

A Business Plan of the Company TERMIT, s.r.o.

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ABSTRAKT

Cieľom tejto bakalárskej práce bolo zostavenie podnikateľského plánu pre e-shop spoločnosti TERMIT. Prácu tvoria dve časti, a to je teoretická a praktická časť. V teoretickej časti je vysvetlené podnikateľské prostredie, formy podnikania a základné kroky pri zostavovaní podnikateľského plánu. Praktická časť obsahuje podnikateľský plán firmy TERMIT. Cieľom práce je vytvoriť realistický podnikateľský plán pre spoločnosť TERMIT na základe analýz trhu, finančnej analýzy a marketingového plánu.

Kľúčové slová: podnikateľský plán, podnikanie, podnikateľ, spoločnosť, e-shop, Slovenský trh, SWOT, PEST

ABSTRACT

The aim of this bachelor thesis was to compile a business plan for the e-shop of the company TERMIT. The bachelor thesis contains two parts, both theoretical and practical part. The theoretical part explains the business environment, forms of business and the basic steps in compiling a business plan. The practical part contains the business plan of the company TERMIT. The aim of the thesis is to create a realistic business plan for TERMIT based on market analysis, financial analysis and marketing plan.

Keywords: business plan, business, entrepreneur, company, e-shop, Slovak market, SWOT, PEST

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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.

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INTRODUCTION

I have chosen a business plan for the company TERMIT as my bachelor thesis. It's a company I own with my father. This thesis aims to create the business plan and to assess profitability of this concept. The company was established last year and since then I could not find time to properly plan the business. Therefore, this bachelor thesis allowed me to research what steps to take and what risks to avoid when establishing an e-shop. Moreover, if this business plan proves to be successful then I am sure that I will use this thesis for future reference in planning the next business plan for my company.

This thesis is divided into theoretical and analytical part. The theoretical part describes business environment in Slovakia and the Czech Republic, entrepreneurship and types of businesses in Slovakia. Moreover, it describes a business plan and what it should consist of.

The analytical part is about creation of the business plan for the company TERMIT. The business plan is divided into company description, market analysis, marketing plan and financial plan that are described in the theoretical part.

The purpose of this business plan is to create an e-shop for people that cannot eat gluten. Furthermore, the main purpose of this business plan is to evaluate the profitability of the concept.

I. THEORY

1 BUSINESS

This bachelor thesis deals with the business plan, which targets the Czech and Slovak markets. Since the company is based in Slovakia, the theoretical part put the main emphasis on the starting conditions on the Slovak market.

1.1 Business environment

Business activities in today's perception are relatively new in the Czech Republic and Slovakia. This chapter focuses on the business environment before and after 1989. Moreover, this chapter describes the relationship of both countries with the European Union and the meaning of entrepreneurship.

1.1.1 Business in Czechoslovakia

Business in Czechoslovakia was limited until 1989 because business was largely state-owned during the reign of the communist party. This centrally oriented power structure created companies with often thousands of employees and with the same internal structures. Those companies were led by politically appropriate candidates, often with insufficient skills needed for leadership role positions. This system led to a loss of competitiveness of Czechoslovakia's national economy, but also living standards of the population were lowered. Because of that, this system needed a change and this change came in a form of privatisation, which means the transition of state ownership into private hands (Synek and Kislingerová 2015, 6–8). This change happened after the fall of the communist regime in 1989. Czechoslovakia became a market-oriented economy that supported business which led to an increase in the quality of the products. Moreover, it was the first impulse for structural changes in the Czechoslovak economy (Sirůček 2007, 237–238). The structural changes consisted of a transition from a central oriented economy based on state ownership to open market capitalistic economy based on private property ownership that could integrate with Western economies (Židek 2006, 28). However, after 31 December 1992, Czechoslovakia was split, because of the economic, political and ethnic differences, into the Czech Republic and Slovakia (Dowling 2002, 167).

1.1.2 Business in the Slovakia and the Czech Republic

The structural changes in the economy and new rules and regulations which were implemented by both countries helped them to become members of the European Union in 2004 (Barysch 2006, 3–5). The Czech Republic witnessed an increase in intensity and acceleration in foreign trade. This entry to the European single market, which guarantees the

free movement of goods, services, labour and capital, led to the growth of intra-regional trade. Czech export increased by 25 % and in the following years, Czech export continued its growth (Marek and Baun 2010, 97). The Slovak economy did not fall behind the Czech economy. The World Bank described Slovakia as one of the most progressive countries of 2004 and through a survey in 2005 it was found out that Slovak entrepreneurs were most satisfied among all entrepreneurs in Eastern Europe. Moreover, it was estimated that Czech food export doubled in its volume and Slovak export of food even tripled (Barysch 2006, 9–11).

Following the accession to the European Union, the Czech Republic and Slovakia officially joined the Schengen zone on 21 December 2007. Schengen is one of the most important European projects. It allows citizens of its 26 members to move freely in the Schengen zone and only with an ID. Students can decide to study where they want within the European Union and entrepreneurs have the freedom to do business. Furthermore, open borders are positive for the economy, because it is much easier, faster and cheaper to move goods in the European Union (Europarl.europa.eu 2019).

It is easier for the citizens of the Czech Republic to start or do business in Slovakia and vice-versa, because of the almost non-existent language barrier combined with a shared history and friendly relationship. However, the Czech Republic currency is the Czech crown called *koruna*, unlike Slovakia that uses euro since 2009 (Ecb.europa.eu, n.d.). Euro is used in 19 countries of the European Union. Thanks to euro, it is easier to study, work, travel and do business in those countries that use euro without the need to worry about bad exchange rates and the need to pay exchange fees (Ecb.europa.eu 2019). Despite the benefits that euro brings, the Czech crown is still in use and the Czech Republic has no date when the euro will be used (Ec.europa.eu, n.d.).

Nowadays, the economy of Slovakia has the unemployment rate of 5.7% as of January 2020, whereas the Czech Republic only 2% (Ec.europa.eu 2020). Moreover, the growth of Slovak GDP declined from 4.0 % in 2018 to 2.3 % in 2019 mainly because of weakening of foreign demand (Hapl 2020). GDP in the Czech Republic was higher in 2018 - it was 2.8% and lower in 2019 - it was 2.4% (Countryeconomy.com 2019). However, because of the virus known as COVID-19 the future of the economic situation is unknown, and some countries might even experience recession (Finreport.sk 2020).

Slovak and Czech relationship is very strong in the trade as well. About 85% of Slovakia's exports happens inside the European Union, more importantly, 12% of exports go to the Czech Republic. Slovakia also imports to the European Union, 17% of the import

comes from the Czech Republic. The Czech Republic is after Germany the second strongest business partner of Slovakia (Europa.eu, n.d.). On the other hand, the Czech Republic has 84% of exports inside the European Union from which 8% of exports go to Slovakia. In terms of exports, 76% of them happen inside the European Union and Slovakia is the third strongest partner of the Czech Republic with 6% of exports coming to its neighbour. Slovakia falls behind Germany, that is in the first place, and Poland (Europa.eu, n.d.).

1.2 Entrepreneurship

Nowadays, entrepreneurship is a vital part of the economy. Entrepreneurship creates new innovations and breakthroughs in technology and helps today's world economy to advance forward. (Kuratko 2014, PREFACE).

Entrepreneurship has been equally defined in the Czech Republic and Slovakia in the Commercial Code since 1991, but on January 1st of 2014 this regulation was repealed in the Czech Republic because the Czech Republic adopted the new Civil Code (Švarcová et al. 2019, 4). Unlike the Czech Republic, entrepreneurship is still defined in Slovak Commercial Code as a systematic independent activity of an entrepreneur in order to make profit and it is on his or her own responsibility (Slovensko.sk 2013). In the Czech Republic, entrepreneurship is not explicitly defined in the new Civil Code, because the emphasis is placed on the entrepreneur who is clearly defined there, and the business characteristics are derived from its definition. According to Synek and Kislingerová, entrepreneurship is characterised by several features:

- The motive is to make profit, which means to have a surplus of revenue over costs.
- To make profit means to identify customer needs and satisfy them.
- To satisfy customer needs, but at the same time to minimise the risk that the entrepreneur faces in the market.

The initial capital is in the form of an entrepreneur's own capital, or in the form of borrowed capital (2015, 3).

To be an entrepreneur means to have passion for work and be willing to learn new things and improve. Entrepreneurs must have a thirst to pursue their goals (Kozubíkova 2017, 39). According to Priestley, to be an entrepreneur means to be often in difficult situations and for that reason, entrepreneurs need to be forward-thinking. Apart from this, entrepreneurs have to include resources, material and employees in their vision. Moreover, entrepreneurs need to know the strengths and weaknesses of their employees, so they can utilize them and their skills to the maximum. It should be noted that entrepreneurs must be realistic; otherwise,

their vision might end up being futile (2018, 51–52). When entrepreneurs spot an opportunity to make profit, they have to create a business plan, but to gain profit means to face risks that this opportunity brings (Scarborough and Cornwall 2016, 21).

The entrepreneur is defined in the Slovak Commercial Code as:

- a person registered in the Business Register
- a person doing business under the trading license
- a person doing business with a special regulation on the basis other than the trading license
- a natural person, who performs agricultural production and is registered in the special regulation (Slovensko.sk 2013).

The definition of an entrepreneur is part of the new Czech Civil Code. The entrepreneur in the Czech Republic is defined as someone who is independent and does the systematic activity in order to make profit on his or her own responsibility. Moreover, the enterprise under which the entrepreneur is registered, is registered in the Business Register (Kozubíková 2017, 15–16).

2 TYPES OF BUSINESSES

Many people want to become an entrepreneur, but to become one, people need to decide what type of a legal structure the business will have (Srpová and Řehoř et al. 2010, 67). According to Švarcová et al. (2019, 56–58), only a person can have the rights and that person is either a natural person or a legal person. Furthermore, the natural person and the legal person have to meet general conditions:

- 18 years old,
- full legal capacity,
- criminal integrity.

Therefore, this chapter describes both types of legal structure of the business and their subsections.

2.1 Entrepreneur as a natural person

An entrepreneur can choose to do business as a natural person and Švarcová et al. (2019, 57–59) define natural person as a person that:

- does business based on a trading license under the Trades Licensing Act.
- does business based on other authorization under other laws, other than the Trades Licensing Act.

Moreover, natural person that does business is self-employed. That means that this kind of business is a continuous independent business activity, under the entrepreneur's name and responsibility for the purpose of making profit. It is defined under Act no. 455/1991 as the definition of trade. It should be noted that an entrepreneur needs to decide on the professional qualification that is required by the business and then consider which trade to use. The advantage of trade business is that an entrepreneur does not need capital to start a business, however, the entrepreneur is liable for the business with his entire property (Srpová and Řehoř et al. 2010, 67–69). Trades are further divided into divisions:

- Notifiable trades: The entrepreneur can start a business on the day of the trade announcement.
- Licensed trades: The entrepreneur can start a business on the day that trade license is granted (Švarcová et al. 2019, 59). However, this trade was according to Act no. 136/2010 cancelled in Slovakia and moved to notifiable trades (podnikajte.sk 2010).

Notifiable trades are further divided into subdivisions:

- Craft trades: The condition is a professional competence acquired by training, vocation certificate, high school graduation certificate, completion of higher education, university diploma of a bachelor's or master's degree in the relevant field.
- Qualified trades: The prerequisite is a proof of professional competence, which is determined by the Trade Act.
- Free trades: No professional competence is needed for an entrepreneur (Švarcová et al. 2019, 59).

