

A Business Plan for a Selected Company

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ABSTRAKT

Záměrem této bakalářské práce je vyvinutí podnikatelského plánu pro vybranou společnost. Podnikem, pro který je tento podnikatelský plán vytvořen je posilovna se specializací na sebeobranu Deffit se sídlem v Holešově. Bakalářská práce je rozdělena do dvou částí – teoretické a praktické. Teoretická část se zabývá vysvětlením základních pojmů týkajících se podnikání, právních forem podnikání v České republice a také popisem částí vztahujících se k podnikatelskému plánu. Praktická část je zaměřena na sestavení podnikatelského plánu pro posilovnu Deffit. Po provedení finanční analýzy a analýzy trhu bylo zjištěno, že podnikatelský plán lze považovat za aplikovatelný.

Klíčová slova: Podnikatelský plán, posilovna, sebeobrana, podnikání, analýza trhu

ABSTRACT

The aim of this bachelor's thesis is to develop a business plan for a selected company. The company for which this business plan is created is a gym specializing in self-defence, Deffit, based in Holešov. The bachelor thesis is divided into two parts – theoretical and practical. The theoretical part deals with explaining the basic concepts related to entrepreneurship, the Czech Republic's legal forms of business, and the description of the parts connected to the business plan. The practical part focuses on developing a business plan for the DEFFIT GYM. After conducting a financial and market analysis, it was found that the business plan can be considered applicable.

Keywords: Business plan, gym, self-defence, entrepreneurship, market analysis

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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.

CONTENTS

INTRODUCTION	9
I THEORY	10
1 BUSINESS.....	11
1.1 ENTREPRENEURSHIP	12
1.2 ENTREPRENEUR	12
2 TYPES OF BUSINESSES.....	14
2.1 BUSINESS OF A NATURAL PERSON	14
2.2 BUSINESS OF A LEGAL ENTITY	15
2.2.1 Limited Liability Company.....	16
2.2.2 Joint-stock Company.....	16
2.2.3 General Partnership.....	17
2.2.4 Limited Partnership.....	17
3 BUSINESS PLAN AND BUSINESS MODEL	18
3.1 GOALS AND BENEFITS OF A BUSINESS PLAN	19
3.2 CHAPTERS OF A BUSINESS PLAN.....	19
3.2.1 Title Page	20
3.2.2 Executive Summary	20
3.2.3 Company Description.....	20
3.2.4 Management and Organization	20
3.2.5 Product and Service Description.....	21
3.2.6 Market and Competition Analysis	21
3.2.7 Business Opportunity	23
3.2.8 Marketing Strategy.....	23
3.2.9 Risk Analysis	25
3.2.10 Financial Analysis.....	25
3.2.11 The Plan's Appendix.....	27
3.3 LEAN CANVAS	27
II ANALYSIS	29
4 OUTLINE OF THE BUSINESS IDEA.....	30
5 MARKET ANALYSIS	31
5.1 PEST ANALYSIS.....	31
5.1.1 Political-legal Factors.....	31
5.1.2 Socio-cultural Factor	32
5.1.3 Economic Factor	33
5.1.4 Technological Factor.....	34
5.1.5 Analysis Summary	34
5.2 PORTER ANALYSIS.....	34
5.2.1 Bargaining Power of Buyers	35
5.2.2 Threat of Substitute Products and Services.....	35
5.2.3 Bargaining Power of Suppliers	35
5.2.4 Threat of New Competitors Entering the Market	35
5.2.5 Current Competitors.....	36

5.3	BUSINESS OPPORTUNITY	37
6	BUSINESS PLAN	38
6.1	EXECUTIVE SUMMARY	38
6.2	COMPANY DESCRIPTION	38
6.2.1	Opening Hours	39
6.3	PERSONNEL PLAN	40
6.4	MARKETING STRATEGY	42
6.4.1	SWOT Analysis	42
6.4.2	Customer Segmentation	44
6.4.3	Marketing Mix	45
6.5	PRODUCT AND SERVICE DESCRIPTION	50
6.5.1	Services	50
6.5.2	Products	51
6.6	FINANCIAL ANALYSIS	52
6.6.1	Initial Expenses	52
6.6.2	Starting Balance Sheet	54
6.6.3	Labour Expenses	55
6.6.4	Fixed Expenses	56
6.6.5	Depreciation	57
6.6.6	Variable costs	57
6.6.7	Estimated Revenues	59
6.6.8	Return On Investment Indicator	62
6.7	RISK ANALYSIS	63
7	LEAN CANVAS	66
	CONCLUSION	67
	BIBLIOGRAPHY	68
	ONLINE SOURCES	71
	LIST OF ABBREVIATIONS	72
	LIST OF FIGURES	73
	LIST OF TABLES	74

INTRODUCTION

This bachelor's thesis focuses on a business plan for a selected company. Its aim is to assess its possible profitability. The author chose a gym called DEFFIT GYM. The reason for choosing this topic was the desire of the author herself to learn self-defence techniques and at the same time the desire to start her own business. The gym will be located in Holešov, where there is no other company offering self-defence courses and at the same time there is very little competition in terms of gyms.

The bachelor thesis is divided into two parts – theoretical and practical. The theoretical part deals with explaining the basic concepts related to entrepreneurship, the Czech Republic's legal forms of business, and the description of the parts connected to the business plan.

The practical part is based on applying the knowledge from the theoretical part in order to determine if this concept is feasible. The structure of the business plan is compiled as it was defined in the theoretical part. The chapters of the practical part concern the outline of the business idea, market analysis, lean canvas and business plan. Market analysis focuses on PEST analysis and Porter's five forces analysis, in which the competition is defined at the same time.

The business plan includes an executive summary, company description including opening hours, personnel plan, marketing strategy, product and service description, and financial analysis.

The marketing strategy deals with SWOT analysis, in which the weaknesses and strengths of the company are defined. It also deals with the segmentation of customers, at which promotion will be primarily aimed and which serves as a basis for financial analysis. The last part is devoted to the marketing mix.

The financial analysis of the business plan includes initial expenses, starting balance sheet, labour expenses, fixed and variable expenses, estimated revenues and return on investment indicator.

The last chapter of the business plan is the risk analysis, in which the author defines the risks associated with operating a gym.

Finally, the results based on the individual analyses carried out in the practical part of the bachelor thesis are used to determine the effectiveness and profitability of the given business plan.

I. THEORY

1 BUSINESS

There are two main points of view, which can be used to approach business. Either we define business as something innovative that adds value, something unique and new. Alternatively, it may be seen as the actions of people who carry it out. This point of view is connected to the discovery of market possibilities, and the rapid development of new businesses, entrepreneurs, and investors. On the other hand, not everybody who owns and operates a business can be considered an entrepreneur (Srpková et al., 2020).

The motivation for starting a business can be divided into two groups: entrepreneurship driven by opportunity and entrepreneurship driven by necessity. Even though people might not want to be in a business, they decide to do so, because of not having other choices to preserve their financial independence. These people are compelled to go into business by external factors, like prolonged unemployment. On the other hand, deciding to start a business despite no external factors, is indicated as an entrepreneurial opportunity (Svobodová, and Andera, 2017).

