)

6.11 Appendixes

To keep a business plan concise and interesting, only the most important information about a business should be included in its main body. (Galai et al. 2016, 235) Since the details and bulky specifications are moved to the appendix, the reader can focus on key points of each part and see the bigger picture. (Shelton 2017, 167) The materials placed in the appendix can be: key contracts, photos, brochures, resumes, floor plans, patents and other documents. (Abrams 2010, 311)

II. ANALYSIS

7 TITLE PAGE



Figure 1 – Logo (own creation via Canva.com)

A business plan for a restaurant

Korean BBQ House s.r.o.

Scope of business:	Restaurant services
Legal form:	Limited liability company (LLC)
Registered capital:	250,000 CZK
Company residence:	Jana Antonína Bati 5637, 760 01 Zlín
Founder:	Monika Čížová
Contact information:	+420 777 654 987 monika.cizova@gmail.com
Mission statement:	Our mission is to provide customers with the opportunity to spend pleasant and fun moments with family members, friends or co-workers while preparing Korean BBQ or eating traditional Korean food prepared from high-quality ingredients.

8 EXECUTIVE SUMMARY

Korean BBQ House s.r.o. is a limited liability company that will run a restaurant specializing in Korean BBQ and other traditional Korean dishes. The restaurant located in the very centre of Zlín will be managed by Monika Čížová, who will also be the founder and owner of the restaurant. The location is chosen due to excellent accessibility and high concentration of people.

The mission of the restaurant is to provide customers with the opportunity to have a good time with family and friends while preparing Korean BBQ and eating Korean specialties made from fresh and quality ingredients.

As already mentioned, the main specialization of the restaurant will be Korean BBQ and other traditional dishes. In addition, the restaurant will offer an all-you-can-eat menu every day from 11:00 to 15:00, where customers will be able to serve themselves as much food as they want after paying a fixed amount of money. Popular Korean soft and alcoholic drinks will be offered as well. The restaurant will also hold its own mini festival to produce the national Korean dish Kimchi.

The target customers will be the following segments: employees of surrounding companies and organizations, students from nearby secondary schools and universities, families with children and groups of friends. According to these segments, advertising strategies will also be chosen, especially the web, social networks, radio and outdoor advertising.

As the biggest advantage can be considered the original concept of the restaurant, which is not found anywhere else in the region, as well as good location and accessibility, Korean chefs and professional service, and dishes prepared from quality and fresh ingredients.

The owner will invest her own savings of CZK 250,000 in the company's registered capital. However, a loan of CZK 2,050,000 will be required for the partial reconstruction and equipment of the restaurant.

9 COMPANY DESCRIPTION

The main activity of the company Korean BBQ House s.r.o. will be the operation of the restaurant – Korean BBQ House, focused on Korean barbecue and other traditional Korean dishes.

9.1 Mission Statement

The company mission is to provide customers with the opportunity to spend pleasant and fun moments with family members, friends or co-workers while preparing Korean BBQ or eating traditional Korean food prepared from high-quality ingredients.

9.2 Business Goals

The company's key objectives are:

- to raise awareness of Korean BBQ among Czech people
- to occupy a niche on the market in the Zlín region
- to reach and acquire as many customers as possible
- to increase customer retention and become a thriving company
- to employ at least one Korean chef with the necessary know-how
- to provide customers with the services of professional and trained staff
- to serve food prepared from fresh and high quality ingredients
- to create a pleasant and clean environment and provide customers with the opportunity to have a good time with their families, friends and co-workers
- to satisfy the needs and wishes of customers in order for them to be happy to return to the restaurant

If the company is successful in the future and generates high profits, another important business goal will also be to expand onto the national market by providing franchise licenses.

9.3 Legal Form

The chosen legal form of business is a limited liability company (in Czech “společnost s ručením omezeným”) with the registered capital of CZK 250,000. The criteria for choosing the legal form, despite the initial demanding administration in comparison with the option of self-employment (in Czech “OSVČ”), are in particular: registered capital of at least CZK 1, the possibility of founding the company by a single natural person, the owner is not fully liable for the company's obligations with her own assets (liability only up to the amount of

the unpaid capital contribution), an easier way to obtain a loan from the bank, and last but not least the opportunity to involve other partners in the business in the future.

9.4 Ownership

The founder and owner of the company will be Monika Čížová, who will be responsible for activities such as: negotiating with suppliers and third parties, marketing and advertising, recruitment and other administration. During her six-month stay in South Korea, the company's founder became very fond of Korean cuisine, especially Korean BBQ, and therefore decided to establish a restaurant of this type to raise awareness in the Czech Republic of this very popular style of barbecue among Koreans.

9.5 Location

The restaurant will be located on the premises of the former cafe and club Blok 12 at the address Jana Antonína Bati 5637, 760 01 Zlín. The premises are the property of CREAM Real Estate s.r.o. and are offered for rent at a price of CZK 50,000 per month. As they are partially equipped, they are suitable for running a restaurant, cafe or bar.

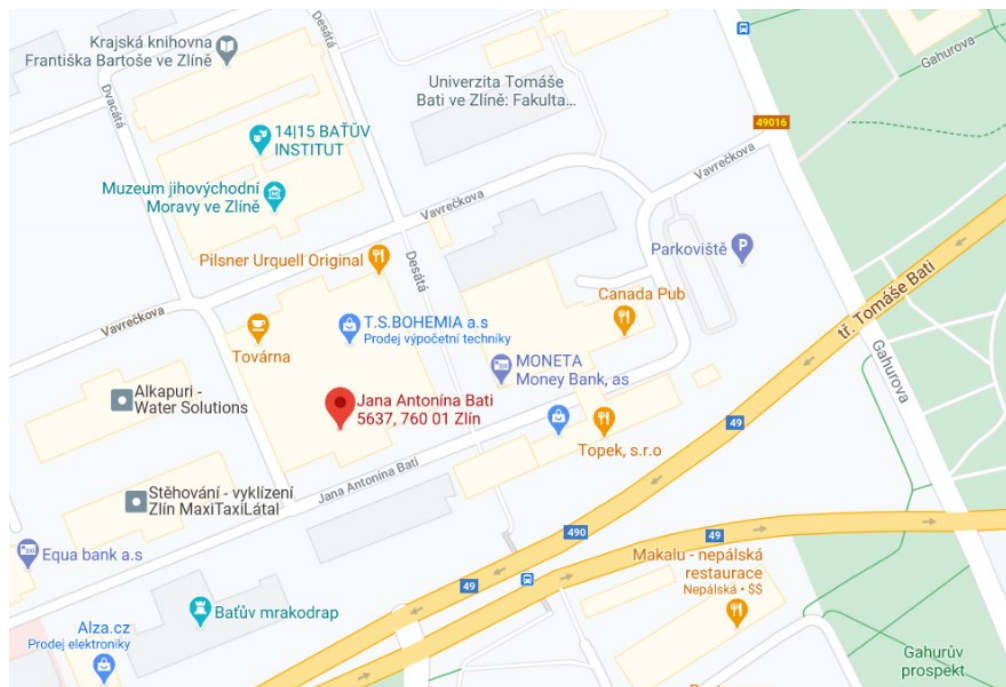



Figure 2 – Location (downloaded from Google Maps)

It is a very good location in the centre of Zlín, mainly due to good accessibility - there is a train and bus station nearby, as well as public transport stops and a parking house and several parking spaces directly in front of the restaurant building. The location was also chosen due to the high concentration of people, especially employees of nearby companies and authorities and students of the university, which has several faculties located near the restaurant.

9.6 Opening Hours

As it is a restaurant, the opening hours from 11:00 are chosen mainly due to the lunch break time of potential customers. From Monday to Thursday, the restaurant will close at 21:00. If customers come in the evening, they will have enough time to sit down and eat, as the estimated time to prepare Korean BBQ is 2 hours. On Friday and Saturday, the opening hours will be extended to late hours due to the expected higher customer traffic. It will be closed on Sundays due to maintenance and cleaning of the company premises.

Table 1 – Opening Hours (own creation)

OPENING HOURS	
 KOREAN BBQ HOUSE	
MONDAY	11:00 – 21:00
TUESDAY	11:00 – 21:00
WEDNESDAY	11:00 – 21:00
THURSDAY	11:00 – 21:00
FRIDAY	11:00 – 23:00
SATURDAY	11:00 – 23:00
SUNDAY	CLOSED

10 PRODUCT/ SERVICE DESCRIPTION

10.1 All-you-can-eat Menu

The all-you-can-eat concept is associated with restaurant services where customers pay a fixed amount of money for the meal and can serve themselves as much food as they want. (Cambridge Dictionary) In the case of our restaurant, the AYCE concept will work so that the customer pays a fixed price and will be able to choose from 2 variants according to the size of the plate.