2.2 Entrepreneur as a legal person

It is possible to do business a legal person too. According to Srpová and Řehoř et al. doing business as a legal person is administratively harder (2010, 68). Legal entities do business in the form of a corporation. Before an entrepreneur establishes a corporation, he or she needs to decide on the type of a legal form of the corporation. It is a very important decision to make, even though it can be changed, it comes with the consequences. It should be noted that choosing the wrong type of legal form might be consequently costly and complicated (Srpová and Řehoř et al. 2010, 67). Legal forms of a corporation in Slovakia are defined in Act No. 513/1991 coll. of the Commercial Code. Moreover, legal entity is often an association of natural or legal entities. The Ministry of Economy of Slovakia divides business corporations into capital companies, partnerships and cooperatives. (Mhsr.sk, n.d.).

2.3 Capital companies

- **Limited Liability Company**

It is a typical company intended for business of small or medium-sized corporations. Limited Liability Company is a company that can be established by a minimum of one or maximum of 50 natural or legal entities. The initial capital needed is 5,000 euros, while members need to contribute at least 750 euros each (Pohorelá 2019). However, in the Czech Republic, the initial capital is only 1 Czech crown (Švarcová et al. 2019, 75). Limited Liability Company is responsible for its liabilities with all of the company's assets, whereas the company's members are liable only up to the unpaid amount of their capital interest. The body of a Limited Liability Company has three parts. Firstly, it is the General Meeting that is the most important. Secondly, it is the executive manager who is the statutory authority that calls the General Meeting. Moreover, Limited Liability Company can have one or more executive managers and an executive manager can be only a natural person. Thirdly, it is the supervisory body, however, it is not necessary to establish it (Švarcová 2019, 68–69;

podnikajte.sk 2010). Before officially establishing the company, it is necessary to decide on the address and the name of the company under which the company will be registered in the Business Register. Additionally, it is very important to decide on what will be the company's subject of business and whether craft, qualified, or free trades are needed. Moreover, it is important to determine who is the member, executive manager, deposit manager and what is the amount of the interest of each member. After all of this is done, the founding documents can be signed, followed by the report to the Trade Licensing Office that can be done in person or online on the internet. Lastly, the establishment of limited liability company is done by registration in the Business Register, after fulfilment of the above-mentioned process of establishment (Pohorelá 2019; Mhsr.sk, n.d.).

- **Joint-stock company**

Joint-stock company is a company that has its capital divided among a certain number of shares. Moreover, each share has a value and the share's value and the number of shares are dependent on the decision of the founders of the company (Švarcová 2019, 69). Moreover, it is necessary to establish a joint-stock company with the capital of 25,000 euros in Slovakia or 2,000,000 Czech crowns or 80,000 euros in the Czech Republic (Švarcová 2019, 75; Mhsr.sk, n.d.). However, compared to the Limited Liability Company a shareholder in the joint-stock company is not liable for the company's liabilities. Joint-stock company is established by registration into the Business Register. Furthermore, the body of a joint-stock company has 3 parts. General Meeting is the supreme body with all of its shareholders. Secondly, it is the Board of Directors that acts in the interest of the company. Lastly, it is the Supervisory Board that supervises the Board of Directors. The Supervisory Board requires at least 3 members that are elected for 5 years, just like members of the Board of Directors (Šutyová 2015).

- **Simple joint-stock company**

Simple joint-stock company is intended for a small-sized corporation. The initial capital needed is just 1 euro (Mhsr.sk, n.d.). The decision-making process will not be just on the founder, but the shareholders will have their say as well. This kind of company is a high-risk company not being adaptable to the different situations on the market. In addition to that, the company is responsible for its liabilities, but shareholders are not liable for the company's liabilities. Joint-stock company can be established by one or more natural or legal entities and it is formed by registration in the Business Register. Moreover, shares must have a special identification code of the issues and the securities assigned. Furthermore, the founders can decide on the rights and obligations that will be associated with the individual

share. Lastly, simple joint company does not need to have a supervisory board, however, it has a supreme body in the form the General Meeting that consists of shareholders. Moreover, its statutory body is the Board of Directors (Kubinská 2017).

2.4 Partnerships

- **Limited partnership**

Limited Partnership can be established by a minimum of 2 associates and they can be either a natural or a legal entity. One associate needs to be a limited partner and he or she is liable only up to the amount of their capital interest. In Slovakia, the limited partner needs to put in a minimum of 250 euros as the initial capital (Mhsr.sk, n.d.). Another associate needs to be a general partner and he or she has unlimited liability. Limited partner is the one that has a function of a statutory body, while general partner acts on behalf of the company. Limited partnership is a mixed company with characteristics of a partnership and capital company, because of the limited and general partner. Moreover, limited company is established by registration in the Business Register (Podnikajte.sk 2010).

- **General partnership**

General partnership must be established by a minimum of 2 associates and they are liable for the company's liabilities together and with their entire property. Moreover, they share the company's profits equally. Associates can be either a natural or a legal person and both of them work as a statutory body of the company (Švarcová 2019, 68).

2.5 Cooperatives

Cooperatives are a company that is established in Slovakia by a minimum of 5 natural persons or 2 legal persons with the minimum of 1,250 euros in the initial capital (Mhsr.sk, n.d.) and the Czech Republic by a minimum of 3 natural or legal entities. Cooperatives are different compared to the other companies as it can accept new members to the company. Moreover, the supreme body of the company is the Members Meeting with the Board of Directors and the Control Commission that work as its subordinates (Švarcová 2019, 71).

3 BUSINESS PLAN

A business plan comes from an entrepreneur's vision or an idea. It is often used to establish a new business. Moreover, business plan is a written document that analyses business and gives projections of the business' future. It includes everything from description to the marketing of the business (McKeever 2018, 2–3). In addition to that, a good business plan should follow certain principles. A good business plan should be innovative, easy to understand, logical, realistic and it should respect its risks (Srbová and Řehoř et al. 2010, 60).

According to Synek and Kislíngerová (2015, 192), a business plan has an external and internal function. The external function of the business plan is something that helps an entrepreneur to get an investment from investors, creditors or banks. However, the internal function of the businesses plan helps with the management and strategic planning of the company.

3.1 Goals and Benefits of a Business Plan

3.1.1 Goals of the business plan

An entrepreneur needs to have goals to pursue them as it is crucial for the success of the company. To achieve those goals a technique called SMART is used. SMART means: “specific, measurable, achievable, realistic and timed” (Finch 2010, 125).

However, according to McKeever (2018, 16), an entrepreneur has personal goals as well. Those goals include independence as the main driving force of entrepreneurs. Furthermore, an entrepreneur is very often driven by the goal of owning a business. When an entrepreneur owns a business, then usually respect, money and power come with it and that can be another form of a personal goal for an entrepreneur and source of his or her drive.

3.1.2 Benefits of the Business Plan

Writing a business plan is very beneficial as an entrepreneur gains knowledge and a better understanding of the business itself. According to McKeever (2018, 5–7), a business plan helps to:

- **Understand how the business earns the money.** When an entrepreneur understands the whole business plan, he or she understands where the money comes from and where they go. This is crucial when an entrepreneur is in the need of an investor.
- **Understand if a business plan is viable.** If an entrepreneur creates a business plan, he or she will understand if it is worth to cease or to proceed with a business. The

last thing that an entrepreneur wants is to pour the money into the business that is not viable therefore, it is crucial for the entrepreneur to understand if the business will be successful in advance.

- **Optimize the business plan.** If an entrepreneur creates a business plan, he or she can change or move some parts and find the right way to maximize the profit.
- **Improve the chance of success.** If an entrepreneur does not create a business plan, the chance of the business being successful is lower. For that reason, the business plan increases a chance of success.
- **Plan into the future.** Business often comes across some problems that need to be solved. A proper business plan makes it easier to anticipate those problems, helps to solve the problems or to avoid them.

3.2 Structure of the Business Plan

According to Srpová and Řehoř et al. (2010, 60), a business plan has no fixed structure because of the diversity of businesses (Podnikajte.sk 2010). Therefore, it is up to an entrepreneur what structure of the business plan he or she will use. This chapter describes the general structure of the business plan. Since the business plan has no legal structure, this general structure was decided based on suggested business plan structures of (Srpová and Řehoř et al. 2010, 60–66), (Srpová 2011), (Pinson 2005, 6), (Ekanem 2017, 6–8) and (McKeever 2018, 203). The general structure:

- Title page
- Executive summary
- Company description
- Market analysis
- Marketing plan
- Organizational structure
- Financial plan
- Risk analysis

3.2.1 Title Page

A title page is the first page of the business plan. Pinson (2005, 16) claims that it should contain information such as the company's name, address and phone number. If a company has a logo and web site, then it should be included as well. In addition, the title page should contain a phone number with a name and an address. When it comes to the business plan, it

should include the date when the plan was or will be issued and the name of the one who created the plan.

3.2.2 Executive Summary

Executive summary is one of the most important parts of the business plan. It intends to convince the reader to read the rest of the business plan. It must be easy to understand. It should be written as the last part of the business plan because it is the result of all the steps of the plans and strategies that the business plan has. It is supposed to make the person reading the executive summary understand the concept and the crucial parts of the business plan. It should be noted that the crucial parts should be the highlights of the business plan. It is recommended that the executive summary has a positive tone to it. Moreover, it should persuade the reader to understand that the concept is viable, planned, financially realistic, a good opportunity with good management and competitive advantage. The function of the executive summary is to attract the attention of a potential investor. If the executive summary is not written well, then the investor is not going to read the rest of the business plan (Abrams 2019, 54–55).

3.2.3 Company Description

The purpose of the company description is to characterise the company's legal status, ownership, name, product or service and objectives (Abrams 2019, 68).

- **Ownership:** It is important to define who is the owner of the company. Moreover, co-owners or main shareholders have to be defined as well as their relationship in the company (Abrams and Vallone 2007, 30).
- **Company name:** The company can operate under a different name, it can be an entrepreneur's name, company's legal name, website's domain name and many others. For example, if a company has a store, and its web site domain and a legal are different, they still belong to the same company. It is recommended that an entrepreneur uses a reputable name or a name that is connected to the field of work in which the company operates.
- **Company's objectives:** It is recommended that a company's objectives should be incorporated with the company's philosophy in one statement. Additionally, financial objectives, company's culture, company's reputation in the marketplace and the company's description should be all covered in that statement. It is important that a company's objective statement should be formulated for a period of few years

before it is changed. Therefore, it is a very important part of the company's description.

- Legal status: It is up to an entrepreneur to decide if he or she wants to be a natural person or a legal person. Even though it is easier to be a natural person, it might be a better choice to be a legal person as natural person that owns a legal person is not usually liable. However, it depends on the business objectives and on the type of product or service on which an entrepreneur wants to make a profit. It might be very hard to decide what type of legal entity an entrepreneur wants to be as there are many options (Abrams 2019, 68–71).
- Product or Service: The specifics and type of product or service should be described. However, if there is more products or services, it is sufficient to mention them more generally. It should be noted that when it comes to the uniqueness of the product or service, it might be a good idea to be more careful in their description. During the later stages of the discussion, they can be described in more detail (Abrams and Vallone 2007, 34).