The business environment can be thought of as any conditions or circumstances that have an impact on business activities. There are internal and external variables in this environment. The internal business environment is created by individuals' competencies, know-how, work-related attitudes, and interactions between managers and subordinates, among other factors. The external business environment is dynamic and ever-changing, and these changes are frequently difficult to anticipate or even entirely unanticipated. In conclusion, variables that make up the external business environment are:

- geographical,
- social,
- political,
- technological ecological,
- legal,
- economic,
- cultural, and historical.

The values, customs, preferences, and behaviours of a society constitute its social environment, which is created by its members. It interacts with the social, historical, and ethical contexts and is influenced by factors such as religion, ethics, socioeconomic status, education, age distribution, and minority status. The cultural and historical environment can be perceived as a component of the social environment. One of the requirements for

economic development and a bridge to more advanced technologies and technological development is the general level of education and cultural development of a society.

The legal system is a set of regulations that establishes a basis for all commercial operations. Entrepreneurs should be aware of commercial law, including tax law, employment protection legislation, workplace health and safety rules, and related laws to consumer protection.

Since an entrepreneur's decision-making is driven by the general economic condition and its dynamic, the economic environment has a significant effect on the company. Furthermore, the political environment of a country determines the legislation and government norms and regulations within which firms operate. The industrial process's materials, equipment, gadgets, and methods are all included in the technological environment.

Lastly, entrepreneurs are compelled to respect the ecological environment by state institutions, international organizations, and a variety of non-governmental groups (Pavlová Dočekalová, 2018).

1.1 Entrepreneurship

The definition of the term entrepreneurship is based on the Civil Code, which states that the activity is carried out by a person independently on his account and responsibility, who does so consistently to make a profit. The activity is conducted in a way that is consistent with the intention to be carried out in the future. However, an activity that is carried out only during a certain period of the year can also be considered entrepreneurship. The business owner conducts business under both his personal name and the name of the company if listed in the Commercial Register. Making a profit is considered to be the main goal of entrepreneurship (Kozubíková, 2017).

On the other hand, Svobodová and Andera point out that the prospect of profit is no longer the only reason for starting a business. It might be motivated also by other factors such as not being happy with one's current employment, desire for free time and managing it, or an idea (Svobodová, and Andera, 2017).

1.2 Entrepreneur

The entrepreneur is a key player in economic growth. Successful entrepreneurs base their work on high qualifications, expertise, information, and methodical, deliberate efforts. As a

result, this person is a unique individual with distinct personality traits and qualities (Martinovičová, and Konečný, 2019).

Daniel Priestley in his book claims that founders frequently receive too much credit. But in his eyes, an entrepreneur is someone who works hard and assumes full responsibility for their accomplishments or failure (Priestley, 2015).

Šafrová Dráčilová states that there are typically two categories of entrepreneurs. The first ones are looking for a way to fulfill a dream. Their passion, excitement for the concept itself, and persistent faith that there is a path that would take them to their goal. The second category comprises of persistent entrepreneurs. They are individuals who are unable to picture themselves as employees, who search for a project or concept to launch their firm, at the same time as being aware that they want to do so. Most of them are independent, energetic, and self-assured. They occasionally work on numerous projects at once, but they rarely give any of them their full attention. Instead, they search for something they will truly like (Šafrová Dráčilová, 2019).

Anyone who owns and operates a business or trade, or who manages a business in the sense of being innovative, bringing value and introducing something new and unique, can be considered an entrepreneur (Srpová et al., 2020).

2 TYPES OF BUSINESSES

A person that wants to start his own company must determine the type of enterprise he will select. The choice of the form of business depends on several prerequisites for doing so. This is determined by the sector in which a person prefers to do business, as well as their own skills. The finishing of education is another crucial element for entrepreneurship; many entrepreneurial activities require a specific level of education as well as prior experience (Ondřej et al., 2022).

Long-term considerations include choosing the business' subject and legal form in addition to deciding whether to launch the enterprise as a natural or legal person. One must select whether to create a personal or a capital trading corporation if chooses to operate as a legal entity. Choices may be made, for instance, based on the method and scope of liability for particular corporate legal structures, the number of founders, the distribution of profits, the tax burden, or the administrative complexity of the establishment (Srpová et al., 2020).

2.1 Business of a Natural Person

In a sole proprietorship, a single person – sole trader – is the one who owns, supervises, organizes, and is accountable for all business operations. Single ownership, one-person control, limitless liability, no profit-and-loss splitting, and reduced administrative work are main features of a sole proprietorship (Pavláková Dočekalová, 2018).

The general requirements for obtaining a trade permit are outlined in Act No. 455/1995 Coll., which governs trade permits. These include legal capacity and integrity (Srpová et al., 2020).

Legal capacity means the ability to acquire rights for oneself through one's own actions and to commit oneself to obligations. Therefore, reaching the age of eighteen is no longer a requirement. Even an individual who has turned sixteen and been given complete autonomy by the court is allowed to conduct business (Zacatek-podnikani.cz 2022).

Integrity can be demonstrated by a criminal record extract. Above everything else, this requirement is crucial since it shows potential business partners that the entrepreneur is someone they can trust. Additionally, a person who has been found legally guilty of an intentional business-related offense is not innocent (Lipovská, 2017).

If we intend to do business using only a trade license, we must determine whether the activity is a craft and to which craft category it belongs. We categorize crafts into licensed and notifiable ones based on the standards for professional competence. The establishments and

operations of notifiable crafts are dependent on reporting. An excerpt from the trade register is used to certify these trades.

The three categories of notifiable trades are:

- crafts,
- qualified trade,
- and unqualified trade (Srpová et al., 2020).

Among the most appealing characteristics of a sole proprietorship is ease and speed of start-up. An entrepreneur needs only to secure the required authorization from the country, district, or state municipalities to start a business under their own name.

Furthermore, one day is enough for the majority of business owners to establish a proprietorship. The proprietorship is typically the least expensive type of ownership to form and is also simple to start. Owners of proprietorships can keep the profits remaining after covering all of the costs associated with running their business, which is considered to be a significant advantage. Since a sole proprietor is the one, in whose hands is the decision-making, he or she can adapt swiftly to changes, which is advantageous in a market that is undergoing rapid change. The ability to determine the company's strategy for the future is a powerful motivation. The least regulated type of business ownership is the sole proprietorship. This feature has a lot of value in an era where regulations from the government appear to never cease (Scarborough, and Cornwall, 2016).

2.2 Business Of a Legal Entity

An organized body that has legal personality or whose legal identity has been defined by law is referred to as a legal entity. Its business activity begins from the time it is established and lasts until the moment of dissolution. The legal entity is created in two stages: first, it is established, and then it is actually created. The termination of legal personality coincides with the legal entity's dissolution, which must happen before it (Moravec, and Andreisová, 2021).

The legislator classifies companies as personal and capital enterprises from the perspective of division. The personal involvement of partners is one of the fundamental characteristics that distinguishes partnerships from capital companies. A capital company does not depend on the participation of certain partners, whereas partnerships demand a bond with specific partners. As opposed to in the case of a partnership, the firm does not dissolve upon the termination of a partner's involvement in it. The deposit is another distinctive feature. In a partnership, the partners are not needed to invest, but the profit and loss are distributed

equally among them. For capital companies, the deposits are obligatory, and the minimum amount is set by legislation. In this case, the company is primarily responsible for profit and loss. Cooperatives are a type of legal entity that lies on the borderline between commercial enterprises and the groups from which cooperatives originally developed (Pokorná, Lasák, Kotásek et al. 2022).