The food will be served from 11:00 to 15:00 and available in warming trays. After the payment, customers will be allowed to serve themselves the food only once for the fixed price, mainly for hygienic reasons. Every day, there will be 4 different Korean main dishes on offer, consisting of different types of meat and different side dishes. The portion for a smaller plate will be charged CZK 130, for a bigger plate the price will be CZK 150 (see Appendix P I). The price of the meal does not include drinks.



Figure 3 - AYCE menu (source: The American Conservative)

10.2 Korean BBQ

The essence of Korean BBQ lies in the barbecuing of the food by customers themselves on a gas grill or charcoal grill, built into the dining table itself. Nevertheless, there are also types of grills that are portable. Both built-in grills and portable ones will be part of the restaurant's equipment.

Korean BBQ consists of several types of meat: beef, pork and chicken, sometimes also fish and seafood. The meat is served raw - sometimes part of the meat is marinated, along with various types of sauces and oils, eggs, rice and a large number of vegetable side dishes, so-called Banchan and Namul. These include, for example, Kimchi (fermented cabbage with other ingredients), pickles and radishes, mushrooms, sprouts, onions, marinated garlic, spinach, seaweed, etc.

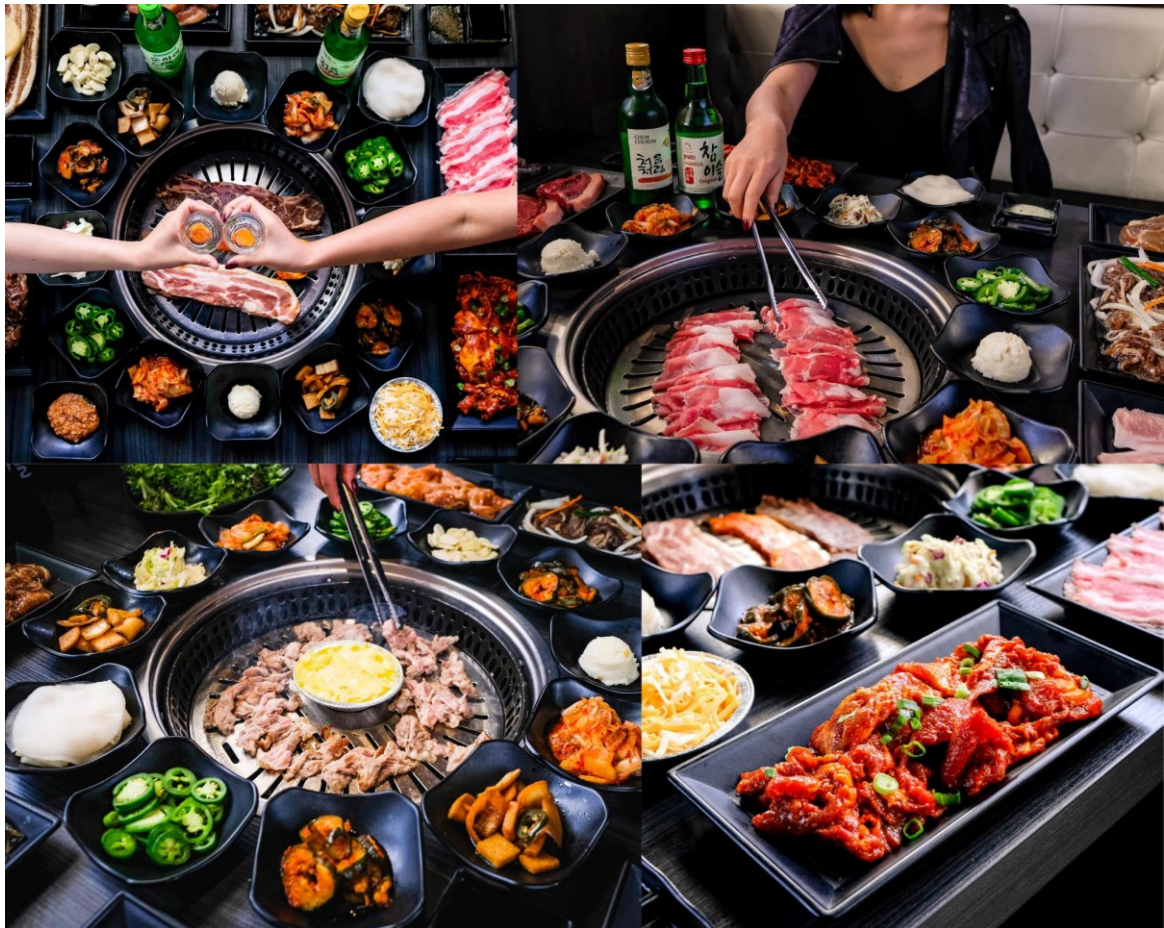


Figure 4 – Korean BBQ (source: Gen Korean BBQ House)

Trained staff will be available to customers to help and advise if necessary. In the case of customers who do not know Korean BBQ and come to the restaurant for the first time, everything will be properly explained and clearly shown to them. Korean BBQ will be

available throughout the opening hours. However, the average time spent on cooking is 2 hours, in the case of a larger group of people, it might take longer.

The amount of ingredients and their weight will depend on the number of customers - portions for 2, 4, 6 and 8 customers will be served and the final price will depend on the portion size. The weight of raw food for Korean BBQ per person will be 200 g of meat and 200 g of side dishes. The price per portion for 1 person will be CZK 250 without a drink (see Appendix P I).

10.3 Traditional Korean Food

Traditional dishes that will of course also be part of the menu include:

- Bulgogi – Translated as “fire meat”, is commonly made of tender parts of beef, sometimes also pork or chicken. The meat is marinated in bulgogi sauce and then fried or grilled and served with rice.
- Dakgalbi – Chopped chicken marinated in spicy sauce and stir-fried together with sweet potatoes, rice cakes, perilla leaves and cabbage.
- Jjimdak – Translated as “braised chicken”, marinated in spicy, sweet and salty sauce, usually served with rice or noodles.
- Japchae – Translated as “mixed vegetables”. The dish consists of stir-fried glass noodles made from sweet potatoes, seasoned meat and vegetables.
- Bibimbap – Translated as “mixed rice”, is a bowl of rice with beef, sautéed and raw vegetables and fried egg usually with raw yolk.
- Mandu – Dumplings that are prepared with various types of fillings, e.g. minced pork, fish, cabbage, etc. They also differ in their preparation - dumplings are either cooked, steamed, pan-fried or deep-fried, served with different types of dipping sauce.
- Kimbap – This is a Korean sushi roll. The base is boiled rice and various types of filling wrapped in dried seaweed leaves. Most often, the rolls are stuffed with meat, ham, fish and vegetables and cut into small pieces.

These are meals to order, which will be served with a weight of 250 g (after cooking) and sold for a price of CZK 180. The inspiration for compiling a menu of traditional Korean dishes is a food blog My Korean Kitchen.

10.4 Alcoholic Beverages

The main alcoholic beverage on our menu will be traditional Korean Soju. It is a rice distillate, the alcohol content of which depends on the method of production. However, Soju is most often produced with an alcohol content of around 25%. There is Soju with a lower alcohol content (Park 2014), or higher, with an alcohol content of up to 45%. (Miller 2013) Flavoured variants, such as grape wine, blueberry and grapefruit flavours, are also commonly produced and will also be part of the menu.

Another popular Korean alcoholic beverage is Cass beer. It is unpasteurized lager, which is produced in several variants, e.g. Cass Lemon, Cass Light, Cass Fresh and Cass Red. While Cass Fresh has 4.5%, Cass Red reaches up to 6.9% alcohol content. (Modern Seoul 2012) All these variants will be included in our offer (see Appendix P I).

10.5 Soft Drinks

Chilsung Cider is the most favourite Korean carbonated soft drink, which of course must not be missing from our menu. It is made with lemon and lime flavours, and its freshness goes perfectly with grilled meat. (Lotte Chilsung Beverage)

Another popular soft drink brand is Demi Soda. It is a carbonated fruit drink, produced in several different flavours such as orange, lemon, peach and grape. Equally popular brand of carbonated drinks in South Korea is Welch's, which is most often made with strawberry and red grape flavours. The offer will also include classic Coca-Cola, Coca Cola Zero and sparkling / slightly sparkling / still water (see Appendix P I).