3.2.4 Market Analysis

Marketing analysis aims to identify market structure and market size where the company wants to place its products or services. It is necessary if the company wants to satisfy customers' wants and if it also analyses the shopping behaviour of the customers. All of this is vital in order to adjust marketing strategies so that the company can deliver their products or services to the customer (Managementmania.com 2015). Factors that influence the company can be further analysed:

- PEST analysis: PEST is an acronym for Political, Economic, Social and Technological. PEST analysis is used to analyse external factors that can influence the company in some way. Political factors analyse existing or potential political influences. Economic factors analyse the economy on a global, national or local level and its influences on the company. The social part of PEST analysis is focused on analysing demographic and cultural factors. It is important to find what is the social status of the target group. Lastly, the Technological part is aimed at analysing the effects of existing or potential technologies that can have a positive or negative impact on the company (Managementmania.com 2015).
- Porter's analysis: This analysis is also called *Porter's Five Forces analysis*. It is an analysis used to understand the competitiveness of a company's business

environment. The five forces include Competitive Rivalry, Supplier Power, Buyer Power, Threat of Substitution and Threat of New Entry. Competitive rivalry is the strength of the competitors on the market, their power to influence prices and attract customers. Supplier power is the power of the supplier to change the price, but it depends on the company as well. If the company can find another supplier, then the supplier power is reduced. Buyer power is determined by the number of customers and their strength to influence the price and the size of their order. The threat of substitution is the possibility of customers to do what the company does. If the company has a product or service that is hard to imitate, then the threat of substitution is lower. Lastly, the threat of new entry is the possibility of other companies to enter the market. When a new competitor enters the market, they can change the price of a product or service and that can lead to loss of customers (Managementmania.com 2015).

3.2.5 Marketing Plan

Marketing plan must give information in an effective and realistic way to the future customers and make them buy the product or service (Abrams and Vallone 2007, 75). Moreover, to create a good marketing plan it is important to understand the company. Therefore, the SWOT analysis of the company is usually used, and it is described in more detail in this chapter.

- SWOT analysis: It is an analysis of internal and external factors of the company. The acronym SWOT stands for strengths of the company, weaknesses of the company, opportunities that the company can take advantage of and threats that the company may face in the industry. Strengths and Weaknesses are internal factors of the company whereas Opportunities and Threats are external factors. Strengths can be e.g. a unique selling point of the company, marketing position, resources, competitive advantage, location, experience, product or service, price and many other advantages that the company has over their competition. Weaknesses, on the other hand, analyse disadvantages of the company compared to other companies. Opportunities are for example innovations, information, market volume, niche target market and other opportunities that help to make use of the Strengths of the company. Lastly, Threats are e.g. competitors, market demand and other influences that can have a negative impact on the company (Pant 2019, 33–35).

Furthermore, when the company is analysed and all the strengths, weaknesses, threats and opportunities are known, marketing of the company can be realised.

- **Marketing MIX:** Marketing mix, so-called *4P Marketing* stands for Product, Price, Promotion and Place. Marketing mix is used based on the understanding of the customers' wants and needs. Product is an offer of the company to the customers and it is chosen based on the wants of the customer. Price represents the actual price of the product or service that the customer pays. Moreover, price is defined by demand, competition and cost of the production. The availability, distribution and properly located products or services are important because it increases the satisfaction of the customer. This is determined by place. Promotion is achieved by informing customers about the product or service through advertisement, online marketing, public relations or personal sale (Podnikajte.sk 2010). Online marketing is a powerful tool that supports the strategy of the company. Furthermore, it is a tool that increases the relationship with customers or business partners. Specific forms of online marketing are e.g. e-mail marketing, websites and social networks (Managementmania.com 2015.) In addition to the basic marketing mix of 4P, there is another marketing mix of 4C, and they are interconnected. *Marketing mix of 4C* stands for Customer Value that the customer gets from the Product. Cost of the Customer represents the Price. Place represents Convenience, which is the customer's buying experience and Communication with the customer is represented by Promotion (Urbánek 2010, 40–42) Moreover, another two marketing strategies can be used. One of them is called *marketing mix of 7P* and the other is called *marketing mix of 8P*. 7P marketing is a marketing strategy that contains basic 4P marketing with addition of People, Processes and lastly Physical evidence. 8P marketing is the 7P marketing with the eight element and that is Productivity and Quality (Managementmania.com 2017).

3.2.6 Organizational Structure

A successful company needs to have a competent and reliable team of people (Vallone 2007, 99). Therefore, in the business plan, it is important to define an organizational structure. It is a hierarchically arranged structure of people working in the company. It defines relationships of different levels and positions in the company. Because of the organizational structure, it is easier to understand the responsibilities and importance of different roles that people in the company have. In addition to that, the organizational

structure helps to create a company's culture (Žákovič 2019). According to Vallone (2007, 106), if the company plans to make some changes in the structure e.g. hire new employees, it is important to indicate all the changes that will happen such as their position and responsibilities.

3.2.7 Financial Plan

A financial plan gives information about the financial situation of the company. In order to analyse the financial plan of the company, it is important to include sales plan that contains information about estimated sales and revenues, wage and marketing budget expenses (Vallone 2007, 127–128). Additionally, it is important to include start-up cost and initial funds that the company needs (Srpková 2011, 28). Analyses used for the financial situation of the company are:

- Cash Flow: It is a financial analysis of the expected movement of money transferred out of or into a business. Moreover, it anticipates the company's revenues and expenditures.
- Income statement: Also called *profit and loss statement*. Income statement is a financial statement over a specific time period, and it reports on the financial performance of the company. For an entrepreneur, it is important to use the income statement for the first six months of the company's existence and it should be more detailed. Later, it should be enough to do only the annual income statement.
- Balance sheet: It is a financial statement that reports assets and liabilities of the company and their sources of financing. For a new entrepreneur, it should show the expected assets of the company and sources of its financing. It is recommended to do the initial balance sheet for the first half of the year. Later, it should be enough to do the annual balance sheet.
- Return on Investment: It is an important source of information that reports on the company's ability to generate profit (Srpková 2011, 29–31).

3.2.8 Risk evaluation

According to Abrams (2019, 154–155), every company has to undergo some form of risk. However, if an entrepreneur understands the risk or can anticipate the risk, it can be decisive for the future of the company. To understand the risk of business means to be prepared. There are seven types of risks:

- Market entry risk: When a company enters a market with a new product or service it depends on how it will be received by customers. This is a high risk for the company as the customers need to be prepared for something new.
- Risk of competition: There is always a risk of new, potential or existing competitors. Moreover, to enter a market means that competitors will react and that in itself is a form of risk.
- Risk of technology: It depends on the type of company. For one type of company can be technology irrelevant, however for the other on it might be crucial for success. If the company needs technology and if that technology does not work, then it can be a decisive risk factor that cannot be taken lightly.
- Time risk: It is a risk that a product will not be finished in a timely manner.
- Growth risk It is a risk that the growth of the company will be affected by incapable management. To minimize this risk, it is recommended that the company's operations are in place, in time and each step that the management takes should be specified.
- Insufficient capital risk: This risk occurs very often because costs or income is often overestimated. To minimize the risk, it is recommended to have enough money for the purposes of the business plan and spend the money wisely.
- International risk: If the company is doing business internationally, the company might encounter some unexpected situations that will force the company to stop doing business, because of lack of suppliers, inability to succeed in the new market or due to a health risk.

However, a SWOT analysis explained above will make an entrepreneur understand the risks and opportunities of the business plan. Furthermore, the SWOT analysis will make an entrepreneur understand what he or she must do in order to succeed in the market.

II. ANALYSIS

4 BUSINESS PLAN OF THE COMPANY TERMIT S.R.O.

The company TERMIT plans to sell gluten-free products through e-shop. It is a Slovak company and the company's plan is to establish a solid foothold in the Slovak gluten-free market. Firstly, the company plans to sell quality gluten-free products online via e-shop. However, the long-term goal of the company is to sell to healthy food businesses and if the company sees positive results it aims to expand its reach to larger businesses. Moreover, after the company establishes a foothold in the Slovak gluten-free market, it has an aspiration to expand to the market in the Czech Republic. Because of the shared history, almost non-existent language barrier and the geographical location the Czech Republic is in the company's eyes an ideal country to expand to. A foreign entrepreneur can do business in the Czech Republic, just like the Czech entrepreneurs would, the only exception is if some special laws say otherwise. Foreigners that do business in the Czech Republic can be either natural or legal entities and they have their own autonomy and are governed by laws of the country in which they registered their business (Businessinfo.cz 2016). The primary goal of the company is to sell gluten-free products, but that is not its only plan. The company's goal is to be profitable, but at the same time to learn how to do business online as experts see online business to be an inevitable part of the future of every business. Because the owners have plans for other types of businesses, they intend to use the experience from online business and doing business in the Czech Republic as a reference and a learning curve for the future businesses.

4.1 Title page

Name: TERMIT s.r.o.

Legal form: s.r.o. (limited liability company)

Address: Rovensko 153, 905 01 Senica

Date of establishment: August 20, 2019

Identification number of the organization (IČO): 52564908

Owners: Martin Závodský and Ivan Závodský

Registered capital: 5 000 euros (Finstat.sk, n.d.)

Phone number: +421 910 306 743

Email: srotermit@gmail.com

Web site: bezlepkovastrava.sk

The company would like to launch the business plan on January 1, 2021, as the company expects that at that time, coronavirus will no longer pose a business risk.

4.2 Company description

Legal status and ownership

TERMIT was founded on August 20, 2019. TERMIT is a limited liability company because it is recommended for small businesses and the main reason for this choice was that owners did not want to be liable for the business with their whole property just like a natural person would be. Moreover, one of the owners already has one limited liability company, therefore it was more convenient to choose this legal form, because of the experience with the limited liability company. The company has two owners, Martin Závodský and Ivan Závodský with registered minimal capital of 5,000 euros. The registered capital is equally divided between both owners. Therefore, each owner owns 50 % of the company. Furthermore, both owners are executive managers that function as a statutory authority of the company. In addition, the company chose a wide range of free trades, but to sell gluten-free products the company chose brokerage activity in the field of trade, services, production and purchase of goods for the purpose of its sale to the final consumer (retail) or other trade operators (wholesale) (Finstat.sk, n.d.).

Name of the Company

After a long period of time, the name TERMIT was decided upon, because other names for the company, that the owners wanted, were already in use by other companies. If the owners find a better name that is more fitting for the business, then it is possible to change it in the future. Owners realize that name of the company is not suitable for the e-shop. However, it should not pose a problem for the company as e-shop's name will be bezlepkovastrava.sk.

Product and Service

TERMIT is a company that will sell gluten-free products. However, the company does not want to focus on products that can be found in healthy food businesses, as their quality is not good in the company's eyes. Therefore, the company would like to sell products that have high quality. The exact products that the company plans to sell are Italian products. Moreover, the company believes that Italian gluten-free products are better in terms of quality. When someone wants to buy whiskey, they buy the Irish one. When someone wants to buy pasta, they buy Italian one and this is the root of belief why the company thinks it will be successful and that products will be demanded on the market. The company's intention is to sell pasta from the company Dialcos that has 6 different brands. The brands that the

company plans to sell are Dialsi and Dialdi (Dialcos.it, n.d.). The company also plans to expand its sales in the sixth month of the company's operation.

Company's Objectives

Main objectives of the company:

- To increase the number of the company's quality gluten-free products every half a year.
- Satisfied customers from the very beginning of TERMIT's existence and stable customer base that will be measurable thanks to Smart Emailing program.
- After an order is processed, immediately send the order through the courier company.
- Long term goal is to sell products to other stores and to expand the business into the Czech Republic.