2.2.1 Limited Liability Company

A limited liability company is the most used form of business for legal entities in the Czech Republic. This trading company's notable features include the partners' limited liability for the company's debts, their participation in the form of contributions to the registered capital, and the division of their personal assets from the company's business assets (Vychopeň, 2022).

This company's share capital is set at CZK 1. This is merely a symbolic figure, though, and it is advised to have a share capital that exceeds the legal minimum in order to avoid a bad impression on possible business partners. Furthermore, it is possible to contribute non-cash assets to the company, such as real estate and transportable goods, which will need to be assessed by a forensic specialist. The company is created by writing a Memorandum of Association, and it is officially established on the day it is registered in the commercial register (Srpová et al., 2020).

2.2.2 Joint-stock Company

A company whose share capital is divided into a specific number of shares is known as a joint-stock company. The minimum share capital must be fixed at least at CZK 2,000,000, or EUR 80,000, if the company maintains its accounts in Euros. The articles of association must be approved at the constituent meeting in order for the company to be formed. Additionally, they must be written as a public document, such as a notary record, and contain all legal requirements. In contrast to personal companies, which rely more on the human qualities of their members, joint-stock companies are capital companies that rely more on the contributions of their partners and professional management is in charge of running the business. The company's securities are a prerequisite for becoming a partner in the business. These securities could be linked to voting rights or a share in the share capital. Partners are not liable for company debts (Moravec, and Andreisová, 2021).

2.2.3 General Partnership

It is a company of at least two people who manage its assets or engage in its operations. At the same time, they are accountable for all of the debts of the company jointly and severally. A company's partners may be either a natural person or a legal entity. The partnership agreement governs the partners' legal relationships. The partners' shares are equal unless defined otherwise in the partnership agreement. Although partners do not have a statutory deposit obligation, they can voluntarily assume it in the partnership agreement. If this is the case, the partner is obligated to fulfill the deposit obligation within the time limit, in the manner and to the extent determined by the partnership agreement (Moravec, and Andreisová, 2021).

2.2.4 Limited Partnership

A limited partnership must have at least two partners throughout its duration, who are defined as general partners and limited partners. A general partner is a shareholder who is fully liable for the debts of the company with all of his assets, but who is exempt from the deposit requirement. A limited partner is a partner who is liable for the debts of the company only up to the amount of his unpaid deposit according to the status of the entry in the commercial register (Josková, and Pravda, 2014).

3 BUSINESS PLAN AND BUSINESS MODEL

When starting a business or when confronted with major changes that could have an extended impact on how the company operates, a business plan should act as a planning tool, a basis for decision-making, and a control tool. The questions of where the business is, where the owner wants to direct it, and how to get there should be easier to answer with the help of a plan (Srpová et al., 2020).

Many people believe a business plan to be a formal written document with the following five essential components (Shelton, 2017):

- business objectives,
- an explanation for why they are doable,
- a strategy for achieving them,
- evidence of the uniqueness of the goods and services to be sold,
- and details on the team and organization working to achieve them.

A business plan is crucial for acquiring the necessary financial backing. It is typically what persuades the bank or individual investors that the presented business plan is the one for which they will lend the required funds. It is essential to gather the data for the business plan's recipients and addressees to be completely convinced of the viability and success of the intended firm, even in the long run. It concerns ensuring that a business formed on the cornerstone of a business plan continues to operate and expand after 10 or more years (Červený, 2014).

According to Sutton (2012), a hastily drafted business plan shows that the author is unprepared to meet with investors. Thus, for him, planning effectively entails more than merely putting objectives and aspirations on paper.

Writing a business plan requires not only considering the positive aspects of the company's future, but also taking into account potential risks that the company may face in the future and thus also include a pessimistic alternative (Zuzaňák, 2022).

A business model refers to what your company performs and the framework you use to generate revenues. There are numerous different business model options, and selecting the best one might give the business a tactical advantage. The business model must be carefully considered because it is essential to the success of the given enterprise. If the proper business model isn't in place to support the idea, even the best innovative designs will struggle to find success (Abrams, 2019).

3.1 Goals and benefits of a business plan

Research has shown for decades that businesses that plan their operations do better than those that do not. Early-stage entrepreneurs who create business plans are 2.5 times more likely to establish their companies than those who do not. Regrettably, a lot of business owners never spend the time necessary to prepare their new ventures, of which the business plan is a crucial component (Scarborough, 2016).

The primary benefit of a business plan is a rough estimation of how much money will be made in the future, which we can compare against expected expenses. In addition, it can assist in determining whether our market idea is wanted even before we begin operating company. We keep gathering data because we want to know if we can handle everything on our own or if forming a team-based firm would be preferable (Svobodová, and Andera, 2017).

According to McKeever (2018), a business can receive capital from investors simply by creating a business plan. The entrepreneur also gets arguments for and against starting a business, since it might not be successful. Another benefit is that the entrepreneur will be aware of the company's environment thanks to this plan, which will make him ready to deal with any emergencies that may occur while the business is operating.

3.2 Chapters of a Business Plan

It is impossible to suggest or prescribe a set format for a business plan because there are innumerable companies functioning in the market that vary in size, industry, and legal structure. Despite all of these differences, a business plan should not be missing certain parts, regardless of the specific company involved. Therefore, the business plan should contain the following sections (Srpová et al., 2020):

1. Title page,
2. Executive summary,
3. Company description,
4. Management and organization,
5. Product and service description,
6. Market and competition analysis,
7. Marketing strategy,
8. Financial Plan,
9. Risk Analysis,
10. Attachments.

3.2.1 Title Page

The title page is used to indicate the company's business name and logo. Another requirement is the name of the business plan, the name of its authors and founders, or the date of establishment (Srpková et al., 2011).

According to Hisrich (2017), a website, e-mail address, phone number, and address should also be listed on the title page, since it is considered to be an important part of the business plan.

3.2.2 Executive Summary

Sutton (2017) advises writing this section last since it may be difficult without carefully considering the distinctive goods and systems, addressing the market and competitors, organising financial requirements, or assessing the business' advantages and disadvantages.

It is thought to be among the most crucial parts of the company strategy. Readers will only be convinced to go through the remainder of the plan if it is presented clearly, briefly, and in an appealing manner at the beginning. It is the executive summary that will attract a reader to take time to find out more about the company's offerings (Abrams, 2019).

The most crucial financial details, such as the necessity of external funding and the ability to repay them, as well as a description of the company's planned products and how they vary from those of the competitors, should be included in the summary (Srpková et al., 2011).

3.2.3 Company Description

A thorough description of the company should be the main section of the document since it should include a clarification of the location, insurance, security, and operations (Sutton, 2012).

Writing a company description takes careful consideration and preparation, particularly if starting from the scratch. In this regard, one could discover that selecting a business name or determining the legal structure for the company takes a lot of effort (Abrams, 2019).

3.2.4 Management and Organization

A business is a complex economic system, and it is crucial to establish a working environment that encourages productive collaboration among all employees. Organizational structure is an important tool for managing business performance (Synek, and Kislingerová, et al., 2015).