10.6 Events

In South Korea, the annual Seoul Kimchi Festival takes place where people make the national dish Kimchi. (Euronews 2019) Due to the beneficial effects of Kimchi on human health, this dish is very popular not only in South Korea, but also around the world. That is why I would like to include the organization of "Mini Korean Kimchi festival" in the activities of the restaurant, so that people can try to prepare Kimchi and learn the process of its production and then prepare it at home.

11 MARKET ANALYSIS

11.1 PESTE Analysis

11.1.1 Political Factors

Political factors are also related to legislative factors. In the Czech Republic, the establishment of a business, whether as a natural or legal person, is subject to several laws and regulations, which the entrepreneur must follow and continue to pay attention to throughout the business activity. An entrepreneur who decides to run a restaurant must pay attention to the following laws and regulations:

- Business Corporations Act (Act No. 90/2012 Coll.)
- Labour Code (Act No. 262/2006 Coll.)
- New Civil Code (Act No. 89/2012 Coll.)
- Act No. 110/1997 Coll., on food and tobacco products and on the amendment and supplementation of some related acts
- Waste Act (Act No.541/2020 Coll.)
- Consumer Protection Act, as amended (Act No.634/1992 Coll.)
- Act No. 112/2016 Coll., on Registration of Sales
- Income Tax Act, as amended (Act No. 586/1992 Coll.)
- Decree No. 137/2004 Coll., on hygienic requirements for catering services and on principles of personal and operational hygiene in epidemiologically important activities

In the course of business, the entrepreneur can expect a visit from various inspection bodies such as: Czech Trade Inspectorate , Czech Agriculture and Food Inspection Authority, State Veterinary Administration and Regional Public Health Department. (Redakce G&H 2017) Due to the current state of the Covid-19 pandemic, strict emergency measures can be expected in the future, restricting the operation of restaurants and other services.

11.1.2 Economic Factors

The current Covid-19 pandemic has strongly affected the Czech economy. Strict restrictive measures led to an economic downturn of up to 5.6% last year. The unemployment rate was 2.6% in 2020 and, according to current forecasts, will rise to 3.6% in 2021. (Žurovec 2021)

The minimum wage has been increased by CZK 600 since 1 January 2021 and is currently CZK 15,200 per month. (Ministerstvo práce a sociálních věcí 2021) The average gross monthly wage in the Zlín Region is CZK 31,644. The percentage of unemployed people in the Zlín Region is 3.44% and it is higher than the average unemployment rate (2,6%) in the Czech Republic in last year. (Český statistický úřad 2020) Due to the current situation and the expected rise in unemployment, people may not have enough finances and probably will start saving more money. It is also possible that the current situation will result in higher food and service prices.

11.1.3 Social Factors

The social factor that is key for this restaurant is the growing interest in Asian cuisine. (Unilever Food Solutions) According to Retail news, Asian foods are becoming a regular part of the Czech diet. The demand of Czechs for Asian ingredients is growing, mainly due to travelling and the fact that Asian cuisine meets the requirements for a healthy lifestyle. (Retail News 2020) The location of the restaurant is the city of Zlín, which has more than 73,000 inhabitants, and since it is a student city, the interest of young people and students in this restaurant could be high. (Mistopisy.cz 2021)

The aforementioned Covid-19 pandemic could be helpful in this respect. After the easing of lockdown measures, interest in restaurants could increase rapidly and people will want to spend time together after a long period of separation, which could help gain many customers for this restaurant. The increase in customers could be also during cultural events such as the Zlín Film Festival, Barum Rally Zlín, Život je dar, Majáles, etc.

11.1.4 Technological Factors

Technological factors play a very important role, especially in business. Since the restaurant used to serve as a bar and cafe and also sold food, there is no need to invest a lot of money in the business to purchase technology and especially kitchen equipment.

High-speed internet and Wi-Fi will be available in the restaurant. A very important role is played by the cash register, the cash register system and the payment terminal, which is necessary for credit or debit card payments. Last but not least, Korean BBQ equipment is important for the restaurant, mainly the grills, whether built into a table or portable.

11.1.5 Environmental Factors

With the growing interest in ecology, the restaurant will of course dispose of gastro-waste according to the Waste Act (Act No.541/2020 Coll.). To prevent the accumulation of perishable food (meat, fruit and vegetables), the restaurant will use a just-in-time supply method.

In the case of leftovers, the restaurant will work with the CRC association, which distributes leftovers to the homeless and leftovers will be also donated to a food bank in Otrokovice to prevent food waste. Projects such as Jídlov, Dishygo and Nesnězeno have also been considered. In the event of future food delivery, the restaurant will serve food in boxes and packaging made of biodegradable materials.

11.2 SWOT Analysis

Table 2 – SWOT analysis (own creation)

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - good location and accessibility - original idea - know-how - professional approach and trained staff - fresh and high-quality ingredients - healthy food - all-you-can-eat concept - strong marketing and promotion 	<ul style="list-style-type: none"> - high initial costs - inexperienced owner - start-up company - rented premises - difficulty finding Korean chefs - below-average wages of employees in the region - food delivery has not been introduced yet
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - the only Korean BBQ restaurant in the region - bad strategy of competitors - reliable suppliers - growing popularity of Asian cuisine - state subsidies and contributions - events such as: Zlín Film Festival - Barum Rally Zlín - Život je dar - Majáles UTB - expansion and sale of the franchise license 	<ul style="list-style-type: none"> - the emergence of a restaurant with the same concept - strict pandemic measures - tightening of legislation for the operation of the restaurant - lack of awareness of Korean BBQ by the Czech population - slowed economic growth - low customer wages - rising taxes and food prices

A good location near the university can arouse interest especially among students and young people due to current trends and the growing popularity of Asian cuisine. Thanks to the healthy dishes our restaurant will offer, it is likely that potential customers will prefer our company over competitors, such as Asian bistros that prepare meals with a high oil content. If the company also introduces food delivery in the future, it can be profitable despite the strict pandemic measures. When the restaurant manages to employ more Korean chefs, the company could open a restaurant in another city or start selling franchise licenses. Thanks to effective marketing and promotion, Czech customers' awareness of Korean BBQ may increase, as well as Korean BBQ House can have a large increase in customers during the Zlín Film Festival and other events.

11.3 Market Segmentation

Since there is no such restaurant concept in the entire Zlín Region, we will focus on the market of the entire region, mainly because many people commute to Zlín due to their work and students from all over the region study there. As of 31 December 2020, the Zlín Region has 580,119 inhabitants, of which 284,585 are men and 295,534 are women (Český statistický úřad 2020), of which 24,169 are high school students and 15,183 university students. (Český statistický úřad 2020) The average age of the population is 41.6 years for men and 44.9 years for women (Zlínský kraj 2019) and the average gross monthly wage is CZK 31,644. (Český statistický úřad 2020) As of 1 January 2021, the city of Zlín itself has 73,873 inhabitants in total, of which 29,771 are men over 15 and 33,452 are women over 15. (Mistopisy.cz 2021)

Based on this information, the following customer segments can be identified:

- employees of Zlín companies and organizations
- students of Zlín high schools and universities
- inhabitants of Zlín
- families with children
- groups of friends
- visitors to Zlín from the surrounding towns and villages

11.4 Market Targeting

The target customers of this restaurant will be mainly employees from nearby companies and organizations who go to restaurants for lunch during the lunch break or for various meetings and negotiations; students from nearby secondary schools and universities who love Asian cuisine and try new things according to the latest trends; families with children and groups of friends who are looking for places where they can have a good time while talking over tasty food.

Other target customers may be passers-by and also visitors to Zlín due to various events such as ZFF, Barum Rally, etc. The ideal customer should be a lover of Asian cuisine and grilled food or at least the type of person who likes to try new things and is willing to pay more money for quality food and professional service.

11.5 Market Positioning

Korean BBQ House wants to be seen as a restaurant where people get their money's worth and can serve themselves as much food as they want and also have a good time in a pleasant environment with their families and friends while barbecuing a tasty and healthy dish made from fresh and quality ingredients.

12 INDUSTRY ANALYSIS

12.1 Competitor Analysis

As the restaurant will be located in the very centre of Zlín, it goes without saying that it will have a lot of competitors, both direct and indirect.