E-shop

The company plans to sell pasta products through an e-shop. Therefore, the company decided upon Mioweb Business program. Mioweb allows the owners to create a company's domain, an e-shop and a website according to their vision and requirements. Moreover, it allows for SEO, Google Analytics and other necessary tools for the marketing purposes (Mioweb.cz, n.d.) Another important factor why the owners decided upon Mioweb is their FAPI program that Mioweb created and its compatibility with Mioweb. FAPI program works 24 hours a day, it registers an order, puts it to the system and sends an invoice with instructions to the customer. When the payment is registered, it sends an order to the warehouse to send the product to the customer (Fapi.cz, n.d.). Another program that was created by Mioweb is Smart Emailing program. This program is compatible with Mioweb and FAPI as well. It is very important tool for marketing purposes. It distinguishes customers and labels them. It segments the customers to customers that did not buy the products, bought the products and how often and what products they bought. In addition, this program allows the company to send marketing emails specially tailored for different segments of customers or to all customers. This will allow the company to promote its products and marketing (Smartemailing.cz, n.d.).

Location

TERMIT's address is in the village Rovensko, however, what is important is the warehouse in this village that the company will use to store its products. The warehouse will be rented in the premises owned by the municipal office of Rovensko with a size of 40 square meters. The storage premises are dry, clean, lockable with electricity distribution, which is

included in the rent. Furthermore, the warehouse is accessible by car for 24 hours, which is convenient for the company in order to send its products to the customer at any time.

4.2.1 Organizational Structure

The company is a family company and it is owned by son Martin Závodský and father Ivan Závodský. Because Martin Závodský is new in a business environment and he lacks business experience, he will be supervised by Ivan Závodský who will function as chief executive officer of the company. Ivan Závodský has 30 years of experience managing limited liability company and that taught him how to work and what to do in the business environment. However, because both owners never owned online business and Martin Závodský worked in the marketing company, Martin Závodský will be responsible for the marketing of the company.

Ivan Závodský will be in charge of creating contracts with suppliers and other companies, e.g. courier companies. In addition, he will deal with the offices such as the financial and tax office. Moreover, he will negotiate the purchase price of the products and determine the company's pricing policy. Occasional communication with customers is included as one of his responsibilities as well.

Martin Závodský will be responsible for ensuring that the company achieves its goals. To achieve the goals of the company, he will be in charge of the e-shop administration and its functionality.

- Communication with the customer e.g. order cancellation, order processing, order complaint.
- Communication with the supplier, e.g. ordering products.
- Communication with courier companies and successful delivery of goods to the customer.
- Managing social websites and creating events and posts on them.

The owners do not plan to hire any other employees than themselves. Therefore, they will have to do the packaging of the products and communication themselves. However, if the amount of orders and communication with customers exceeds the owners' capabilities, they will hire an employee to do that. Both owners expect that if they decide to hire someone, they will know it in a span of few months from the start of the business.

Even though the company does not plan to hire any employees, it plans to hire services of the accounting company SCHARTIS, spol. s.r.o. to oversee TERMIT's accounting (Schartis.sk, n.d.). Moreover, TERMIT would like to hire services of Direct Parcel

Distribution SK, s.r.o. courier company to use its couriers and pickup locations for delivery of the company's products (dpd.com, n.d.).

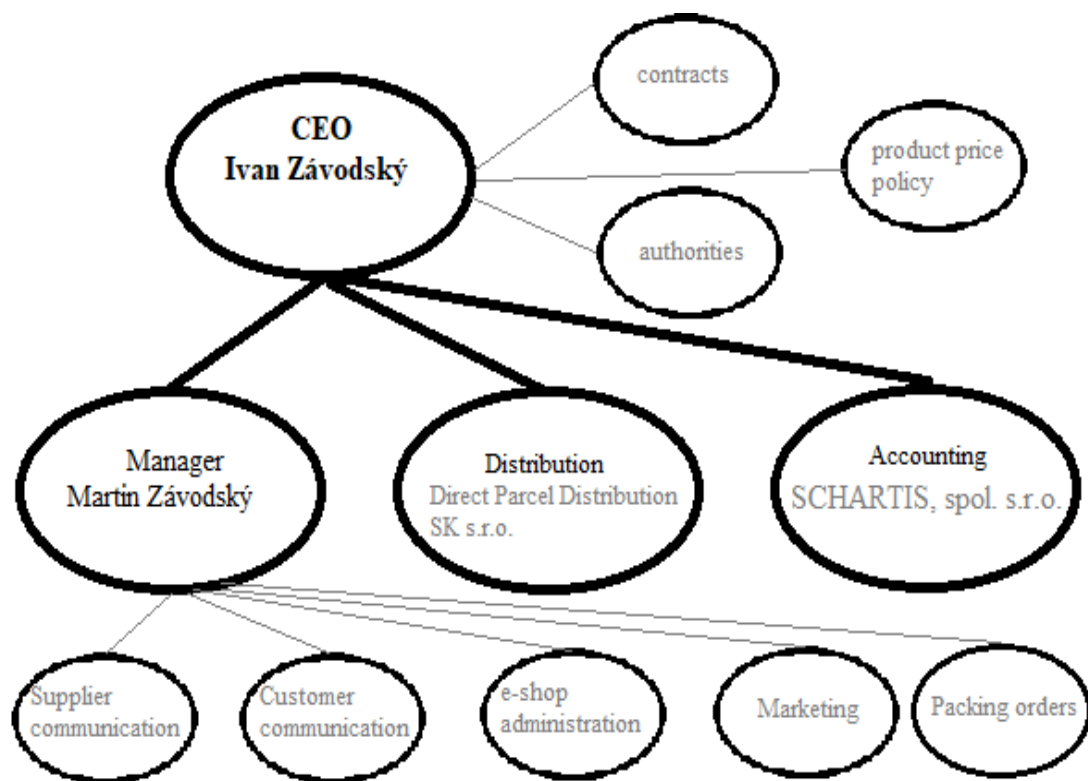


Figure 1 Organizational structure and division of responsibilities (own creation)

4.3 Market Analysis

The company chose to do the PEST analysis to find what external factors might influence the company and Porter's analysis to understand the competitiveness of the business environment.

4.3.1 PEST Analysis

This analysis is used in order to find out what might be the company's threats and opportunities. They might be either negative or positive for the company.

Political

- Slovakia became an independent country in 1993 after the split of Czechoslovakia. Since then, the Slovakian government has an influence on the business environment. Because the company is Slovakian and Slovakia belongs to the European Union and uses euro, it makes it easier for the company to do business with European countries that use euro too. Moreover, thanks to the Schengen zone, it is possible to move goods within the European Union. If the company realizes that, because of the coronavirus situation, it might be not as easy, therefore the company is going to wait

for the situation to return back to normal. When the situation is normal, the company will operate under the following regulations.

- Taxes: In Slovakia, an entrepreneur had to pay a 21 % income tax, but since January 1, 2020, a natural or a legal person according to Act no. 595/2003 Coll. on income tax was changed. If an entrepreneur does not exceed 100,000 euros during the tax period in income, he or she can apply for the tax rate of 15 %. This is convenient for the company because it does not expect to have an income of 100,000 euros in the first year (Černegová 2019).
- Legislation:
 - Information about gluten-free products: According to Commission Implementing Regulation of European Union the law No. 828/2014 of 30 July 2014 which applies to all of the European Union members a company must include information about the product with absent or a lower amount of gluten. Therefore, in this way the consumer can identify products that are gluten-free or products with a lower amount of gluten. Moreover, the product has two categories. One category for the product is gluten-free, this product must contain less than 20mg/kg of gluten. The other category is a product with a lower amount of gluten. In this category, the product must have a maximum of 100mg/kg of gluten. Moreover, the product with the lower amount of gluten must indicate foods containing one or more ingredients of specially prepared oats, barley, wheat-rye or their hybrids. If the product does not contain the ingredients mentioned above it cannot be labelled as a product with a lower amount of gluten. Therefore, common foods cannot be labelled as products with a lower amount of gluten. To sum it up, when selling a product that is intended for people that cannot eat food that contains gluten, it must be labelled with a label suitable for people with the celiac disease (Eur-lex.europa.eu 2014).
 - Packaging: The product itself must include information on its packaging. The information must contain the name of the product, the list of ingredients, allergens, instructions for use and nutrition information. In addition to that, all the information must be in Slovak language, visible and easy to read (Böhm-Klein 2015).
 - 14 day refund: Because the customer will buy the products on the company's e-shop, he or she has the right to request the refund 14 days after the delivery

of the product, however, this does not apply to food, but because the customer does not necessarily need to know it, it might be a problem that the company will have to deal with on a regular basis (Europa.eu 2020).

- Registration, warehouse, requirements: Because TERMIT is a company that sells foodstuffs, according to law No. 152/1992 (§ 6) it has to be registered in the State Veterinary and Food Administration. Moreover, gluten-free products must be stored in the warehouse. Furthermore, the warehouse must be approved by a regional public health office in order to confirm that the warehouse meets the requirements for food storage.
- Information: Another law No. 152/1995 says that the company must include on the e-shop its legal name or the entrepreneur's name, e-mail, telephone number, identification number of the organization, name of the product, its price, delivery conditions and delivery cost, terms of payment and business conditions (Böhm-Klein 2016).
- General terms and conditions: A contract concluded remotely via an e-shop must contain general terms and conditions according to the law No. 102/2014. It informs the customer about all the conditions of purchase in the e-shop and all the information required by law (Böhm-Klein 2015).
- GDPR: General data protection regulation is a regulation by the European Union. The company will work with sensitive information such as the customer's name, e-mail and address. Because of that, the company must inform the customer about the type of data that are collected, how the data will be used, for how long period time will the data be archived and who will have access to them. In the case of data leakage, the company must inform the customer within 72 hours. Moreover, the customer has the right to access their data, request a copy of the data collected, to correct and delete data and restrict processing of the data. The customer's consent to the collection of the data must be clear, informed and free under the GDPR regulation. However, the customer's consent must be opted-in, because if the consent is already crossed by the company, then this consent is invalid (Mařková 2019). TERMIT will have an option next to the GDPR to opt-in to receive occasional product updates, because the company wants to use customer's e-mail for marketing purposes, such as notifications about discounts, or new products, it needs to have an agreement with the customer.

- eKasa: It is a program that connects all cash registers to the Slovak financial administration portal through the internet. A company is required to have a cash register if the customer pays in cash to the courier, comes to pick up the product in person and pays with cash or card (Financnasprava 2019). However, the company plans to take payment only via the internet. Therefore, the company does not need a cash register. If the company decides to take payments from customers in cash, thanks to the project eKasa, the company can download Virtual cash register, which is a free app created by the Slovak financial administration for entrepreneurs to help them to do business (Financnasprava.sk 2020).
- VAT: The company is required to be registered for VAT if the company's turnover is more than 49,790 euros in the last 12 months (Financnasprava.sk 2019). Moreover, if the company acquired goods worth more than 14,000 euros from another member state of the European Union in the last 12 months it is required to be registered for VAT as well (Financnasprava.sk 2020). In addition, according to the Act No. 222/2004, the basic VAT rate is 20% (Kubová 2019). At the moment, the company is not a VAT payer but will become a VAT payer.
- Transport costs, delivery, postage fees: According to the Act No. 102/2014 on Consumer Protection in Distance Selling the company is obliged to notify a customer about the total price of the goods and the costs of transport, delivery and postage (Böhm-Klein 2017).

Economic

Because of the coronavirus situation, it is hard for the company to analyse the current economic factors that might influence the company. Therefore, the company will analyse the last available economic factors. However, it is expected for the economy to be worse than before the coronavirus (Finreport.sk 2020).

- Unemployment rate: Last economic data show that the unemployment rate in Slovakia was 5.7%. People that are unemployed usually try to save up money. However, celiac customers need to buy food that is gluten-free regardless of the economic situation and that makes the company think that their products will find their place on the market.
- Economic growth: Last economic growth of Slovakia fell from 4% in 2018 to 2.3% in 2019 because of the weakening foreign demand. That means that people will have

less money, therefore they will try to save up money. However, just like with the unemployment rate, the company believes that it will have a minimal impact on the company. Because of the current situation, the company expects that people will buy products that were not available, because that they could not buy them. Therefore, the company believes that it will experience an increase in sales, rather than decrease.