When it comes to a company management, it may be characterized as a complex process that uses the abilities of organizing, leading, managing, and planning to set and then achieve corporate goals (Vochozka, and Mulač, et al. 2012).

In conclusion, people are the foundation of any company. The success of the company is largely determined by the level of competence of its workforce. Company's long-term success is influenced especially by the personalities, experiences, and qualifications of its management team. Within management, it should be focused on questions, such as (Abrams, 2019):

- Who contributes most to the future of the business?
- Who makes decisions on the strategies the business is going to use?
- Who has the influence of final decisions?

3.2.5 Product and Service Description

Withing this chapter of the business plan, it is good to focus mainly on a brief description of the product, whether it is a service or a product. Following that, outline its advantages for the client and the competitive edge it offers. If the company provides a service, it is necessary to make clear what it includes and how it works. The offered product or service needs to be superior to rival offerings and have a competitive advantage. It is also important to demonstrate to the customer that our product has more intriguing concept and thus solves the customers problems more effectively (Srpová et al., 2020).

At the same time, there should be a well-run product development phase that provides us with a meaningful vision of the product, names the primary customers and their demands, and determines the main development directions, meaning what the product should be able to do (Doležal, 2022).

3.2.6 Market and Competition Analysis

The business plan can only be implemented successfully if there is a market for the things the company offers. Consequently, information regarding prospective markets and application opportunities is of great importance to investors or potential partners. The existence of these potential markets based on the study and the market must be demonstrated. The market might be divided, for instance, based on client demands for quality and price, branches, geographies, or reasons for purchase (Srpová et al., 2011).

According to Abrams (2019), the target market definition needs to meet the following requirements:

- *“Definable. It should have specific characteristics identifying what the potential customers have in common.*
- *Meaningful. The characteristics must meaningfully relate to the decision to purchase.*
- *Sizable. It must be large enough to profitably sustain your business.*
- *Reachable. Both the definition and the size must lead to affordable and effective ways to market to your potential customers,,,*

The company can only successfully implement a business strategy if there is a demand for its products or services. It is necessary to demonstrate the existence of potential markets based on industry and market studies. As a result, there should be specifically highlight those customers that (Srpová et al., 2012):

- a) get a great deal from the good or service,
- b) can easily obtain the good or service,
- c) are prepared to pay for the good or service.

The external environment of the company can be evaluated by implementing the PEST analysis, which focuses at political-legal factors, economic factors, socio-cultural factors, and technological factors. Political-legal factors include political stability, the country’s membership in various political-economic organizations, laws, and social policy. It thus creates a framework for all business and corporate operations. Economic factors include the development of GDP, the rate of inflation, the average income of the population, or the living wage. The consumer’s purchasing power and habits are influenced by these factors. Socio-cultural factors operate on two levels, cultural and social. When considering cultural factors, the main areas of focus include consumption habits, gender-specific behaviours, or cultural values. The social factor takes into account the socio-economic background of consumers, the development of living standards, or lifestyle. Lastly, the technological factor, represents, for example, the speed of technological changes. The constantly changing technological environment provides companies with technological advancements that boost their competitiveness or yield better economic outcomes (Jakubíková, and Janeček, 2023).

It should be mentioned that every business has to face a competition. However, a lot of individuals who are just starting out in business often underestimate the true scope of competitors and neglect to accurately evaluate the influence of that competitor on their enterprise (Abrams, 2019).

It is vital to categorize competitors into major and small groups from a competitive standpoint. The company's primary rivals are those who hold a prominent position in the relevant market and provide a comparable offering to the company in question. It is necessary to look at their advantages and disadvantages (Srpková et al., 2011).

According to Shelton (2017), a company's opening hours, accessibility, complementary goods and services are examples of usual strengths and weaknesses.

The microenvironment can also be studied using Porter's five forces model. The risk of entry by potential competitors, rivalry among existing companies, the bargaining power of buyers, the bargaining power of supplier, and threats of substitute products and services are forces that have an impact on a company either simultaneously or selectively (Srpková et al., 2020).

3.2.7 Business Opportunity

Thousands of offers for different goods and services are presented to every single customer. Each of them has a finite capacity, both financially and cognitively. Customers are primarily concerned with their requirements and the business' capacity to provide them. Marketers must comprehend the thoughts, desires, and concerns of their target audience in order to determine their demands (Kotler, and Jain, and Maesincee, 2007).

Developing a new technical process or finding a gap at the market are included under the term business opportunity. Srpková et al. (2012) gives the example of a city where there is not a beloved café. Thus, it is evident that there is a business opportunity waiting to be taken advantage of.

When a customer perceives the opportunity to improve upon an existing service or a gap at the market, it is referred to as an unmet or poorly served need. Svobodová and Andera (2017) cite the recent development of an unmet need for food delivery to homes as an example. Businesses took advantage of the perceived lack of customers to build a business opportunity.

3.2.8 Marketing Strategy

One way to think of marketing is as meeting client needs. It is crucial to note that marketing is used throughout the life of a product in an effort to draw in new customers and hold on to current ones. Some strategies used in this regard include enhancing the product's performance and look, learning from sales figures, and replicating successful launches (Kotler, 2007).

In an ideal world, marketing management would involve determining whether or not people would be interested in a product before it is produced and sold. In reality though, things are typically more complicated because the products have already been manufactured and there is a sufficient supply of them in store, sometimes even stocked on the sales counters. In this case, the marketing strategy is used at least for the additional appropriate setting of other components of the marketing mix (Foret, and Melas, 2021).

In order to promote the business brand and goods and services in a way that makes the business' target customers aware of them and persuades them to the purchase, the marketing plan compiles all of the research, debate, consideration, and calculation the entrepreneur has done. The four Ps of marketing will be used to define your marketing plan (Gattis, 2010):

- product,
- place,
- promotion,
- and price.

It is essential to concentrate on the product that will be advertised to a specific client and how it would enhance his life simultaneously. Also, it is necessary to discuss the pricing range that the product will fall into. Whether the cost of the identical product will be more or less than that of the competition. The final step is to concentrate on distribution, which involves figuring out how to effectively get the goods to the consumer and outline the advertisement so that it is properly timed.

SWOT Analysis

The essence of this analysis is the gathering and assessment of four factors that characterize the situation of a company. These factors are (Průcha, 2014):

- strengths,
- weaknesses,
- opportunities,
- and threats.

Typically, a SWOT analysis is presented as a grid divided into four parts where strengths are at the top and weaknesses are at the bottom of the left side, and opportunities at the top and threats at the bottom of the right side. At the same time, Gattis (2010), emphasizes that the entrepreneur should take time finishing this research and enumerating the key aspects in his business strategy because it will serve as the foundation for all of the company's marketing and promotion strategies.

3.2.9 Risk Analysis

There is a risk in any enterprise. The many threats associated with the new venture should be taken into account in this part of the business plan. Not only should one consider high or low risks, but also the specific types of risks (Abrams, 2019).

Risk analysis is the process of identifying phenomena, events, and other factors that may have an impact on the project and assets of the company, either positively or negatively. It is necessary to establish their significance concerning the probability of occurrence and the extent of their influence. Risks can be divided into (Fotr, and Hnilica, 2014):

- technical-economic,
- production,
- economic,
- market,
- financial,
- political,
- environmental,
- and risks associated with the human factor.