12.1.1 Direct Competitors

Although there are no restaurants with the same concept in the whole region, there are several restaurants in Zlín that offer Asian food and could therefore be considered as direct competitors, especially the first 3 mentioned restaurants can be considered as the biggest competitors, as they are located just a short walk from our restaurant.

MIOMI SUSHI

Location: Jana Antonína Bati 12, 760 01 Zlín

Description: This is a Japanese restaurant offering sushi. The sushi menu is very rich. However, prices for larger portions of sushi range from CZK 500 to 2, 000, which can be considered a weakness. The opening hours and location almost coincide with our restaurant.

MIOMI FOODIE

Location: Vavrečkova 7074, 760 01 Zlín

Description: Miomi Foodie specializes in healthy and light meals. However, fried foods appear quite often on the menu. It focuses mainly on the lunch menu, which ranges from CZK 130 to 200. Compared to our restaurant, it has shorter opening hours on Fridays and Saturdays, otherwise the opening hours are the same and the location is almost identical.

PHŮLÉVKÁRNA

Location: Gahurova 4467, 760 01 Zlín

Description: It is a self-service Vietnamese bistro that offers mainly Vietnamese soups and other specialties. The price of the lunch menu is around CZK 130. The location and opening hours are almost the same as those of our restaurant. The absence of a website can be considered a weakness.

SHUN LI

Location: Kvítková 4323, 760 01 Zlín

Description: Shun Li is the only Chinese restaurant in Zlín. The restaurant offers soups for around CZK 60 and main dishes in the range of CZK 150 to 250, and most of them are fried.

The lunch menu is from CZK 100 to 130. The location is on the other side of the city centre and the opening hours almost coincide with ours.

SONY RESTAURANT

Location: Kvítková 4323, 760 01 Zlín

Description: It is a Japanese restaurant that serves sushi and Japanese specialties. The price for a smaller portion of sushi starts at CZK 500, the largest portion of sushi costs CZK 2,499. The average price of the soup is CZK 100 and the price for the main course is up to CZK 200. These relatively high prices can be considered a weakness. The opening hours are almost the same as ours, however, the location is at the opposite end of the city centre.

Table 3 – Opening hours of direct competitors (own creation)

	Miomi Sushi	Miomi Foodie	Phởlévkárna	Shun Li	Sony Restaurant
Monday	11–23	11–21	10:30–20	11–22	10–22
Tuesday	11–23	11–21	10:30–20	11–22	10–22
Wednesday	11–23	11–21	10:30–20	11–21	10–22
Thursday	11–23	11–21	10:30–20	11–21	10–22
Friday	11–23	11–22	10:30–20	11–23	10–22
Saturday	11–23	11–21	10:30–20	11–23	10–22
Sunday	11–23	11–21	CLOSED	11–21	10–22

12.1.2 Indirect Competitors

Needless to say, even indirect competitors pose a threat to the restaurant. There are several Asian bistros in Zlín e.g. Du Fu Hao, Ha Long, Viet Food, but since they are not restaurants and are more like fast food, they therefore cannot be considered as direct competitors. Although meals are prepared at a reasonable price, they are prepared and deep fried in large quantities of oil (My own experience!), it cannot be said that they are healthy dishes.

These restaurants are located nearby: Prašád (a vegetarian restaurant), Pislner Urquel Original Restaurant, Canada Pub, Bistrotéka Valachy (these 3 restaurants offer dishes that can be found on most Czech menus), Steak House (this restaurant specializes in steaks and burgers), Makalu (a Nepalese restaurant).

12.2 Value Proposition

In the case of the all-you-can-eat menu, customers can choose the type of plate size and, after paying a reasonable fixed price, can serve themselves as much food as they want. As for the Korean BBQ, customers can choose the portion size as well as the types of ingredients and barbecue the food themselves, while having a good time with family and friends, and then share and taste the food together.

12.3 Suppliers

Table 4 – Suppliers (own creation)

PRODUCTS AND SERVICES	COMPANY
Korean alcohol beverages and soft drinks	Hangen Co.
Korean spices, sauces and other ingredients	Korea Foods
Fresh meat	AGLO Trading, Maso Kurtin
Fresh fruits and vegetables	TEKOO, Wastex
Detergents, paper towels, other stuff	Makro
Internet and telecommunication service provider	O2

Meat, fruits and vegetables will be delivered just-in-time to prevent accumulation and possible deterioration of food. This will ensure that the ingredients are fresh. The meat from AGLO Trading is of a high quality and comes mainly from Scandinavian farms.

13 MARKETING PLAN

13.1 Marketing Mix 7P

13.1.1 Product

The whole chapter 9 deals in depth with the offered products and services, therefore what follows is a general list of the main points:

- AYCE menu
- Korean BBQ
- traditional Korean dishes
- Korean soft drinks and alcoholic beverages

Meals will be prepared from quality and fresh ingredients from reliable suppliers (see Chapter 11.3). Meat, fruits and vegetables will be delivered just-in-time to prevent their accumulation and spoilage.

In the future, the restaurant plans food delivery and possibly a takeaway window, in the event of further lockdown measures which might lead to extended closure of the restaurant. The food will be packed in boxes and packaging made from biodegradable materials.

13.1.2 Price

The AYCE menu will be based on economic pricing and traditional dishes on neutral pricing. KBBQ prices will be slightly higher but not based on skimming pricing (for more information on prices, see Appendix P V). The financial plan includes the following prices: 130 CZK for the smaller AYCE menu, 150 CZK for the larger menu. A portion for 1 person who buys the Korean BBQ costs 250 CZK. It is expected that each customer will also buy a drink to eat and choose either a soft drink for 30 CZK, beer for 50 CZK or Soju for 55 CZK.

13.1.3 Place

The restaurant will be located in the city centre at the following address: Jana Antonína Bati 5637, 760 01 Zlín. The premises are the property of CREAM Real Estate s.r.o. and are offered for rent at a price of CZK 50,000 per month. The location is chosen mainly due to good accessibility - there is a train and bus station nearby, just like public transport stops and a parking house and several parking spaces directly in front of the restaurant building. In the future, the restaurant plans food delivery and, in the event of pandemic measures resulting in closing the restaurant, a takeaway window.

13.1.4 Promotion

The company relies on the success of the restaurant based on appropriately chosen promotion and advertising. The basis is the restaurant's website, where customers can find all the necessary information. The costs for web hosting and web administration will amount to CZK 550 per month. Of course, the restaurant will also be active on social networks, especially on Facebook and Instagram, where it intends to invest in advertising in the amount of CZK 3,000. CZK 2,000 will be invested in Google ads. Advertising on Radio Zlín will also be important, in which CZK 2,500 will be invested. We must not forget the outdoor advertising, in the form of a side panel ad on the trolleybus in Zlín, which will cost CZK 5,000. The above prices are monthly prices. Last but not least, the so-called word of mouth marketing will help in the promotion of the restaurant, which will not cost the company any money, but the restaurant must first deserve it for providing professional services!

13.1.5 People

The restaurant will be managed by the owner of the company, who will also be an employee. Other employees will be Korean chefs and professional waiters and/or waitresses (for more information on employees, see Chapter 13 and Table 5). For detailed information on the schedule of shifts see Appendix P IX.

13.1.6 Process

The opening hours of the restaurant are available in Chapter 8.6. From 11:00 to 15:00, the AYCE menu will be offered, which will operate on a self-service basis, but staff will be available for customer needs. The KBBQ and traditional dishes will be served according to customer orders by fast and professional staff. In most cases, the KBBQ is grilled by customers themselves, but the staff will advise and help if necessary.

13.1.7 Physical Evidence

With the permission of the owner, interior repairs will be made to increase the space for more dining tables, so the total capacity of the restaurant will be 70 seats. The restaurant will have wheelchair access, a modern and clean interior with air conditioning and quiet, unobtrusive music which will create a pleasant atmosphere. Professional and fast staff will have uniforms and will be able to speak English with foreign guests. The floor plan of the restaurant after reconstruction can be found in Appendix P II.

14 MANAGEMENT AND STAFFING PLAN

The manager of the restaurant will be the owner of the company – Monika Čížová, who will also be an employee. Her responsibilities will be mainly communication with suppliers and customers, marketing and advertising, staff recruitment and other administration.

In addition to the boss, the staff will consist of 6 full-time employees and 3 employees with a type of the so-called zero-hour contract (“dohoda o pracovní činnosti” in Czech). The full-time employees will be 3 chefs and 3 waiters/ waitresses, the employees with a zero-hour contract will be 1 assistant cook and 3 assistant waiters/waitresses and these assistants will be students who will work a maximum of 32 hours per month. One of the chefs will be appointed as an authorised representative (“odpovědný zástupce” in Czech).