- Wage: Besides the unemployment rate and economic growth, the minimal and average wage in Slovakia influences the business. The minimal wage in 2020 in Slovakia increased to 580 euros, from 520 euros in 2019 (Šutyová 2019). However, the average wage in 2018 was 1013 euros and in 2019 it was 1092 euros (Finance.sk, n.d.). These statistics show that people have more money. It means that the customers can buy more expensive products and the company expects that people will be willing to spend more money on quality products.

Social

Demographical factors influence the business as well, as social groups influence the profitability of the business. TERMIT has a very specific demographic group, which is people with the celiac disease and gluten-free diet. Moreover, owners have the experience that people interested in healthy food are interested in gluten-free products. Because there is no study that shows the exact number of people that suffer from the celiac disease, it is hard for the company to estimate the size of the market. However, it is estimated that 1 out of 100 people suffer from celiac disease (Aoecs.org, n.d.). Therefore, the number of people in Slovakia that suffer from this disease can be estimated to be around 545.000 which is a large number of customers that the company might have a chance to address.

Technological

- Distribution: Technology improves on a daily basis and TERMIT will need to be efficient with the distribution of its products. Therefore, the company will need a reliable shipping service that will deliver its products to the customers. The company plans to send its products through Direct Parcel Distribution SK, s.r.o. courier company.
- Warehouse: Another important part is the technology that the company will need to store its products. The company already has a warehouse. However, because there are new technologies for storing the product, the company might consider them as they are often eco-friendlier and therefore, they often allow the company to save up money, which might be beneficial for the company.

- Business Manager, Bitly: The company understands that for its success it needs to use social media as a medium to attract more customers to buy the company's products. Therefore, the company will use Facebook Business Manager, that allows it to create, see the performance and have control over the advertisements created on Facebook (business.facebook.com, n.d.). Additionally, if the company creates a post on social media and adds a landing page to it, it is important to see how many people clicked on the link. In order to do that, the company will use Bitly. It is a program that allows the company to create custom links and it measures how many people clicked on the link and from what website (Bitly.com, n.d.). Because the company is new, it will use free version of the Bitly program that tracks unlimited number of clicks, allows for creation of 1,000 links per month and shows performance of the created links in the last 30 days (Bitly.com, n.d.).

4.3.2 Porter's Analysis

Competitive Rivalry

The company will have to face many companies that sell gluten-free products through an e-shop. Therefore, the e-shops introduced below are the main competitors of TERMIT's e-shop.

- Novalim spol. s r.o.: Novalim was established in 1991 and it specializes in the production of gluten-free products and products with low-protein. Moreover, this company has an e-shop in Slovakia and an e-shop in the Czech Republic.
 - Advantages: This is a competitor with a lot of experience in the gluten-free market and with experience selling its products in Slovakia and in the Czech Republic (Novalim.net, n.d.).
 - Disadvantages: This company sells pasta with corn starch, modified corn starch, dried egg white, emulsifier: mono and diglycerides of unsaturated fatty acids, natural dye turmeric (Novalim.net, n.d.).
- VAPAB, s.r.o.: In 2014 the first products that VAPAB started to sell were from Italy. Furthermore, they are exclusive importers of the companies Nutrifee and Barbara that are producers of only gluten-free products.
 - Advantages: Many years of experience in the Slovak gluten-free market. Moreover, all their orders are sent within 24 hours with gluten-free products always stocked (Bezlepkovosvet.sk, n.d.).

- Disadvantages: Pasta that this company sells contains corn starch, eggs, rice flour, corn flour, potato flakes, soy flour, potato starch, guar gum, emulsifier: mono and diglycerides of fatty acids, vegetable fibres (Bezlepkovosvet.sk, n.d.).

Compared with the products of both companies, TERMIT's products do not contain any mono and diglycerides of fatty acids (E471) additives and stabilisers. Moreover, some of the products are suitable for vegans as well. Further comparisons with both companies can be found in Figure 2. This figure focuses on the differences between the selling price and the price excluding VAT per 100 g. TERMIT's prices of just two products are higher than the ones of its competitors. Therefore, TERMIT has the price advantage as well.

		Weight (g)	Selling price (1pcs)		Price / 100 g
			(excl. VAT)	(incl. VAT)	(excl. VAT)
1	TERMIT s. r. o.				
2					
3	Dialsi				
4	Pasta from corn (91%) and rice (9%) flour	250,00	2,08	2,50	0,83
5					
6	Pasta from pea and whole grain rice flour	240,00	2,29	2,75	0,95
7					
8	Pasta from lentil and whole grain rice flour	240,00	2,08	2,50	0,87
9					
10	Pasta from whole grain brown rice flour	240,00	2,29	2,75	0,95
11					
12	Dialdi				
13	Pasta from rice (67%) and corn (33%)	500,00	2,92	3,50	0,58
14					
15	NOVALIM				
16					
17					
18	Pasta, uniform composition, different form	250,00	2,24	2,69	0,90
19					
20	BEZLEPKOSVET				
21					
22					
23	Pasta, uniform composition, different form	200,00	2,00	2,40	1,00

Figure 2 TERMIT / NOVALIM / BEZLEPKOVOSVET (own creation)

Supplier Power

Dialcos company has a strong supplier power because it wants to start with selling their products only. To lower Dialcos individual power, TERMIT plans to sell products of the company PASTIFICIO LA ROSA that produces gluten-free pasta as well (pastificiolarosa.it, n.d.). However, if Dialcos sells its products for higher cost before the company has other suppliers other than Dialcos it will have to sell its products at a higher price.

Buyer Power

Products that the company would like to sell are intended for people with the celiac disease. However, because those products can be eaten by people other than those that suffer from the celiac disease, the buyer power becomes lower. Moreover, the price of pasta is already low, so the company does not think that the buyers would lower the price even further.

Threat of Substitution

It is quite hard for the customers to get the products that TERMIT will offer. There are no companies in Slovakia that sell those products. However, Czech e-shop elinia.eu sells the same products and they pose a risk that Slovak customers will buy from them. Because the e-shop is not located in Slovakia, it is not considered a big threat to the company if they do not plan to enter the Slovak market.

Threat of a New Entry

The biggest threat that TERMIT takes in account is the e-shop elinia.eu that was mentioned in the threat of substitution. Moreover, other companies can enter the market as well and supply the customers with its products. Therefore, the company needs to establish a proper foothold in the Slovak gluten-free market with its Italian products to minimize the risk that a new company might pose to TERMIT. There are no regulations or specific factors that could make it more difficult to enter the sector.

4.4 Marketing plan

4.4.1 SWOT analysis

SWOT analysis is crucial for the company as it shows what are the strengths, weaknesses, opportunities and threats of the company. Moreover, SWOT analysis summarizes the findings from the previous chapters.

Table 1 SWOT analysis (own creation)

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • CEO, experience • High quality, unique product • Marketing plan • Filling the vacancy on the market 	<ul style="list-style-type: none"> • No reputation in the Slovak market • Manager, lack of experience • No e-shop experience

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • New company • New products • Marketing plan • Relatively large and stable circle of potential customers who need a gluten-free diet. 	<ul style="list-style-type: none"> • Economic environment • Legislation • Competitors • Supplier price

Strengths

One of the main strengths of the company is the experience of the CEO in the business. It might have a significant impact on the decision-making process of the company. Another strength of the company is the product itself. It is unique because of the process of low-temperature drying in bronze dies that saves pasta's nutritional value. Moreover, products have no additives which can be the reason to health-conscious people why they buy the product.

Weaknesses

TERMIT is a new company on the market and therefore, it can be hard for it to establish itself on the market. Furthermore, the manager Martin Závodský has no previous experience running the business and that might pose a risk to the company. However, because Ivan Závodský already has an experience in the business he should be the factor that will stop Martin Závodský from doing a business mistake. Both owners have no previous experience with an e-shop and that might slow down the process of the company to establish itself on the market.

Opportunities

TERMIT offers a product that is Italian, and the company believes that people will be more interested in pasta products when Italy is the country of its origin. Those products are new in the Slovak market and that is an opportunity for the company to be successful. In addition, people are more interested in healthy food lately. Therefore, the company believes that an interest in pasta that has a high quality with conserved nutritional value will be highly valued by customers. Moreover, the company hopes that thanks to the marketing plan it will sell many products.

Threats

One of the threats that the company believes in is the competition of the market and that the competition can intensify. Because of the current coronavirus situation, the economic

situation is uncertain and legislation and economic environment might change. Supplier price of the products might increase and that might be decisive to the company.

4.4.2 Marketing Mix

Product

The product that the company offers is not the only important thing for the customers, but the message or a story of the product is often the decision-making factor. The company that produces pasta is an Italian company. This company is from Padua and it was established in 1959. Because of the increasing demand for gluten-free products in Italy the company started to produce gluten-free pasta in 2006. The special recipe is focused on quality and retaining the original taste of the pasta. In addition to that, the company innovates the pasta, but it tries to retain the traditional taste as well (Dialcos.it, n.d.). TERMIT plans to sell two brands of this company. All the products under those brands have the same parameters and different shapes of pasta (fusilli, caserecce, spaghetti, rigatoni, penne). Moreover, what is unique about this product is that it is made with low-temperature drying method in bronze dies:

- Dialsi: These products are intended for people with the celiac disease and the products have retained the flavour of classic pasta. Moreover, TERMIT plans to sell four products from this brand.
 - Pasta from corn (91%) and rice (9%) flour. This product is without additives, and the important thing is that this product does not contain any mono and diglycerides of fatty acids (E471).
 - Pasta from lentil and whole grain rice flour. This product has a high content of protein and fibre. Furthermore, this product is for vegans as well.
 - Pasta from pea and whole grain rice flour. Another product for vegans with a high content of protein and fibre.
 - Pasta from whole grain brown rice flour. This product is without any additives and emulsifiers (E471), also made with the low-temperature drying method (Dialcos.it, n.d.).
- Dialdi: This is a brand with only one product. It is pasta from rice (67%) and corn (33%). Moreover, it doesn't contain any additives and stabilisers. (Dialcos.it, n.d.).

In addition, the company plans to add four more products to sell in the sixth month of its operations. Those products will have an estimated price and will be further mentioned in the financial analysis in Figure 3.

Price

The company calculated the price of the first five products for which the company will sell the products to the customers. The price includes transport costs, labelling, handling of goods, etc. The price was calculated according to the price of other similar products. However, because the company is not in the negotiation with Dialcos it is not possible to provide more accurate data on the price of the product. The following prices in Table 2 are therefore only estimated.

Table 2 DIALSI and DIALDI product price estimation (own creation)

	Weight (g)	Selling price (1 pc)		Price / 100 g (excl. VAT)
		(excl. VAT)	(incl. VAT)	
DIALSI Pasta from corn (91%) and rice (9%) flour	250.00	2.08	2.50	0.83
Pasta from pea and whole grain rice flour	240.00	2.29	2.75	0.95
Pasta from lentil and whole grain rice flour	240.00	2.08	2.50	0.87
Pasta from whole grain brown rice flour	240.00	2.29	2.75	0.95
DIALDI Pasta from rice (67%) and corn (33%)	500.00	2.92	3.50	0.58

The customer will have to pay the price for the product, but not only that. The price for delivery of the package by courier and the price for postage and packaging must also be paid before the product is sent. The courier company will make the exact price offer available to us only when we enter into negotiations with them. Therefore, it is not possible to provide more accurate data on the price of the package to the customer by the courier without direct entry into the market. The company used the price that the Slovak post office published depending on the weight of the product (Cennik.posta.sk, n.d.). The company believes that courier companies will have similar prices to the Slovak post office.