In addition, Fotr (2014) contributes to the already mentioned division of risk, that it can also be classified from other aspects. These are, in his judgment, the following:

- business and net risks,
- systematic and unsystematic,
- inner and outer,
- influenceable and uninfluenceable,
- primary and secondary.

3.2.10 Financial Analysis

Financial analysis helps to thoroughly assess the company's financial status. Simultaneously, it is a crucial component of financial management, serving as an indicator of the company's progress in specific domains, including its ability to meet expectations and instances where unanticipated or unwanted events have arisen (Knápková, Pavelková, and Remeš, 2017).

The main purpose of financial analysis is, therefore, to express the property and financial situation of the company and to prepare the basis for internal decision-making by its management. The goal of the financial analysis is also to assess the financial health of the company (Hrdý, and Krechovská, 2016).

The viability of the business plan is demonstrated by the company's financial plan. It comprises elements including a cash flow statement, a planned balance sheet, and a planned income statement (Srpková et al., 2012).

Cash Flow

One approach for controlling the company's liquidity and solvency is the cash flow statement. The direct and indirect method can be used when creating a cash flow budget. Typically, the cash flow statement is compiled first as a preliminary plan and then as a financial plan, which is based on the identified budgeted surplus or shortage of funds (Fotr, and Souček, and Špaček, and Vacík, 2017).

It is necessary to constantly have adequate money in order for the business to run well on the market. Nevertheless, cash is not only needed for regular payments, but also for those related to company financing or investment operations (Srpková et al., 2020).

Balance Sheet

A business' assets and liabilities are listed on the balance sheet. Any asset has to be paid for by a source of funding, as shown by liabilities. The sources of funding might be the banks, creditors, or shareholders. It is important to maintain the condition of balance, so that the sum of assets must equal the sum of liabilities (Finch, 2019).

The balance sheet is a financial report in which the long-term tangible and intangible assets and their financing sources as of a specific date are shown. As a rule, it typically gets gathered on the last day of the year, or sometimes for shorter periods of time. The first section is the company's property situation, within which the precise categories of the property belong to, how much it is worth, how rapidly it turns over, and what makes it the optimality of its composition. The financial sources used to purchase the property are the second section of focus, although the main concerns are the quantity and composition of own and foreign funding sources (Růčková, 2019).

Income Statement

The income statement is also commonly referred to as a profit and loss statement. This form indicates the company's profitability. It does not provide a complete view of the company's financial condition or overall worth. A business may be losing money but still gave significant value because of its valuable assets or it may be successful but still struggle with cash flow issues, leaving it unable to pay its debts (Abrams, 2019).

3.2.11 The Plan's Appendix

The appendix of the plan is the appropriate section to include data that validates and strengthens the findings the author of the business plan makes inside the plan. More information about specific topics addressed in the plan can be found in the appendix. Highly specific data on technology, location, market research, and other topics may be also included in there (Abrams, 2019).

3.3 LEAN CANVAS

When creating a business model, it is crucial to consider all of its components and create multiple versions. Srpová et al. (2020) mentions Maurya, who modified this model to suit the needs of aspirational start-up businesses. The tool was named Lean Canvas and it caught on quickly among startups.

1. **Problem** – This part is used to describe the problems that the potential customer is solving. Thus, it is crucial to concentrate on what they lack in the market, or how their expectations differ from reality.
2. **Customer segments** – This is where the company's intended consumer base should be explained. At the same time, the lower part of the field is used to define customers who will be the first to be interested in the company's product or services.
3. **Solution** – Description of the products and services that will address the problems that the company's potential customers encounter in their lives should be stated here, since the problems are already known thanks to the problem part.
4. **Unique added value** – In general, it refers to a marketing statement outlining the company's offerings and what distinguishes them apart from the competition. It all comes down to writing and creative thinking when creating a unique value-add.
5. **Pricing model** – The primary sources of revenue are outlined in this section. It is feasible to work with as many options as possible and then test them. It is necessary to use brainstorming to come to a conclusion on how to estimate the price and on what basis to set it.
6. **Channels** – This section serves as an answer to the question of how to get our product to the customer as efficiently as possible. As a result, it is important to take into account both the company's own promotion and distribution.

7. **Key metrics** – In order to demonstrate that the business is headed to the proper direction, it is vital to outline the data that will be measured in the present scenario. Thus, the task at hand involves converting the company's goal into measurable metrics.
8. **Cost structure** – The main costs associated with building and running the business should be listed here, so as to ensure operation and sustainable growth. Costs may be divided into fixed and variable.
9. **Competitive advantage** – A description of what will enable the company to maintain the market position should be included in this section. Furthermore, a competitive advantage can arise together with the growth of the company.

II. ANALYSIS

4 OUTLINE OF THE BUSINESS IDEA

This part of the bachelor's thesis focuses on the analysis of the business plan for the DEFFIT GYM, a gym focused not only on working out, but also on teaching self-defence.



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

Name of the company:	DEFFIT GYM
Residence of the company:	Palackého 543, Holešov
Legal form of the company:	Sole proprietorship
Founder:	Pavčina Stoklásková
E-mail address:	defender@defendergym.cz
Website:	www.defendergym.cz
Telephone:	+420 123456789
Date:	1 st July 2024
Registered capital:	CZK 1,300,000

5 MARKET ANALYSIS

The analysis of the market and potential competitors for the company will be the main topics of this chapter. The author will firstly present a PEST analysis, in which she will describe the political-legal factor, socio-cultural factor, economic factor and technological factor. Then she will deal with the competitive area, in which she will use Porter's analysis of the five competitive forces.

5.1 PEST Analysis

The PEST analysis is used to evaluate the external influences that the company must take into account during its operations. This analysis includes political-legal factors, socio-cultural factors, economic factors, and technological factors.

5.1.1 Political-legal Factors

Political-legal factors are mainly those that are influenced by the decision of the government. Since the gym will be run by a sole proprietor, it is necessary to focus on the obligations that the entrepreneur must fulfil in order to be able to operate the gym. The trade office receives the application for the establishment of a business, together with identification documentation. The foundation of a company is also accompanied by a cost of CZK 1,000. A self-employed person must fill out a registration form to register with their health insurance company and the District Social Security Administration (OSSZ). OSSZ will then announce when and how to pay social insurance down payments. For the year 2024, the minimum deposits for the main self-employed are CZK 3,852 and for secondary self-employed CZK 1,413. It should be mentioned that the entrepreneur is exempt from social insurance payments if their yearly profit stays below CZK 105,520. The minimum advance payment required for health insurance is the cost of CZK 2,968.

One of the other responsibilities is filling a tax return. The entrepreneur must do so by May 2, but only electronically. The deadline is extended to the following working day if any of these days fall on a weekend or holiday. Moreover, voluntary registration as a VAT payer is an option. However, if sales have exceeded 2 million in the previous 12 months, this complimentary option becomes required.

In terms of accounting, only tax records need to be kept. However, if the income exceeds 25 million crowns for the tax period, the entrepreneur must maintain double accounting (Money.cz).

The fitness centre needs to be qualified to function as a business. It means that the entrepreneur needs to receive a permit to operate a gym in the given building. At this point, collaboration with the building authorities, any architect, and a company that equips fitness centres is required. They should be able to offer advice on where to project the reception area, showers, and changing rooms (Pespropodnikatele.cz).