The two main chefs will work 12 hours a day for a so-called short and long week. The long week includes Monday, Tuesday, Friday and Saturday, the short week includes Wednesday and Thursday, while from Monday to Saturday there will always be another chef working, who will have a 6.5-hour shift. The three waiters/waitresses will work every day from Monday to Saturday and will have a 6.5-hour shift. There will be 3 types of shifts: first shift, mid shift and second shift and employees will rotate each week. Due to the extended opening hours and the expected increased interest of customers on Friday and Saturday, it will be necessary to hire an assistant cook and also two assistant waiters/waitresses, who will have a 4-hour shift on Friday and Saturday. For a detailed schedule of shifts, see Appendix P IX.

The requirements for employees are as follows:

- minimum age 18 years
- clean criminal record
- apprenticeship in the field or work experience in the field for at least 3 years (in the case of students -workers with an employment agreement- it is not necessary)
- food hygiene certificate
- pleasant and professional demeanour
- willingness and desire to learn new things
- knowledge of English at a communicative level

The owner of the restaurant wants to employ at least 2 Korean chefs, mainly due to their knowledge of Korean cuisine and the necessary know-how. Thanks to her stay in South Korea, she has several contacts which could help in finding suitable workers, or possibly use the services of the agency Korean Chef-Agent. If necessary, it is possible to arrange a

professional course for chefs at the Food & Culture Academy in Seoul, South Korea. Before starting work, the staff will be trained to work with a Korean BBQ grill and must also have an excellent knowledge of the dishes on the menu in order to be able to advise customers on the choice of food if necessary.

The employer sets the hourly wage as follows: CZK 220 for the boss, CZK 150 for chefs, CZK 120 for waiters/waitresses, and CZK 100 for employees with a work agreement. The employer is aware that she must pay bonuses for weekend work to full-time employees, so the contract of employment will state that these bonuses will be part of the bonus paid in the last calendar month in the amount of CZK 15,000 in the form of 15,000 points for leisure activities on the Sodexo Multipass Card (see Table 10). This benefit is not subject to taxation for the employer or employee.

Table 5 – Staff (own creation)

JOB POSITION	NUMBER	HOURS WORKED/DAY	HOURS WORKED/MONTH	HOURLY WAGE
FULL-TIME				
Boss	1	8	160	CZK 220
Chef	2	12	144	CZK 150
Chef	1	6.5	156	CZK 150
Waiter/ waitress	3	6.5	156	CZK 120
ZERO-HOUR CONTRACT				
Assistant cook	1	4	32	CZK 100
Assistant waiter	2	4	32	CZK 100

15 FINANCIAL PLAN

The financial plan was consulted with the owner of 2 restaurants, so I put my effort into counting with real numbers. The number of customers is expected to increase gradually during the first 4 months after opening (see Appendix P III). To simplify the calculations, it is calculated that the month has 28 days, so in fact the revenues might be slightly higher.

From the 4th month, the number of customers might either remain the same as in the 3rd month (pessimistic scenario), increase slightly (realistic scenario) or increase rapidly (optimistic scenario). The financial planning takes into account a realistic scenario and the variable costs (see Tables 12 and 13) and estimated revenues (see Tables 14, 15, 16 and 17) are determined accordingly.

15.1 Opening Balance Sheet

Table 6 – Opening balance sheet (own creation)

ASSETS		LIABILITIES	
FIXED ASSETS		OWNER'S EQUITY	
		Registered capital	250,000
CURRENT ASSETS		LONG-TERM LIABILITIES	
Bank account	250,000		
TOTAL ASSETS	250,000	TOTAL LIABILITIES	250,000

The owner will invest her own savings of CZK 250,000 in the registered capital, which will be left in the company bank account for subsequent expenses. To start a business, a loan from the bank will be needed, thanks to which a minor reconstruction will be carried out. Furniture and equipment and other items will be purchased (see Table 7).

The loan will be from ČSOB in the amount of CZK 2,050,000, with a repayment period of 8 years (96 months), and an interest rate of 6.9% p.a.. The monthly payment will be CZK 28,067. The amount of the loan is intentionally higher than the initial expenses as it is possible that the expenses will be higher than expected. The rest of the money will be used as a financial reserve.

15.2 Initial Expenses

Table 7 – Initial expenses (own creation)

INITIAL EXPENSES	CZK
Company formation	10,000
Rent	50,000
Reconstruction	500,000
Furniture and equipment	800,000
Grills (14 pieces)	140,000
Cash register	20,000
Kitchenware	100,000
Walk-in freezer	60,000
Storage racks	20,000
Office equipment	30,000
Equipment of staff room	20,000
Uniforms	10,000
Detergents and other necessities	5,000
Promotion	20,000
Menu printing	3,000
Mobile phone	2,000
TOTAL INITIAL EXPENSES	1,790,000

The reconstruction will be carried out with the consent of the owner of the building and the expenses spent on the reconstruction will be depreciated as a technical improvement of the property. Other items higher than CZK 80,000 will be depreciated according to the relevant depreciation groups (see Table 26, Appendix P VIII). These are straight-line depreciation items. Items below CZK 80,000 will be marked in the income statement in the form of other costs (see Table 27, Appendix P VIII).

15.3 Labour Costs

Table 8 – Wages (own creation)

Job position	Gross wage/month	Social + health insurance (33,8%)	Social + health insurance (11%)	*Net wage/month
Boss	CZK 35,200	CZK 11,898	CZK 3,872	CZK 28,368
Chef	CZK 21,600	CZK 7,301	CZK 2,376	CZK 18,304
Chef	CZK 23,400	CZK 7,910	CZK 2,574	CZK 19,636
Waiters	CZK 18,720	CZK 6,328	CZK 2,060	CZK 16,160
Assistant cook	CZK 3,200			CZK 3,200
Assistant waiter	CZK 3,200			CZK 3,200

* The net wage of full-time employees is calculated only hypothetically as it is not possible to determine in advance whether employee tax bonuses will apply.

Table 9 – Labour costs (own creation)

Job position	Number	Gross wage	Social + health insurance (33,8%)	Labour costs
Boss	1	CZK 35,200	CZK 11,898	CZK 47,098
Chef	2	CZK 21,600	CZK 7,301	CZK 57,802
Chef	1	CZK 23,400	CZK 7,910	CZK 31,310
Waiters	3	CZK 18,720	CZK 6,328	CZK 75,144
* Assistant cook	1	CZK 3,200		CZK 3,200
* Assistant waiter	2	CZK 3,200		CZK 6,400
		CZK 167,560	CZK 53,394	
TOTAL LABOUR COSTS				CZK 220,954

* The assistant workers will be students who do not exceed a monthly salary of CZK 3,500, so the employer is not obliged to pay health and social insurance for them.

Table 10 – Bonus (own creation)

Bonus	Number of employees	Bonus in total
CZK 15 000	7	CZK 105,000

15.4 Operating Costs

Table 11 – Fixed costs (own creation)

FIXED COSTS	MONTHLY COSTS	ANNUAL COSTS
Rent	CZK 50,000	CZK 600,000
Labour costs	CZK 220,954	CZK 2,651,448
Loan payments	CZK 28,067	CZK 336,804
Insurance	CZK 2,000	CZK 24,000
Internet + telecommunication services	CZK 1,999	CZK 23,988
Promotion	CZK 13,050	CZK 156,600
Outsourced accounting services	CZK 1,600	CZK 19,200
	TOTAL	TOTAL
	317,670	3,812,040

Table 12 – Variable costs in the first 3 months (own creation)

VARIABLE COSTS	FIRST MONTH	SECOND MONTH	THIRD MONTH
Utilities	CZK 10,000	CZK 13,340	CZK 16,600
COGS	CZK 144 830	CZK 197,792	CZK 250,754
TOTAL	CZK 154,830	CZK 211,132	CZK 267,354

Table 13 – Variable costs – realistic calculation (own creation)

VARIABLE COSTS	REALISTIC MONTHLY COSTS	REALISTIC ANNUAL COSTS
Utilities	CZK 20,000	CZK 240,000
COGS	CZK 303,716	CZK 3,644,592
TOTAL	CZK 323,716	CZK 3,884,592

COGS for raw materials are increased by 10%, given that not all cooked food is expected to be sold, so it will be donated to homeless people or to a food bank in Otrokovice. For more detailed information on COGS, see Appendix P IV.