Table 3 Package delivery (own creation)

Package	Price (EUR)
Up to 100 g	3.9
Up to 500 g	3.9
Up to 1 kg	3.9
Up to 2 kg	3.9
Up to 3 kg	3.9

Up to 5 kg	3.9
Up to 10 kg	4.9
Up to 15 kg	8.1
Up to 20 kg	9
Up to 25 kg	9.9

Place

The company will have a warehouse that is located in the village of Rovensko. It is a warehouse with 24 hours of access by car. The rent for this warehouse will be 100 euros a month. To have 24 hours access by car means that the courier company Direct Parcel Distribution SK, s.r.o. will always have the access to come and pick up the company's products for their distribution. Direct Parcel Distribution SK, s.r.o. was chosen by the company because of the services that it offers. Because TERMIT would like to satisfy the customer to the fullest, a good delivery is an important part of how to do that. Direct Parcel Distribution offers not only couriers that will deliver the product in person to the customers or allow the customers to pick the product up at the pick-up location, but they can change the date of delivery, they can see when the product will be delivered, track the product live, and when the product will be one hour away from the customer, the customer will receive notification (dpd.com, n.d.). This distribution is not much different when compared to other e-shops, however it is the most efficient one.

Promotion

The promotion of the company's products will be done via social media. Because of the company's product being aimed at people with the celiac disease, it is hard to target this group through other channels than social media. Therefore, the promotion of the company's products will be done mainly via Facebook. In order to do that the Facebook page of the company has to be created. On the Facebook page, the company will create 4 posts per week. One post will inform customers about the product of the company. Another post will inform about the celiac disease and give further information about food that people with this disease can eat. The third post will be with a link to the company's e-shop. Moreover, the third post will include a recipe for how to prepare the gluten-free products offered by the company. Lastly, the fourth post will inform the customers about the company's distribution and about the advantages of the company's products compared to other products on the market. Furthermore, it is important to mention the companies that TERMIT cooperates with in the post. It might be shared or seen by those companies and that can lead to followers of those

companies to take note of TERMIT's products and its Facebook page. It can also create a positive opinion of those companies about TERMIT.

The Facebook promotion will be focused on people that are 18 years old and older. However, because this group of people is broad, the company will create more advertisements targeted at different age groups and at people living in different areas. Moreover, to create and measure the performance of advertisements the advertisements will be created via Business Manager. In the Business Manager, each advertisement will have its specifics and their targeted group will be different as well. The general focus of the advertisements will be on people older than 18 years, people that have the celiac disease and people interested in healthy food products.

- Slovakia: This will be the name of the first advertisement. This advertisement will be focused on people from 18 to 60 years old. The main purpose of this advertisement is to create brand awareness and it will be focused on people living in the whole area of Slovakia. The price for this advertisement will be 50 euros for 1 month.
- Bratislava 18 to 50: This will be the second advertisement. This advertisement will focus on people living in Bratislava that are 18 to 50 years old. The purpose of this advertisement is to make people click on the link on the landing page that will be included in the advertisement. The price of this promotion will be 50 euros for 1 month.
- Bratislava 50 to 65+: This advertisement will be focused on people living in Bratislava that are 50 to 65+ years old. The purpose and focus of this advertisement are the same as in the advertisement Bratislava 18 to 50. Additionally, both advertisements are focused on different age groups as Bratislava has most people living there and that is considered by the company as a city from which most orders will come from. The price of each advertisement will be 50 euros for 1 month.

Another 3 advertisements will be focused on people living in Banská Bystrica, Žilina and Košice and they will be named after each city in which the advertisement will run in. If the advertisement is focused on the whole area of Slovakia it can reach a large number of people, but if the advertisement is focused on a specific city, it can generate even better results. Therefore, the company will focus its marketing strategy in these cities in order to attract more customers to buy its products. However, the age restriction will be 18 to 65+. The price of promotion in each city will be 50 euros for 1 month.

The expenses that the company plans to spend each month for the promotion will be 300 euros. However, based on the performance of different advertisements, more money will

be allocated to the advertisements that have better results and the ones with worse results will have less money allocated.

The company's advertisements will use the funnel strategy. When the customer clicks on the landing page, the landing page will show them what is unique about the products that TERMIT sells and it will emphasize the quality of the products. Moreover, to find more information about the products people will have an option to sign up with their email for TERMIT's marketing purposes where they will receive further information about the products. In order to receive an email, they will have to agree to GDPR. After the customer agrees that the company can send marketing emails to the customer, he or she will be transferred to the e-shop. Furthermore, when clicked on the link of the landing page, program Bitly will register those customers. The company will see how many people clicked on the link. Based on that the company will be able to determine what advertisements are successful in making people click on the link and further adjust its advertisements according to the successful ones. However, the goal of the funnel strategy is to get the email address of the customers. If the company has the email address of customers, it can send a marketing email about the products to the customer for free. In addition, the company will use Smart Emailing program to send emails to customers that will be specially tailored for customers that have already bought some products and to customers that did not buy the product but allowed the company to send them emails for marketing purposes. Through emails, the company hopes to create rapport with the customer and make the customer loyal to the company.

Another way of how to promote the company's products is to create links to the company's e-shop and post products on the website celiakia.sk. The section with the gluten-free products with focus on pasta contains many links to old websites that do not exist anymore, and it contains just 43 pasta products (celiakia.sk, n.d.). It is free to add to the company's products. Therefore, the company considers this website a website with free advertisement. People in Slovakia that are looking for information about the celiac disease or about celiac products can easily find this website as it is the fifth one shown on google search.

In the future, the company plans to attend food exhibitions in order to promote its products. However, this year there are no exhibitions, so the company has to wait for the next year.

4.5 Financial Plan

4.5.1 Balance Sheet

Table 4 Balance sheet (own creation)

ASSETS		LIABILITIES	
Fixed assets	0	Equity	20,000
		Registered capital	20,000
Current assets	20,000	Liabilities	0
Bank account	20,000		
TOTAL	20,000	TOTAL	20,000

The company has 5,000 euros registered in the business register, but the owners plan to increase the amount to 20,000 euros. The owners have these capital funds from savings saved in the long run in order to finance the gradual development of the business.

4.5.2 Start-up Costs

Costs associated with the establishment of the company will be not included as the company was established on August 20, 2019. Therefore, the estimated start-up costs will include costs for logo and 2 smartphones that will be used in order for the company to be able to communicate with its customers, supplier and courier company.

Table 5 Start-up costs (own creation)

Start-up costs	Amount (EUR)
Logo	25
Smartphone (x2)	500
Total cost	525

4.5.3 Operational Costs

Wages

Both owners decided to employ themselves in the company. Because both owners understand that when the company starts its business, it will need more money in the initial stages of its existence. Therefore, they decided to have a gross wage of only 600 euros for the CEO and a minimum gross wage of 580 euros for the Manager.

Table 6 Wages (own creation)

WAGES	Gross wage	Health insurance (10%)	Social insurance (25,2%)	Super gross wage
CEO	600	60	151.2	811.2
Manager	580	58	146.16	784,16

Fixed Costs

The company's operational costs are divided into fixed and variable costs. The fixed costs will be paid each month in the same amounts. However, the variable costs will depend on the company's needs. The company will need sim cards for company smartphones. Therefore, the company chose 2 Orange Go Biznis 30 packages for 60 euros in total. This package contains unlimited calls to Slovakia and the European Union, in addition, SMS / MMS are free and unlimited, and the company can use 4 GB of Internet data per month. Mioweb, Fapi and Smart Emailing are programs that the e-shop will need to function properly. The price for the e-shop will be 131.68 euros in total. Moreover, the company will have to rent the company office for 93.4 euros and the warehouse for 100 euros. The company's office is already equipped with a Wi-Fi router, printer, computers and energy is also included in the rental price. However, the company will have to pay for the use of the internet. Because the company will use bank services it will have to pay 8.5 euros each month. Furthermore, the company will rent a car of one of the owners for 280 euros a month. Lastly, the company will promote its products through social media for 300 euros each month. Another fixed price is named the Other and it represents office material, hygiene products and toners for the printer, which will cost the company 100 euros per month. Fixed costs can be seen in Table 7.

Table 7 Fixed costs (own creation)

Fixed Costs / month	Amount (EUR)
Mioweb Business	32.08
Fapi Premium	51.6
Smart Emailing 5,000 contacts	48
Rent (warehouse)	100
Orange Go Biznis (2)	60
Rent (office)	93.4

Internet	15.4
Bank charges	8.5
Wages	1,595.36
Company insurance	20
Car	280
Promotion	300
Other	100
Total/month	2,704.34
Total/annual	32,452.08

Variable Costs

Figure 3 shows the calculation of selling price and gross margin of the products. It shows the total price of the product that consists of the purchase price and other costs that include transport costs, labelling, handling of goods, etc. Moreover, it shows for what price will the company sell its products and what will be the company's gross profit and margin on each product.

Product No	Description - name	Weight (g)	Entry costs - goods (1 pc)			Selling price (1pc)		Gross profit - margin	
			Purchase (excl. VAT)	Other costs (excl. VAT)	Total (excl. VAT)	(excl. VAT)	(incl. VAT)	(excl. VAT)	(%)
1	Dialsi Pasta from corn (91%) and rice (9%) flour	250,00	0,95	0,25	1,20	2,08	2,50	0,88	73,6
2	Pasta from pea and whole grain rice flour	240,00	1,08	0,25	1,33	2,29	2,75	0,96	72,3
3	Pasta from lentil and whole grain rice flour	240,00	1,00	0,25	1,25	2,08	2,50	0,83	66,7
4	Pasta from whole grain brown rice flour	240,00	1,08	0,25	1,33	2,29	2,75	0,96	72,3
5	Dialdi Pasta from rice (67%) and corn (33%)	500,00	1,38	0,25	1,63	2,92	3,50	1,29	78,9
6	New product - Pasta from rice indica	240,00	1,08	0,25	1,33	2,29	2,75	0,96	72,3
7	New product - Glutein free flour No1	500,00	1,60	0,25	1,85	3,25	3,90	1,40	75,7
8	New product - Glutein free flour No2	1 000,00	3,08	0,25	3,33	6,25	7,50	2,92	87,7
9	New product - Glutein free Frollini (biscuit)	200,00	1,20	0,25	1,45	2,33	2,80	0,88	60,9

Figure 3 Calculation of selling price and gross margin (own creation)

Variable costs were created based on two scenarios. Both scenarios show a monthly increase in sales. The optimistic scenario shows a higher increase in sales and quite high number of sales every month. In contrast, the pessimistic scenario shows a lower number of sales every month and a slow increase in sales. Total variable costs of all products for each month are shown in Table 8. Those costs were taken from Appendix 1 that can be found appendix following the conclusion.

Appendix 1 shows a detailed breakdown of variable costs for optimistic and pessimistic scenarios. It shows the purchase price of each product, the number of products purchased per month, per year and the number of all purchased products in total and their prices. In addition, Appendix 2 shows revenue from all the products and this revenue is used in initial statements and cash flow. It is the revenue of both scenarios. The prices and costs of products in Appendix 1 and Appendix 2 were calculated based on Figure 3.