5.1.2 Socio-cultural Factor

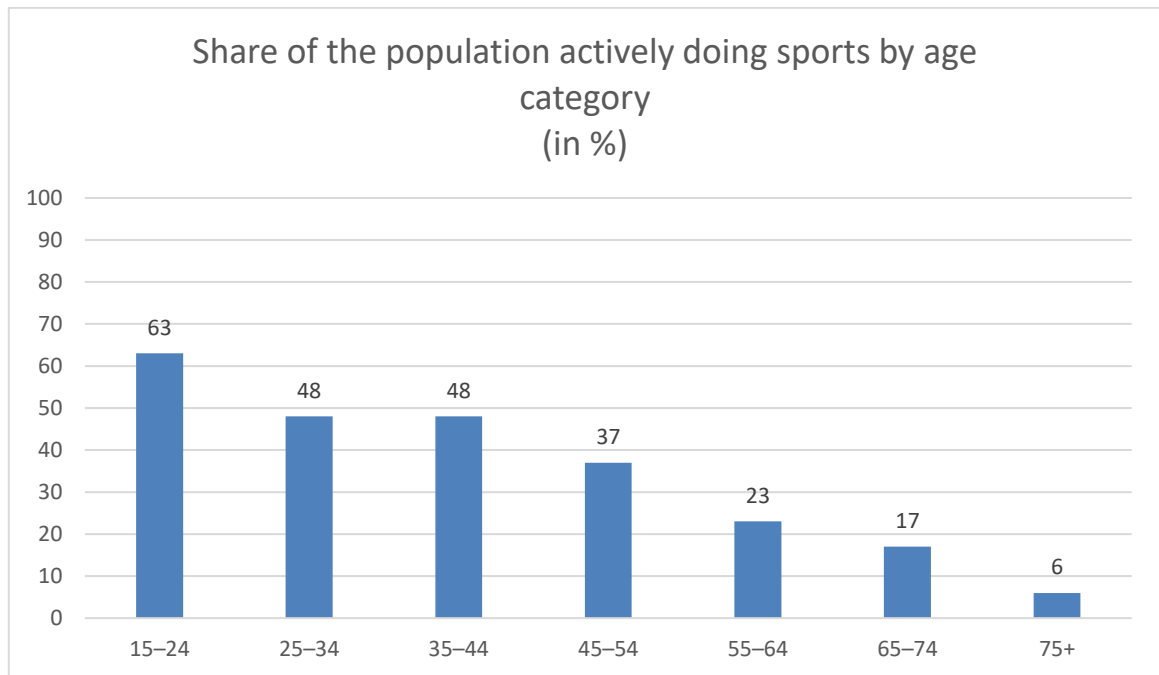
In 2023, the city of Holešov had a total of 11,556 inhabitants, of whom 5,505 were men and 5,921 were women. (Risy.cz)

The table below presents the population by age category and gender.

Table 1 – Population by age category and gender (own creation)

Age category	Men	Women	Total
0–14	858	836	1,694
15–64	3,895	3,959	7,854
65+	1,143	1,598	2,741

Based on the data from a Czech Statistical Office study, almost one-third of the population participates in sports, fitness, or leisure activities on a regular basis. An activity is deemed regular if it is carried out once a week for at least ten minutes. The sports activity for which these data were collected is thought to be aerobic physical activities, which result in a particular rise in breathing or heart rate. According to the provided data, 63% of people who are between the ages of 15 and 24 frequently participate in sports, making them among the most active age group. Less than half of the population participates in sports below the age of 45. Graph 1 indicates that this engagement declines with age. The least active age group is 65 and older. Just 6% of people older than 75 participate in sports, compared to 17% of those 65 to 74. An additional focus of the survey was the duration of physical activity. Approximately 55% of those who participate in sports do the activity for two hours or less (Czso.cz, 2019).



Graph 1 – Share of the population actively doing sports by age category (via Czso.cz, own creation)

5.1.3 Economic Factor

The gross domestic product indicator is one of the most important summary measures of economic development. GDP growth or fall refers to how much the real gross domestic product increased or decreased in the quarter under observation in relation to the same period the year before. For the entire year 2023, the annual balance of GDP development decreased by 0.4% (Zpravy.kurzy.cz).

A rise in the level of prices over time is called inflation. The increase in the consumer price index is used to calculate the rate of inflation. The average annual inflation rate reached 10.7% in December 2023, which was 4.4 percentage points less than in 2022 (Czso.cz,2024). The change in the share of the consumer price index and the average nominal wage index for the relevant period determines the growth or reduction in the average real wage. Based on the provided information, it can be inferred that during the fourth quarter of 2023, the average real wage fell by 1.2% (Czso.cz, 2024).

The unemployment rate is also one of the economic factors. It conveys the percentage of the labour force that is unemployed. The indicator is created using the Eurostat methodology, which was created based on the International Labour Organization's definitions and guidelines. The inspection is open to everyone who typically resides in the chosen apartment, regardless of how long they plan to stay. In February 2024, the unemployment rate was 2.7% (Czso.cz, 2023).

Based on Enterprise Structural Statistics, data on the aggregate revenue of sports related organizations are limited to economic activities by CZ-NACE 93.1 Sports activities. In 2019, the total earnings of organizations involved in sports amounted to 26.3 billion. The Czech Statistical Office's data reveals that the largest share of total revenues in the field of sports were entities within the economic activity of running sports facilities. The overall revenue for this period was 12.9 billion (Czso.cz,2019).

5.1.4 Technological Factor

The gym uses exercise equipment for its operation, which should not be outdated in order to protect customer's health. Therefore, the owner should invest in new machines. The investment should not only cover exercise equipment, but also, for example, the acquisition of a machine for measuring weight and other body values associated with it. Another piece of technology that must be in the gym is air conditioning. Fresh air should always flow into the premises, not only through open windows. Lastly, the connection to the private Wi-Fi network is nowadays an integral part of the company that provides services to its employees.

5.1.5 Analysis Summary

According to the PEST analysis, the promotion should aim not only at young people, but also target people over the age of 60, as they are physically active as well. The equipment of the gym should be taken into account in particular, as it can influence the decision of customers whether to visit the gym or not. The machines should be modern, and, above all, emphasis should be placed on the purchase of powerful air conditioning so that the air in the room is always fresh. The operation of a gym is associated with several regulations. Therefore the founder of this business should consider in which premises the gym will operate. The establishment of a gym in premises where social facilities are not already built in entails additional obligations, such as permission from the owner of the building to adapt the premises to these operating conditions. This would incur additional initial costs for renovation, which is why it is more appropriate to choose premises where toilets and showers are already built up.

5.2 PORTER Analysis

Porter's analysis, which considers the five competitive forces, provides a summary of the ways in which various factors may impact an organization in a given area.

5.2.1 Bargaining Power of Buyers

The position of the consumers of the particular products and services is referred to as their bargaining power. It should be taken into account how many products they buy and how often the offered services are used by them. Therefore, it is appropriate to concentrate on customer segments throughout the analysis and determine the degree to which the particular segment influences the sales of the company. In case of higher prices than the competition, it is necessary to take into account the income of customers and the fact that the competition can lure them to lower prices.