15.5 Estimated Revenues

As already mentioned, the number of customers is expected to gradually increase from the date of the opening of the restaurant, and a realistic scenario is expected from the 4th month. Customers are expected to be most interested in the AYCE menu and the Korean BBQ, so only these 2 dishes are included in the calculations. It is calculated that each customer will buy at least 1 drink - 50% of the monthly drinks sold will be non-alcoholic, 25% will be beer and the remaining 25% Soju.

15.5.1 Estimated Revenues in the First 3 Months

In the first month, it is expected that a total of 1,880 customers will come, of which 660 will buy the smaller AYCE menu for 130 CZK, 660 the bigger AYCE menu for 150 CZK and 560 will buy the Korean BBQ for 250 CZK. For more detailed information on estimated revenues, see Appendix P V.

Table 14 – Estimated revenues in the first month in CZK (own creation)

	AYCE smaller menu	AYCE bigger menu	KKBQ	Soft drink	Soju	Beer
REVENUES	85,800	99,000	140,000	28,200	25,850	23,500
TOTAL REVENUES						402,350

In the second month, customers are expected to increase to a total of 2,560. Of these, 880 customers will buy the smaller AYCE menu, another 880 will buy the larger menu and the remaining 800 will buy the KBBQ.

Table 15 – Estimated revenues in the second month in CZK (own creation)

	AYCE smaller menu	AYCE bigger menu	KKBQ	Soft drink	Soju	Beer
REVENUES	114,400	132,000	200,000	38,400	35,200	32,000
TOTAL REVENUES						552,000

In the third month, a further increase to 3,240 customers is expected. A total of 1,100 customers will buy the smaller AYCE menu, whereas 1,100 will buy the bigger AYCE menu. Another 1,040 customers will buy the Korean BBQ.

Table 16 – Estimated revenues in the third month in CZK (own creation)

	AYCE smaller menu	AYCE bigger menu	KKBQ	Soft drink	Soju	Beer
REVENUES	143,000	165,000	260,000	48,600	44,550	40,500
TOTAL REVENUES						701,650

15.5.2 Realistic Calculation from the Fourth Month

From the fourth month, a realistic scenario is expected. The number of customers will climb to 3,920, which will be the same for the rest of the year and also in the following second and third years.

It is estimated that 1,320 customers will buy the smaller AYCE menu, another 1,320 will buy the larger menu and 1,280 customers will buy the Korean barbecue. For more information on the optimistic and realistic scenario, see Appendix P VII.

Table 17 – Estimated revenues – realistic calculation in CZK (own creation)

	AYCE smaller menu	AYCE bigger menu	KKBQ	Soft drink	Soju	Beer
REVENUES	171,600	198,000	320,000	58,800	53,900	49,000
TOTAL REVENUES						851,300

15.6 Income Statement

Surprisingly, the restaurant will be profitable in the first year, despite the fact that the number of visitors will be lower in the first year than in the following years. In addition, some items (see Table 27, Appendix P VIII) which cannot be depreciated (CZK 250,000 in total) from the initial expenses will be put in the income statement to the *other costs line. In the first year, depreciation of depreciable assets will amount to CZK 50,000, and in the following years to CZK 106,001 (see Appendix P VIII).

Due to the constant number of visitors, in the second and third year the profit of the restaurant will be the same, namely 1,869,453 CZK. It is also possible that in the third year, traffic will increase according to the optimistic scenario, when the monthly estimated revenue is CZK 1,000,950 (see Table 25, Appendix P VII).

Assuming that the estimated revenues are according to a realistic scenario, it would be good to raise the hourly wage rate for the employees, as the financial planning takes into account the wage, which is rather below average in the Zlín Region. It would also be advisable to pay the employees the 13th salary, as a reward and motivation. In order for the restaurant to achieve an optimistic scenario, it will probably be necessary to invest more money in promotion and advertising.

Table 18 – Income statement (own creation)

	FIRST YEAR	SECOND YEAR	THIRD YEAR
Revenues	CZK 9,317,700	CZK 10,215,600	CZK 10,215,600
Variable costs	CZK 3,546,760	CZK 3,884,592	CZK 3,884,592
Fixed costs	CZK 3,812,040	CZK 3,812,040	CZK 3,812,040
Bonus	CZK 105,000	CZK 105,000	CZK 105,000
* Other costs	CZK 250,000	0 CZK	0 CZK
Depreciation	CZK 50,000	CZK 106,001	CZK 106,001
EBT	CZK 1,553,900	CZK 2,307,967	CZK 2,307,967
Corporate tax 19%	CZK 295,241	CZK 438,514	CZK 438,514
EAT	CZK 1,258,659	CZK 1,869,453	CZK 1,869,453

16 RISK EVALUATION AND DEVELOPMENT

At present, the Covid-19 pandemic and the associated measures, in particular, the closure of restaurants is considered to be the biggest risk. For this reason, it is important to have a contingency plan in case strict crisis measures come into force again after the opening of the company. Should the restaurants have to close again, the company plans to offer customers a food delivery service and open a takeaway window.

So as not to lose the possibility of preparing the Korean BBQ by customers, the company is considering the purchase of additional portable grills, which could be lent to customers for a fee and deposit and, of course, when offering them a grill also sell necessary ingredients for the KBBQ. With regard to the environment, we want to be eco-friendly, which is why food and ingredients for Korean barbecue would be packed in boxes and packaging made from biodegradable material.

As for future development, if the company is profitable and customers show more interest in the KBBQ, I am considering expansion by opening another KBBQ restaurant in other cities and also selling franchise licenses. The concept of franchising is defined in Chapter 4.1.

CONCLUSION

The aim of this work was to create a business plan for the company Korean BBQ House s.r.o, which will operate a restaurant and will focus mainly on the Korean barbecue, all-you-can-eat menus and other traditional Korean dishes. Another goal, of course, was to find out if the restaurant would be profitable.

The financial plan is created on the basis of a realistic scenario from the 4th month of the restaurant operation. It is more than likely that it will take a few months for the potential customers to find out about the restaurant, so traffic is expected to grow by a few customers every month. From the fourth month, the number of customers may level off and stay the same as in the third month (pessimistic scenario), increase by several customers and remain constant in the following months (realistic scenario), or increase rapidly (optimistic scenario).

As already mentioned, all calculations in the chapter on financial planning are based on the number of customers in the realistic scenario. The conclusion of the thesis is the following:

The restaurant will surprisingly be profitable even in the first year of its operation, despite the relatively high initial expenses and a lower number of customers in the first months after opening. In the second and third years, the profit will be higher than in the first year, as the total number of customers will be higher and the other costs from the first year will no longer be deducted. However, there is no denying that the optimistic scenario would be unrealistic, for example, in the third year of operation of the restaurant. On the contrary, it is quite possible that in the third year there will be a situation where the number of customers will increase again thanks to effective advertising and promotion. In this case, further development could be considered, namely the opening of another restaurant or more restaurants in other cities, as well as the sale of franchise licenses as mentioned in Chapter 4.1. Nevertheless, for the restaurant to earn such high revenues under an optimistic scenario, it is quite possible that more investment will be needed in promotion and advertising.

Despite the fact that the calculations in financial planning are slightly simplified, the author is seriously considering opening this restaurant. However, until the current situation with the Covid-19 pandemic improves, it will be very risky to open a restaurant with such relatively high initial expenses.