Table 8 Variable costs (own creation)

Month	Variable costs - optimistic	Variable costs - pessimistic
1	674	300
2	1,213	606.6
3	1,887	943.6
4	2,771	1,385.5
5	3,439.7	1,676.95
6	4,034.8	1,680.4
7	4,770.60	2,385.30
8	5,752	2,876
9	6,419.5	3,209.75
10	7,115.4	3,557.7
11	7,620.2	3,810.1
12	8,131.5	4,065.75
Total costs	53,829.10	26,497.65

4.5.4 Income Statement

Figure 4 and Figure 5 show monthly revenues, fixed costs and their yearly total for optimistic and pessimistic scenarios. Company revenues are reduced by fixed costs, variable costs and start-up costs. This gives us the EBT (earnings before taxes). Because TERMIT is a limited liability company, it is obliged to pay 15 % income tax. Therefore, the tax is also calculated to determine the final amount EAT (earnings after taxes).

Income statement Pessimistic	Revenues	Fixed costs	Variable costs	Start-up costs
Months				
1	520	2704,34	300	525
2	1049,4	2704,34	606,6	/
3	1632,4	2704,34	943,6	/
4	2415,8	2704,34	1385,5	/
5	2932,4	2704,34	1676,95	/
6	2951,8	2704,34	1680,4	/
7	4183,2	2704,34	2385,3	/
8	5051,5	2704,34	2876	/
9	5653,9	2704,34	3209,75	/
10	6267,95	2704,34	3557,7	/
11	6712,7	2704,34	3810,1	/
12	7159,75	2704,34	4065,75	/
Yearly	46530,80	32452,08	26497,65	525
EBT	-12943,93			
TAX 15%	/			
EAT	/			

Figure 5 Income statement – pessimistic (own creation)

Income statement Optimistic	Revenues	Fixed costs	Variable costs	Start-up costs
Months				
1	1166	2704,34	674	525
2	2098,8	2704,34	1213	/
3	3264,8	2704,34	1887	/
4	4831,6	2704,34	2771	/
5	6022,2	2704,34	3439,7	/
6	7069,6	2704,34	4034,8	/
7	8366,4	2704,34	4770,6	/
8	10103	2704,34	5752	/
9	11307,8	2704,34	6419,5	/
10	12535,9	2704,34	7115,4	/
11	13425,4	2704,34	7620,2	/
12	14319,5	2704,34	8131,5	/
Yearly	94511,00	32452,08	53828,7	525
EBT	7705,22			
TAX 15%	1155,783			
EAT	6549,44			

Figure 4 Income statement – optimistic (own creation)

In Figure 4 it can be seen that the profit is 6,549.44 euros which shows the company is profitable and therefore it is a good indicator that it probably will continue in being successful. However, the profit in Figure 5 shows negative EBT which means that the company does not need to pay taxes and therefore, it does not need to be counted.

4.5.5 Cash Flow

Cash flow analysis is an important tool for the company as it shows the movement of money in the company. For the first five months, TERMIT does not expect that the company will do well. However, with the addition of new products, it should change. Figure 6 shows the cash flow of the optimistic scenario and Figure 7 shows the cash flow of the pessimistic scenario. Both scenarios are counted for 12 months. They have an opening cash balance, which is 20,000 euros. In addition, they have a total cash outflow that consists of fixed costs, purchase that represents variable costs and in the first-month start-up costs of 525 euros are added. Total cash inflow represents the revenues. The net change in cash is the difference between total cash inflow and total cash outflow. Lastly, cash forecast represents the sum of opening cash balance at the beginning of each month and the net change in cash.

Month	CASHFLOW - OPTIMISTIC						
	Total cash OUTFLOW			Total cash	Opening Cash	Net change	Cash forecast
	Fix (excl.VAT)	Purchase (excl.VAT)	Total (excl.VAT)	INFLOW (excl.VAT)	balance	in cash	
1	2 704,34	674,00 525,00	3 378,34 525,00	1 166,00	20 000,00 17 787,66	-2 212,34 -525,00	17 787,66 17 262,66
2	2 704,34	1 213,20	3 917,54	2 098,80	17 262,66	-1 818,74	15 443,92
3	2 704,34	1 887,20	4 591,54	3 264,80	15 443,92	-1 326,74	14 117,18
4	2 704,34	2 771,00	5 475,34	4 831,60	14 117,18	-643,74	13 473,44
5	2 704,34	3 439,70	6 144,04	6 022,20	13 473,44	-121,84	13 351,60
6	2 704,34	4 034,80	6 739,14	7 069,60	13 351,60	330,46	13 682,06
7	2 704,34	4 770,60	7 474,94	8 366,40	13 682,06	891,46	14 573,52
8	2 704,34	5 752,00	8 456,34	10 103,00	14 573,52	1 646,66	16 220,18
9	2 704,34	6 419,50	9 123,84	11 307,80	16 220,18	2 183,96	18 404,14
10	2 704,34	7 115,40	9 819,74	12 535,90	18 404,14	2 716,16	21 120,30
11	2 704,34	7 620,20	10 324,54	13 425,40	21 120,30	3 100,86	24 221,16
12	2 704,34	8 131,50	10 835,84	14 319,50	24 221,16	3 483,66	27 704,82
TOTAL:			86 806,18	94 511,00		7 704,82	27 704,82

Figure 6 Cash flow optimistic (own creation)

Month	CASHFLOW - PESSIMISTIC						
	Total cash OUTFLOW			Total cash	Opening cash	Net change	Cash forecast
	Fix (excl.VAT)	Purchase (excl.VAT)	Total (excl.VAT)	INFLOW (excl.VAT)	balance	in cash	
1	2 704,34	300,00 525,00	3 004,34 525,00	520,00	20 000,00 17 515,66	-2 484,34 -525,00	17 515,66 16 990,66
2	2 704,34	606,60	3 310,94	1 049,40	16 990,66	-2 261,54	14 729,12
3	2 704,34	943,60	3 647,94	1 632,40	14 729,12	-2 015,54	12 713,58
4	2 704,34	1 385,50	4 089,84	2 415,80	12 713,58	-1 674,04	11 039,54
5	2 704,34	1 676,95	4 381,29	2 415,80	11 039,54	-1 965,49	9 074,05
6	2 704,34	1 680,40	4 384,74	2 951,80	9 074,05	-1 432,94	7 641,11
7	2 704,34	2 385,30	5 089,64	4 183,20	7 641,11	-906,44	6 734,67
8	2 704,34	2 876,00	5 580,34	5 051,50	6 734,67	-528,84	6 205,83
9	2 704,34	3 209,75	5 914,09	5 653,90	6 205,83	-260,19	5 945,64
10	2 704,34	3 557,70	6 262,04	6 267,95	5 945,64	5,91	5 951,55
11	2 704,34	3 810,10	6 514,44	6 712,70	5 951,55	198,26	6 149,81
12	2 704,34	4 065,75	6 770,09	7 159,75	6 149,81	389,66	6 539,47
TOTAL:			59 474,73	46 014,20		-13 460,53	6 539,47

Figure 7 Cash flow pessimistic (own creation)

In the optimistic scenario of Figure 6, the company had 20,000 euros at the beginning of the year and after paying all the fixed and variable costs it would still make 7,704.82 euros. That would make the opening cash balance in the next year 27,704.82 euros. However, Figure 7 shows that if the pessimistic scenario happened, then the company would not do so well. What can be observed is the change that happens after the company started to sell new products. Moreover, the tenth month was the first month that showed that the company started to make some money. However, that change might be just for a period and the company might fall back into the red numbers.

4.5.6 Return on Investment

Return on investment has a formula according to which it is calculated. The formula is:

$$\text{ROI} = (\text{current value of investment} - \text{cost of investment}) / \text{cost of investment}$$

According to the formula, TERMIT'S ROI can be calculated for the optimistic version and the pessimistic version:

$$\text{ROI (optimistic)} = (27,704.82 - 20,000) / 20,000, \text{ ROI} = 38.5241 \%$$

$$\text{ROI (pessimistic)} = (6,539.47 - 20,000) / 20,000, \text{ ROI} = - 67.30765 \%$$

The optimistic version shows that the company's investment shows profitability. However, the pessimistic version shows a negative result that should be avoided. Moreover, the pessimistic version's current value of investment is lower than the cost of investment and therefore it does not have to be calculated.

4.6 Risk Analysis

Market Entry Risk

TERMIT decided to promote its products through social media, but a budget of 300 euros might not be sufficient to penetrate the market. Therefore, if TERMIT does not increase its market budget expenses, it might suffer from the lack of customers.

Risk of Competition

The competitors are established for a long period of time not only in the Slovak market but in the Czech market as well. Moreover, TERMIT will sell its products from the Italian

company Dialcos. However, other companies oriented on gluten-free products might be interested to sell the same product.

Risk of Technology

TERMIT decided to promote its products through social media, but the budget of 300 euros might not be sufficient to penetrate the market. Therefore, if TERMIT does not increase its market budget expenses, it might suffer from the lack of customers.

Growth Risk

TERMIT decided to promote its products through social media, but a budget of 300 euros might not be sufficient to penetrate the market. Therefore, if TERMIT does not increase its market budget expenses, it might suffer from the lack of customers.

International risk

Company's products will be supplied by Dialcos company that is from Italy. If Dialcos ends its business activities, increases the price of the products or if there are any legislation changes, then TERMIT might be forced to end its business activities for the lack of suppliers.

CONCLUSION

The aim of this bachelor thesis was to create a business plan for the company TERMIT and to assess its profitability to succeed.

The theoretical part described what an entrepreneurship was and how entrepreneurship developed in Slovakia, since Slovakia and the Czech Republic split. Moreover, theoretical part described the types of businesses in Slovakia. Lastly, the most important part that guided me throughout the analytical part described the basics of a business plan and what the business plan should contain.

The analytical part consists of title page with the description of the basic characteristics of the company that are further described in the company description. It describes legal form of the company, who owns the company, its products and its legal structure.

Organizational structure follows the company's description where the division of work is explained.

Over time, it can be stated that it was possible to proceed differently to the creation of a marketing plan to penetrate the gluten-free market, because to address the pharmacies and retailers might be a safer and more profitable option. Moreover, to diversify the company's products other than pasta might give the company an option to address more potential customers.

The results of the market analysis confirmed the assumption that the company can be successful on the market, as its products are unique and of better quality when compared in terms of price and product composition with the competition. Furthermore, PEST analysis describes in great detail what legal factors the company should fulfil.

Based on the facts mentioned in the financial analysis, it can be stated that the company can be successful in its optimistic version throughout the year and the pessimistic version confirmed that the company will start to be successful only after 10 months of its operation.

In the introduction of this thesis the author stated that he expects this bachelor thesis to improve his understanding of the business environment and after he finished writing this thesis, he realized that he will use it for future reference in planning the business plan of his company.

I consider this business plan as successful and the goal of this thesis as fulfilled.