5.2.2 Threat of Substitute Products and Services

In case of the absence of close alternative for the products or services being supplied, the threat of substitute is minimal. Nevertheless, concerning gyms, the threat is relatively high. By providing products and services that outperform the competition in meeting the demand and needs of customers, a business can minimize the danger. Alternatives include public playgrounds where people may work out using only their own weight. While it is not a direct substitute, it can function as an affordable choice for people who do not want to spend the money to exercise.

5.2.3 Bargaining Power of Suppliers

If the entrepreneur decides to purchase products from only one brand, there is a risk that the supplier will set high prices. If customers become used to buying products from a particular brand in the gym, it will be necessary for the company to buy the products at the price set by the supplier. Mainly, to ensure that customers will buy the same or even higher quantities of these products, e.g. due to the quality. At the same time, there are many companies on the market that offer food supplements or protein snacks and drinks nowadays, and it must be taken into account that customers may not choose to buy the one offered by the gym. This leads to the conclusion that the bargaining power of the suppliers is relatively low.

5.2.4 Threat of New Competitors Entering the Market

The threat of a new entity entering the market that offers the same product or services appears throughout the entire period of operation of the given company. According to statistics from a study conducted by the Czech Statistical Office, reported in the PEST analyses in chapter 5, one third of the population participates in sports. It is reasonable to suppose that as time goes on, interest in sports and visits to the facilities that support them will rise. The given research can thus encourage those who wish to launch their own company and want to pick

the sports facility industry, to start their own business, thereby increase the power of customers. However, it is also necessary to consider various restrictions that may prevent market entry to this sector. As already mentioned in the PEST analysis, when establishing gyms, it must be taken into account that the gym must be equipped with sanitary facilities in order for its operation to be approved.

5.2.5 Current Competitors

There are multiple companies which can sell the same or comparable product. The likelihood that a customer will choose an entrepreneur's business is higher when there is a small number of providers of the goods and services the business intends to build. On the other hand, there is a high competition among gyms, which considerably lowers the possibility of competing with other ones. Customers mostly utilize logic reasoning when making decisions, therefore they search for the best deal on a good or service that best suits their requirements.

Direct Competitors

Businesses that operate in Holešov and have similar business plans ought to be mentioned here as direct competitors. The main competitor for the DEFFIT GYM is a Sportcentrum Holešov, which offers a wide range of services. During the week, the gym is opened from 9 a.m. to 12 p.m. and then from 1 p.m. to 9 p.m. On Saturdays, the gym opens at 9 a.m., when it operates until 12 p.m. Then it closes for an hour and opens again at 1 p.m. Closing time on Saturdays is 8 p.m. Sundays have similar opening hours to Saturdays', but the closing time is set at 6 p.m. The cost of entrance to the gym for two hours is CZK 110. The possibility to use the pool, which is part of the price of gym admission, is the main advantage of the Sportcentrum Holešov. Other services offered to customers include a sauna solarium, a massage pool, indoor cycling, squash and the already mentioned indoor pool.

Indirect Competitors

As indirect competitors can be considered Tymycentrum Holešov, a gym operating in Bystřice pod Hostýnem, which is a city located less than 19 km from Holešov, and gyms in Zlín and Kroměříž.

Tymycentrum Holešov is a leisure centre not only for children but also for adults. The author decided to consider this company as a competitor, as it offers a wide range of clubs that parents can enrol their children in instead of the self-defence courses that the DEFFIT GYM offers. The clubs offered by this company focused on tai chi or krav maga could threaten the profitability of the gym, since they can be used as a self-defence technique as well. Since its

opening in 2007, the Tymycentrum in Holešov has gained a lot of popularity and great attendance from both the locals of that city and those living in neighbouring villages.

Zekon klub is a gym in Bystřice pod Hostýnem. Given that it is situated in a city 18 kilometres from Holešov, the gym is included among its rivals, since residents of the villages between Holešov and Bystřice pod Hostýnem have the choice of going to the DEFFIT GYM or the Zekon klub. Except not being in the same city as DEFFIT GYM, the mentioned gym was labelled as an indirect competitor because it does not accept debit card payments, which is now considered to be a standard practice. Further research revealed that this competitor does not have a functional website. This can greatly influence the customer's decision whether to visit the Zekon klub or the DEFFIT GYM.

The gyms in Zlín and Kroměříž might be considered as a potential threat to the gym's operation, as these competitors are located in cities where the majority of students living in Holešov commute to study. Therefore, they may decide to visit a gym in one of these cities instead of the one in their residence.

5.3 Business Opportunity

Based on the definition of competition in chapter 5.2, a high level of business opportunity in the city of Holešov can be predicted. Since there is only one gym operating in the city, it seems reasonable that there will be a significant level of interest in utilizing the services provided by the DEFFIT GYM. However, at the same time it should not be forgotten the fact that the fitness industry is highly attractive for many people who want to create their own business with this intention, so the range of products and services offered must also be taken into consideration.

6 BUSINESS PLAN

The business plan for the DEFFIT GYM will be created in this chapter. The author will focus on the company itself and will provide a description of it. Additionally, the personnel plan's organizational structure will be mentioned. Subsequently, the author will focus on marketing strategy, utilizing SWOT analysis, customer segmentation, and marketing mix. The chapter will end with a description of the products and services offered.

6.1 Executive Summary

The DEFFIT GYM will be a place where people may push past their physical and mental boundaries and thrive, but more than anything, it will appeal to those who have an open mind and desire to learn something new. The primary goal is to coach those who are interested in learning how to use their own bodies and, most importantly, how to protect themselves in life-threatening situations, while in the presence and help of experienced lecturer. The founder is Pavlína Stoklásková, a student at Tomas Bata University in Zlín, but above all, a woman, who yearns for a place that would be her second home.

The gym is located in Holešov in the Novosady neighbourhood. It is located near a train and bus station, so it uses a strategic location to attract customers who choose a bus or train as a mode of transportation. Free parking spaces around the gym will be available to customers who come to the gym by car.

The concept of building a community among fitness enthusiasts is driven by the DEFFIT GYM. Except the quality training on a wide range of exercise machines, it offers a friendly environment with welcoming atmosphere and self-defence courses. The company aims to spread awareness of the importance of self-defence techniques, which its founder considers necessary nowadays.

The DEFFIT GYM will be established as a sole proprietorship. It will be financed from the owner's saved and inherited money in the amount of CZK 1,300,000.

6.2 Company Description

One of the main goals of the DEFFIT GYM is to increase awareness of the opportunities of learning self-defence. The gym attempts to educate interested people on how to act when there is no other choice except trying to scare the attacker before the attack itself. Thanks to experienced lecturers, it will pass on not only theoretical knowledge, but also practical examples of how to intimidate the attacker and how to defend when it comes to a physical attack. The gym will also serve as a place for people to make new friends and discover the

hidden abilities within each other. A vibrant and motivating environment is provided by the gym for people of all fitness levels. The owner of the company wants to spread the idea that health comes first and that is why it also provides a wide variety of weight machines and dumbbells with a large range of weight thanks to which customers can maintain their physique and strength. The complementary range offered by the gym is drinks and snacks that encourage the body to exercise or help with the growth of muscle mass. The customers can enjoy those beverages and snacks in the gym's chill zone. The owner will rent the premises in the Novosady neighbourhood of the city of Holešov. The main advantage of the property is that it already has sanitary facilities prepared for these purposes of the company, and elevator making the building wheelchair accessible, so anyone can come to the gym to work out. The building is located in the very centre of the housing estate. The specific address is Novosady 1585, Holešov. The city of Holešov is situated 17 km from Kroměříž and 18 km from Zlín, the regional capital. The bus and train stations, which are situated 760 meters from the building, ensured the owner in the decision for choosing this specific location. The rent of the building is CZK 33,950 per month. The premises are 350 m² and have been completely renovated, including separate toilets and showers.