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LIST OF ABBREVIATIONS

a.s.	akciová společnost
AYCE	all-you-can-eat
BBQ	barbecue
BOD	Board of Directors
COGS	Costs of goods sold
CRC	Czech Red Cross
CZK	Czech crown
ČSOB	Československá obchodní banka
ČSÚ	Český statistický úřad
e.g.	exempli gratia – for example
et al.	et alia – and others
etc.	et cetera – and the rest
EUR	Euro
g	gram
GCSE	General Certificate of Secondary Education
JSC	Joints Stock Company
KBBQ	Korean barbecue
k.s.	komanditní společnost
LLC	Limited Liability Company
OSVČ	osoba samostatně výdělečně činná
p.a.	per annum – per year
s.r.o.	společnost s ručením omezeným
SWOT	Strengths, Weaknesses, Opportunities, Threats
PESTLE	Political, Economic, Social, Technological, Legal, Environmental
PESTE	Political, Economic, Social, Technological, Environmental
v.o.s.	veřejná obchodní společnost
ZFF	Zlín Film Festival

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APPENDIXES

APPENDIX P I - MENU



KOREAN BBQ HOUSE



MENU

AYCE MENU

SMALLER	CZK 130
BIGGER	CZK 150

KOREAN BBQ

2 PORTIONS (800 G)	CZK 500
4 PORTIONS (1,600 G)	CZK 1,000
6 PORTIONS (2,600 G)	CZK 1,500
8 PORTIONS (3,200 G)	CZK 2,000

TRADITIONAL DISHES

BULGOGI (250 G)	CZK 180
DAKGALBI (250 G)	CZK 180
JJIMDAK (250 G)	CZK 180
JAPCHAE (250 G)	CZK 180
BIBIMBAP (250 G)	CZK 180
MANDU (250 G)	CZK 180
KIMBAP (250 G)	CZK 180

Figure 5 – Menu (own creation, photos: Gen Korean BBQ House)



KOREAN BBQ HOUSE



DRINKS

BEERS

CASS BEER (330 ML)	CZK 50
CASS FRESH	
CASS RED	
CASS LIGHT	
CASS LEMON	

SPIRITS

SOJU (360 ML)	CZK 55
DIFFERENT FLAVOURS	

SOFT DRINKS (330 ML)

CHILSUNG CIDER	CZK 30
-----------------------	---------------

DEMI SODA	CZK 30
ORANGE	
LEMON	
GRAPE	
PEACH	

WELCH'S	CZK 30
STRAWBERRY	
RED GRAPE	

COCA-COLA	CZK 30
CLASSIC	
ZERO	

WATER	CZK 30
SPARKLING	
SLIGHTLY SPARKLING	
STILL	

Figure 6 – Menu (own creation, photos: Gen Korean BBQ House)

APPENDIX P II – FLOOR PLAN OF KOREAN BBQ HOUSE

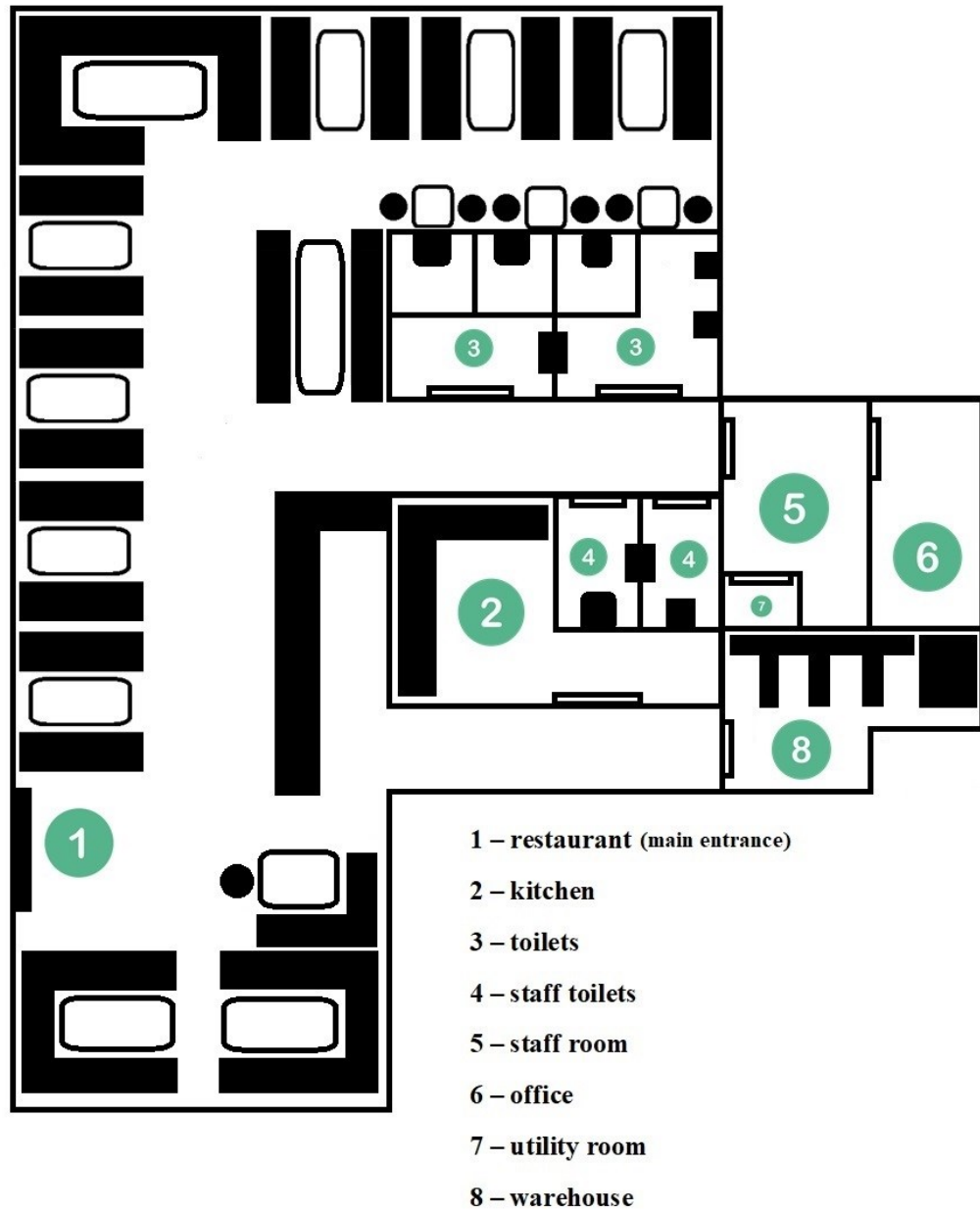


Figure 7 – Floor plan (own creation)

APPENDIX P III – NUMBER OF CUSTOMERS

Table 19 – Calculation of the number of customers (own creation)

DAILY CUSTOMERS												
	1ST MONTH	2ND MONTH	3RD MONTH	4TH MONTH (REALISTIC)	OPTIMISTIC	PESSIMISTIC						
AYCE: MON-FRI	60	80	100	120	140	100						
AYCE: SAT	30	40	50	60	70	50						
KBBQ: MON-THU	10	20	30	40	50	30						
KBBQ: FRI-SAT	50	60	70	80	90	70						
MONTHLY CUSTOMERS												
AYCE: MON-FRI	1,200	1,600	2,000	2,400	2,800	2,000						
AYCE: SAT	120	160	200	240	280	200						
KBBQ: MON-THU	160	320	480	640	800	480						
KBBQ: FRI-SAT	400	480	560	640	720	560						
TOTAL NUMBER OF CUSTOMERS IN THE FIRST YEAR												
MONTH	1	2	3	4	5	6	7	8	9	10	11	12
AYCE CUSTOMERS	1,320	1,760	2,200	2,640	2,640	2,640	2,640	2,640	2,640	2,640	2,640	2,640
KBBQ CUSTOMERS	560	800	1,040	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280
TOTAL	1,880	2,560	3,240	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,920
TOTAL NUMBER OF CUSTOMERS IN THE SECOND AND THIRD YEAR												
MONTH	1	2	3	4	5	6	7	8	9	10	11	12
AYCE CUSTOMERS	2,640	2,640	2,640	2,640	2,640	2,640	2,640	2,640	2,640	2,640	2,640	2,640
KBBQ CUSTOMERS	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280
TOTAL	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,920
SCENARIO		REALISTIC				OPTIMISTIC				PESSIMISTIC		
MONTHLY CUSTOMERS		3,920				4,600				3,240		
ANNUAL CUSTOMERS		47,040				55,200				38,880		

APPENDIX P IV – WEIGHTS OF RAW MATERIALS AND COGS

Table 20 – Calculation of weights and costs of raw materials (own creation)

AVERAGE PRICE PER 1 KG			
MEAT (BEEF, PORK, CHICKEN, FISHES, SEAFOOD)			CZK 175
SIDE DISH (VEGETABLES, RICE, RICE CAKES, NOODLES, SAUCES, SEASONING)			CZK 105
WEIGHTS			
WEIGHT OF THE DISH		MEAT	SIDE DISH
AVERAGE PORTION OF AYCE MENU (300 g)		150 g	150 g
KOREAN BBQ (400 g)		200g	200 g
COGS/DISH			
DISH	COGS/ MEAT	COGS/SIDE DISH	TOTAL COGS
AYCE MENU	CZK 26	CZK 16	CZK 42
KOREAN BBQ	CZK 35	CZK 21	CZK 56

Table 21 – Detailed total COGS (own creation)