APPENDICES

Appendix 1 Number, variable costs and total variable costs of products (own creation)

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Appendix 2 Revenue of each product and total revenue in detail (own creation).....58

PURCHASE										New products											
Product	Month	Prognosis	1		2		3		4		5		6		7		8		9		Total purchase/month (Eur)
			Amount	Total	Amount	Total	Amount	Total	Amount	Total	Amount	Total	Amount	Total	Amount	Total	Amount	Total	Amount	Total	
1		Optimistic	100	120,00	100	133,00	100	125,00	100	133,00	100	163,00	0	0,00	0	0,00	0	0,00	0	0,00	674,00
		Pessimistic	50	60,00	50	60,00	50	60,00	50	60,00	50	60,00	0	0,00	0	0,00	0	0,00	0	0,00	300,00
2		Optimistic	180	216,00	180	239,40	180	225,00	180	239,40	180	293,40	0	0,00	0	0,00	0	0,00	0	0,00	1.213,20
		Pessimistic	90	108,00	90	119,70	90	112,50	90	119,70	90	146,70	0	0,00	0	0,00	0	0,00	0	0,00	606,60
3		Optimistic	280	336,00	280	372,40	280	350,00	280	372,40	280	456,40	0	0,00	0	0,00	0	0,00	0	0,00	1.887,20
		Pessimistic	140	168,00	140	186,20	140	175,00	140	186,20	140	228,20	0	0,00	0	0,00	0	0,00	0	0,00	943,60
4		Optimistic	300	360,00	300	399,00	300	375,00	300	399,00	300	489,00	100	133,00	100	176,00	80	296,00	120	144,00	2.771,00
		Pessimistic	150	180,00	150	199,50	150	187,50	150	199,50	150	244,50	50	66,50	50	88,00	40	148,00	60	72,00	1.385,50
5		Optimistic	340	408,00	340	452,20	340	425,00	340	452,20	340	554,20	190	252,70	190	334,40	90	333,00	190	228,00	3.439,70
		Pessimistic	170	204,00	170	226,10	170	212,50	170	226,10	170	277,10	85	113,05	85	149,60	45	166,50	85	102,00	1.676,95
6		Optimistic	380	456,00	380	505,40	380	475,00	380	505,40	380	619,40	240	319,20	240	422,40	120	444,00	240	288,00	4.034,80
		Pessimistic	140	168,00	140	186,20	140	175,00	140	186,20	140	228,20	120	159,60	120	211,20	60	222,00	120	144,00	1.680,40
7		Optimistic	440	528,00	440	585,20	440	550,00	440	585,20	440	717,20	300	399,00	300	528,00	140	518,00	300	360,00	4.770,60
		Pessimistic	220	264,00	220	292,60	220	275,00	220	292,60	220	358,60	150	199,50	150	264,00	70	259,00	150	180,00	2.385,30
8		Optimistic	500	600,00	500	665,00	500	625,00	500	665,00	500	815,00	400	532,00	400	704,00	180	666,00	400	480,00	5.752,00
		Pessimistic	250	300,00	250	332,50	250	312,50	250	332,50	250	407,50	200	266,00	200	352,00	90	333,00	200	240,00	2.876,00
9		Optimistic	520	624,00	520	691,60	520	650,00	520	691,60	520	847,60	450	598,50	520	915,20	210	777,00	520	624,00	6.419,50
		Pessimistic	260	312,00	260	345,80	260	325,00	260	345,80	260	423,80	225	299,25	260	457,60	105	388,50	260	312,00	3.209,75
10		Optimistic	580	696,00	580	771,40	580	725,00	580	771,40	580	945,40	480	638,40	580	1.020,80	230	851,00	580	696,00	7.115,40
		Pessimistic	290	348,00	290	385,70	290	362,50	290	385,70	290	472,70	240	319,20	290	510,40	115	425,50	290	348,00	3.557,70
11		Optimistic	620	744,00	620	824,60	620	775,00	620	824,60	620	1.010,60	540	718,20	620	1.091,20	240	888,00	620	744,00	7.620,20
		Pessimistic	310	372,00	310	412,30	310	387,50	310	412,30	310	505,30	270	359,10	310	545,60	120	444,00	310	372,00	3.810,10
12		Optimistic	650	780,00	650	864,50	650	812,50	650	864,50	650	1.059,50	550	742,50	650	1.144,00	260	962,00	650	780,00	8.131,50
		Pessimistic	325	390,00	325	432,25	325	406,25	325	432,25	325	529,75	325	432,25	325	572,00	130	481,00	325	390,00	4.065,75
Purchase/year		Optimistic	4890	5.868,00	4890	6.503,70	4890	6.112,50	4890	6.503,70	4890	7.970,70	3350	4.455,50	3600	6.336,00	1550	5.735,00	3620	4.344,00	53.829,10
		Pessimistic	2395	2.874,00	2395	3.178,85	2395	2.991,25	2395	3.178,85	2395	3.882,25	1665	2.214,45	1790	3.150,40	775	2.867,50	1800	2.160,00	26.497,65

Appendix 1 Number, variable costs and total variable costs of products (own creation)

Revenue				New products																											
Product	Month	Prognosis	1 Amount (pcs.)	Sale price (Eur.)		2 Amount (pcs.)	Sale price (Eur.)		3 Amount (pcs.)	Sale price (Eur.)		4 Amount (pcs.)	Sale price (Eur.)		5 Amount (pcs.)	Sale price (Eur.)		6 Amount (pcs.)	Sale price (Eur.)		7 Amount (pcs.)	Sale price (Eur.)		8 Amount (pcs.)	Sale price (Eur.)		9 Amount (pcs.)	Sale price (Eur.)		Total revenue/month (Eur.)	
				Amount Total	Total		Amount Total	Total		Amount Total	Total		Amount Total	Total		Amount Total	Total		Amount Total	Total		Amount Total	Total		Amount Total	Total		Amount Total	Total		
1	Optimistic	100	208,00	2,08	100	229,00	2,29	100	208,00	2,08	100	229,00	2,29	100	292,00	2,92	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	1166,00
	Pessimistic	50	104,00	50	104,00	50	104,00	50	104,00	50	104,00	50	104,00	50	104,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	520,00	
2	Optimistic	180	374,40	180	412,20	180	412,20	180	374,40	180	412,20	180	412,20	180	525,60	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	2 098,80	
	Pessimistic	90	187,20	90	206,10	90	206,10	90	187,20	90	206,10	90	206,10	90	262,80	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	1 049,40	
3	Optimistic	280	582,40	280	641,20	280	641,20	280	582,40	280	641,20	280	641,20	280	817,60	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	3 264,80	
	Pessimistic	140	291,20	140	320,60	140	320,60	140	291,20	140	320,60	140	320,60	140	408,80	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	1 632,40	
4	Optimistic	300	624,00	300	687,00	300	687,00	300	624,00	300	687,00	300	687,00	300	876,00	100	229,00	100	229,00	100	325,00	80	500,00	120	279,60	120	279,60	120	279,60	4 831,60	
	Pessimistic	150	312,00	150	343,50	150	343,50	150	312,00	150	343,50	150	343,50	150	438,00	50	114,50	50	114,50	50	162,50	40	250,00	60	139,80	60	139,80	60	139,80	2 415,80	
5	Optimistic	340	707,20	340	778,60	340	778,60	340	707,20	340	778,60	340	778,60	340	992,80	190	435,10	190	435,10	190	617,50	90	562,50	190	442,70	190	442,70	190	442,70	6 022,20	
	Pessimistic	170	353,60	170	389,30	170	389,30	170	353,60	170	389,30	170	389,30	170	496,40	85	194,65	85	194,65	85	276,25	45	281,25	85	198,05	85	198,05	85	198,05	2 932,40	
6	Optimistic	380	790,40	380	870,20	380	870,20	380	790,40	380	870,20	380	870,20	380	1 109,60	240	549,60	240	549,60	240	780,00	120	750,00	240	559,20	240	559,20	240	559,20	7 069,60	
	Pessimistic	140	291,20	140	320,60	140	320,60	140	291,20	140	320,60	140	320,60	140	408,80	120	274,80	120	274,80	120	390,00	60	375,00	120	279,60	120	279,60	120	279,60	2 951,80	
7	Optimistic	440	915,20	440	1 007,60	440	1 007,60	440	915,20	440	1 007,60	440	1 007,60	440	1 284,80	300	687,00	300	687,00	300	975,00	140	875,00	300	699,00	300	699,00	300	699,00	8 366,40	
	Pessimistic	220	457,60	220	503,80	220	503,80	220	457,60	220	503,80	220	503,80	220	642,40	150	343,50	150	343,50	150	487,50	70	437,50	150	349,50	150	349,50	150	349,50	4 183,20	
8	Optimistic	500	1 040,00	500	1 145,00	500	1 145,00	500	1 040,00	500	1 145,00	500	1 145,00	500	1 460,00	400	916,00	400	916,00	400	1 300,00	180	1 125,00	400	932,00	400	932,00	400	932,00	10 103,00	
	Pessimistic	250	520,00	250	572,50	250	572,50	250	520,00	250	572,50	250	572,50	250	730,00	200	458,00	200	458,00	200	650,00	90	562,50	200	466,00	200	466,00	200	466,00	5 051,50	
9	Optimistic	520	1 081,60	520	1 190,80	520	1 190,80	520	1 081,60	520	1 190,80	520	1 190,80	520	1 518,40	450	1 030,50	450	1 030,50	450	1 690,00	210	1 312,50	520	1 211,60	520	1 211,60	520	1 211,60	11 307,80	
	Pessimistic	260	540,80	260	595,40	260	595,40	260	540,80	260	595,40	260	595,40	260	759,20	225	515,25	225	515,25	260	845,00	105	656,25	260	605,80	260	605,80	260	605,80	5 653,90	
10	Optimistic	580	1 206,40	580	1 328,20	580	1 328,20	580	1 206,40	580	1 328,20	580	1 328,20	580	1 693,60	480	1 099,20	480	1 099,20	480	1 885,00	230	1 437,50	580	1 351,40	580	1 351,40	580	1 351,40	12 535,90	
	Pessimistic	290	603,20	290	664,10	290	664,10	290	603,20	290	664,10	290	664,10	290	846,80	240	549,60	240	549,60	290	942,50	115	718,75	290	675,70	290	675,70	290	675,70	6 267,95	
11	Optimistic	620	1 289,60	620	1 419,80	620	1 419,80	620	1 289,60	620	1 419,80	620	1 419,80	620	1 810,40	540	1 236,60	540	1 236,60	620	2 015,00	240	1 500,00	620	1 444,60	620	1 444,60	620	1 444,60	13 425,40	
	Pessimistic	310	644,80	310	709,90	310	709,90	310	644,80	310	709,90	310	709,90	310	905,20	270	618,30	270	618,30	310	1 007,50	120	750,00	310	722,30	310	722,30	310	722,30	6 712,70	
12	Optimistic	650	1 352,00	650	1 488,50	650	1 488,50	650	1 352,00	650	1 488,50	650	1 488,50	650	1 898,00	650	1 488,50	650	1 488,50	650	2 112,50	260	1 625,00	650	1 514,50	650	1 514,50	650	1 514,50	14 319,50	
	Pessimistic	325	676,00	325	744,25	325	744,25	325	676,00	325	744,25	325	744,25	325	949,00	325	744,25	325	744,25	325	1 056,25	130	812,50	325	757,25	325	757,25	325	757,25	7 159,75	
Revenue/year	Optimistic	4890	10 171,20	4890	11 198,10	4890	11 198,10	4890	10 171,20	4890	11 198,10	4890	11 198,10	4890	14 278,80	3350	7 671,50	3350	7 671,50	3600	11 700,00	1550	9 687,50	3620	8 434,60	3620	8 434,60	3620	8 434,60	94 511,00	
Revenue/year	Pessimistic	2395	4 981,60	2395	5 474,05	2395	5 474,05	2395	4 981,60	2395	5 474,05	2395	5 474,05	2395	6 951,40	1665	3 812,85	1665	3 812,85	1790	5 817,50	775	4 843,75	1800	4 194,00	1800	4 194,00	1800	4 194,00	46 530,80	

Appendix 2 Revenue of each product and total revenue in detail (own creation)

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LIST OF ABBREVIATIONS

- Et al. Et alia – and others
- Etc. Et cetera – and other similar things
- Incl. Including – adding something
- Excl. Excluding – not counting something
- Pc. Piece – quantity, a single thing and not divided into smaller pieces
- Pcs. Pieces – quantity, a definite portion or quantity of a whole

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