FIRST MONTH			
PRODUCT	NUMBER/MONTH	COGS/PRODUCT IN CZK	TOTAL COGS IN CZK
AYCE MENU	1,320	42	55,440
KBBQ	560	56	31,360
COGS RAW MATERIAL + 10%			95,480
SOFT DRINKS	940	15	14,100
BEER	470	35	16,450
SOJU	470	40	18,800
COGS DRINKS			49,350
TOTAL COGS			144,830
SECOND MONTH			
PRODUCT	NUMBER/MONTH	COGS/PRODUCT IN CZK	TOTAL COGS IN CZK
AYCE MENU	1,760	42	73,920
KBBQ	800	56	44,800
COGS RAW MATERIAL + 10%			130,592
SOFT DRINKS	1,280	15	19,200
BEER	640	35	22,400
SOJU	640	40	25,600
COGS DRINKS			67,200
TOTAL COGS			197,792
THIRD MONTH (ALSO PESSIMISTIC SCENARIO)			
PRODUCT	NUMBER/MONTH	COGS/PRODUCT IN CZK	TOTAL COGS IN CZK
AYCE MENU	2,200	42	92,400
KBBQ	1,040	56	58,240
COGS RAW MATERIAL + 10%			165,704
SOFT DRINKS	1,620	15	24,300
BEER	810	35	28,350
SOJU	810	40	32,400
COGS DRINKS			85,050
TOTAL COGS			250,754

FOURTH MONTH (ALSO REALISTIC SCENARIO)			
PRODUCT	NUMBER/MONTH	COGS/PRODUCT IN CZK	TOTAL COGS IN CZK
AYCE MENU	2,640	42	110,880
KBBQ	1,280	56	71,680
COGS RAW MATERIAL + 10%			200,816
SOFT DRINKS	1,960	15	29,400
BEER	980	35	34,300
SOJU	980	40	39,200
COGS DRINKS			102,900
TOTAL COGS			303,716
OPTIMISTIC SCENARIO			
PRODUCT	NUMBER/MONTH	COGS/PRODUCT IN CZK	TOTAL COGS IN CZK
AYCE MENU	3,080	42	129,360
KBBQ	1520	56	85,102
COGS RAW MATERIAL + 10%			235,928
SOFT DRINKS	2,300	15	34,500
BEER	1,150	35	40,250
SOJU	1,150	40	46,000
COGS DRINKS			120,750
TOTAL COGS			356,678

APPENDIX P V – DETAILED ESTIMATED REVENUES

Table 22 – Detailed estimated revenues (own creation)

FIRST MONTH			
PRODUCT	PRODUCTS/MONTH	SELLING PRICE	MONTHLY REVENUES IN CZK
SMALLER AYCE	660	130	85,800
BIGGER AYCE	660	150	99,000
KBBQ	560	250	140,000
SOFT DRINKS	940	30	28,200
BEER	470	50	23,500
SOJU	470	55	25,850
TOTAL REVENUES			402,350
SECOND MONTH			
PRODUCT	PRODUCTS/MONTH	SELLING PRICE	MONTHLY REVENUES IN CZK
SMALLER AYCE	880	130	114,400
BIGGER AYCE	880	150	132,000
KBBQ	800	250	200,000
SOFT DRINKS	1280	30	38,400
BEER	640	50	32,000
SOJU	640	55	35,200
TOTAL REVENUES			552,000

THIRD MONTH (ALSO PESSIMISTIC SCENARIO)			
PRODUCT	PRODUCTS/MONTH	SELLING PRICE	MONTHLY REVENUES IN CZK
SMALLER AYCE	1100	130	143 000
BIGGER AYCE	1100	150	165 000
KBBQ	1040	250	260 000
SOFT DRINKS	1620	30	48 600
BEER	810	50	40 500
SOJU	810	55	44 550
TOTAL REVENUES			701,650
FOURTH MONTH (ALSO REALISTIC SCENARIO)			
PRODUCT	PRODUCTS/MONTH	SELLING PRICE	MONTHLY REVENUES IN CZK
SMALLER AYCE	1320	130	171,600
BIGGER AYCE	1320	150	198,000
KBBQ	1280	250	320,000
SOFT DRINKS	1960	30	58,800
BEER	980	50	49,000
SOJU	980	55	53,900
TOTAL REVENUES			851,300
OPTIMISTIC SCENARIO			
PRODUCT	PRODUCTS/MONTH	SELLING PRICE	MONTHLY REVENUES IN CZK
SMALLER AYCE	1540	130	200,200
BIGGER AYCE	1540	150	231,000
KBBQ	1520	250	380,000
SOFT DRINKS	2300	30	69,000
BEER	1150	50	57,500
SOJU	1150	55	63,250
TOTAL REVENUES			1,000,950

APPENDIX P VI - OPTIMISTIC AND PESSIMISTIC VARIABLE COSTS

Table 23 – Optimistic and pessimistic variable costs (own creation)

VARIABLE COSTS	OPTIMISTIC MONTHLY COSTS	PESSIMISTIC MONTHLY COSTS
Utilities	CZK 23,400	CZK 16,600
COGS	CZK 356,678	CZK 250,754
TOTAL	CZK 380,078	CZK 267,354
VARIABLE COSTS	OPTIMISTIC ANNUAL COSTS	PESSIMISTIC ANNUAL COSTS
Utilities	CZK 280,800	CZK 199,200
COGS	CZK 4,280,136	CZK 3,009,048
TOTAL	CZK 4,560,936	CZK 3,208,248

APPENDIX P VII – ESTIMATED MONTHLY REVENUES

Table 24 – Estimated revenues – pessimistic calculation (own creation)

	AYCE smaller menu	AYCE bigger menu	KKBQ	Soft drink	Soju	Beer
REVENUES	143,000	165,000	260,000	48,600	40,500	44,500
				TOTAL REVENUES		701,600

Table 25 – Estimated revenues – optimistic calculation (own creation)

	AYCE smaller menu	AYCE bigger menu	KKBQ	Soft drink	Soju	Beer
REVENUES	200,200	231,000	380,000	69,000	63,250	57,500
				TOTAL REVENUES		1,000,950

APPENDIX P VIII – OTHER COSTS AND DEPRECIATION

Table 26 - Depreciation (own creation)

DEPRECIABLE ASSETS	INITIAL PRICE	DEPRECIATION IN THE 1ST YEAR	DEPRECIATION IN SUBSEQUENT YEARS
RECONSTRUCTION	500,000	5 100	10 100
FURNITURE AND EQUIPMENT	800,000	17 200	41 201
GRILLS	140,000	7 700	14 700
KITCHENWARE	100,000	20 000	40 000
TOTAL		50 000	106 001

Table 27 – Other costs (own creation)

OTHER COSTS	CZK
COMPANY FORMATION	10,000
RENT	50,000
CASH REGISTER	20,000
WALK-IN FREEZER	60,000
STORAGE RACKS	20,000
OFFICE EQUIPMENT	30,000
EQUIPMENT OF STAFF ROOM	20,000
UNIFORMS	10,000
DETERGENTS AND OTHER NECESSITIES	5,000
PROMOTION	20,000
MENU PRINTING	3,000
MOBILE PHONE	2,000
TOTAL	250,000

APPENDIX P IX – EMPLOYEE SHIFT SCHEDULE

Table 28 - Shift schedule (own creation)

POSITION	MON	TUE	WED	THUR	FRI	SAT
Manager	8:00-16:30	8:00-16:30	8:00-16:30	8:00-16:30	8:00-16:30	
Chef 1	8:00-20:30	8:00-20:30	DAY OFF	DAY OFF	8:00-20:30	8:00-20:30
Chef 2	DAY OFF	DAY OFF	8:00-20:30	8:00-20:30	DAY OFF	DAY OFF
Chef 3	14:30-21:30	14:30-21:30	14:30-21:30	14:30-21:30	16:30-23:30	16:30-23:30
Waiter 1	8:00-15:00	8:00-15:00	8:00-15:00	8:00-15:00	8:00-15:00	8:00-15:00
Waiter 2	13:00-20:00	13:00-20:00	13:00-20:00	13:00-20:00	13:00-20:00	13:00-20:00
Waiter 3	14:30-21:30	14:30-21:30	14:30-21:30	14:30-21:30	16:30-23:30	16:30-23:30
Assistant cook					15:00-19:00	15:00-19:00
Assistant waiter					15:00-19:00	15:00-19:00
Assistant waiter					19:30-23:30	19:30-23:30

* According to the law, a 30-minute break is included in full-time employee shifts.