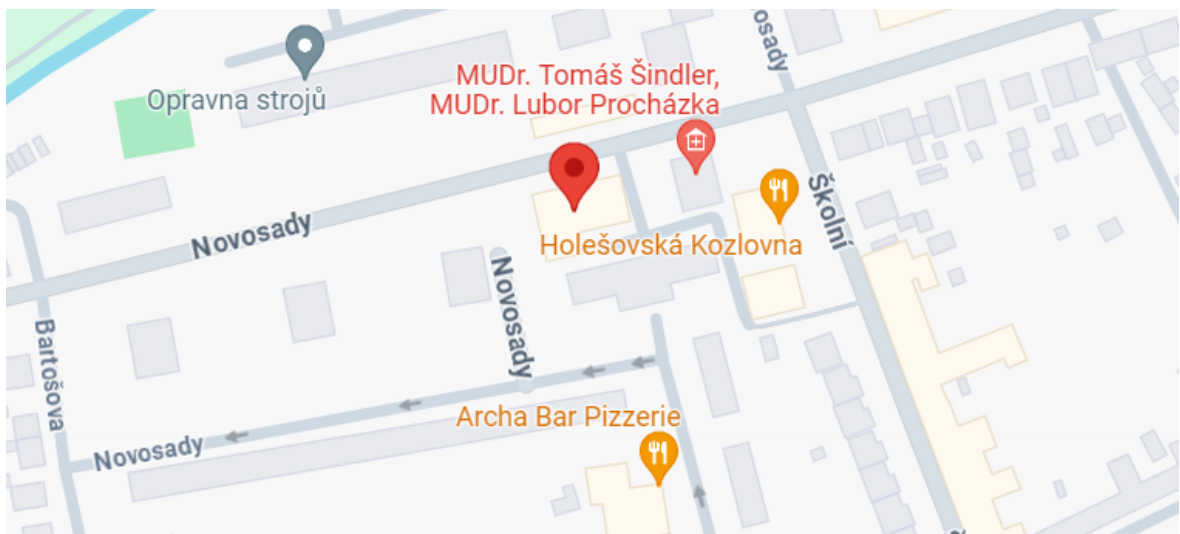


Figure 2 – Location of the gym (via Google Maps)

6.2.1 Opening Hours

Table 2 – Opening hours of the company

Day of the week	Opening hours
Monday	7:00 – 14:00
Tuesday	7:00 – 20:00
Wednesday	7:00 – 20:00

Thursday	7:00 – 20:00
Friday	7:00 – 20:00
Saturday	8:00 – 21:00
Sunday	7:00 – 18:00

6.3 Personnel Plan

The founder of this company will be the primary employee of the DEFFIT GYM responsible for its operation. However, in order to operate completely, at least four part-time workers will need to be hired, whose shifts will depend on whether it is an even or an odd week.

Table 3 – Part-time employees' shifts on even week (own creation)

Type of week	Day	Part-time worker No. 1	Part-time worker No. 2	Part-time worker No. 3	Part-time worker No. 4
Even week	Monday	–	–	–	–
	Tuesday	15:00 – 21:00	–	–	–
	Wednesday	15:00 – 21:00	–	–	–
	Thursday	–	15:00 – 21:00	–	–
	Friday	–	15:00 – 21:00	–	–
	Saturday	–	–	8:00 – 14:00	14:00 – 22:00
	Sunday	–	–	12:00 – 19:00	7:00 – 12:00

Table 4 – Part-time employees' shifts on odd week (own creation)

Type of week	Day	Part-time worker No. 1	Part-time worker No. 2	Part-time worker No. 3	Part-time worker No. 4
Odd week	Monday	–	–	–	–
	Tuesday	–	–	15:00 – 21:00	–
	Wednesday	–	–	15:00 – 21:00	–
	Thursday	–	–	–	15:00 – 21:00
	Friday	–	–	–	15:00 – 21:00
	Saturday	8:00 – 14:00	14:00 – 22:00	–	–
	Sunday	12:00 – 19:00	7:00 – 12:00	–	–

The founder of the DEFFIT GYM will have fixed working hours from Monday till Friday. Her shift will start at 7 a.m. and she will hand over the shift to one of the part-time workers at 3 p.m. The only exception, however, will be Monday, when the gym will be closed to the public at 2 p.m. and the self-defence courses will be led by an external instructor, who will be mentioned in the employment contract concluded between the gym and the external worker. The owner will have to work from as early as 6 a.m. on Tuesday morning in order to have the gym ready for customers. Therefore, she will work 160 hours in a month.

Her every day duties will involve receiving shipments from supplier, since it is expected to be delivered in the morning, inspecting their quality, quantity, and checking the date of expiry, and lastly serving guests, which will include passing them keys to changing rooms and selling beverages and snacks. At the same time, she will be restocking the assortment on the shelves simultaneously. Her job will also involve regularly cleaning and disinfecting exercise equipment.

It is important to offer customers quality services, which is why the business owner will undergo a fitness course, thanks to which she will be able to advise customers. Based on the license received from this course, she will pass on the knowledge to the part-time workers, so that they can help customers with their questions as well.

Four part-time workers will cover the remaining shifts. Part-time workers shifts will be scheduled based on odd and even weeks so that each employee works the same number of hours and has enough time off to rest. Naturally, it is expected that one of the part-time workers may become ill or be unable to come to work, necessitating to cover his shift by another one, who will therefore work more hours in the given month. However, it is assumed that each part-time worker will have worked 50 hours per month.

To prevent having one employee work every weekend of the month, the weekend shifts would be filled by a rotating group of part-timers. From Tuesday to Friday, one part-time worker will work shifts beginning at 3 p.m. and ending an hour after the gym closes.

Customer service duties for the part-time worker will involve selling beverages and snacks as well as handing out locker keys. The exercise machines will require regular cleaning, just like in the morning. The hour after closing time will be used for cleaning the premises and preparing everything necessary to ensure it is ready to serve customers the following day. Each part-time worker will also be responsible for closing the cash register before they leave, which entails counting the register, and finally coding and locking the premises. Since the temporary worker will be responsible for the cash balance of the cashier and premises security, emphasis will be placed on hiring people who have already reached

the age of majority and can thus be responsible for these actions and any problems associated with them, as will be specified in the contract.

An agreement on working activity will be prepared and signed with the part-time workers, specifying the compensation for their labour, which will be CZK 150 per hour.

6.4 Marketing Strategy

This chapter is focused on the marketing tools that will be applied. Firstly, a SWOT analysis will be created pointing to the external and internal environment of the company. The naming of key customer segments is also an integral part of this chapter. Lastly, the marketing mix will be mentioned in which the author decided to imply 4C marketing mix.

6.4.1 SWOT Analysis

Table 5 – SWOT Analysis for the DEFFIT GYM (own creation)

Category	Factor	Score	Weight	Score * Weight	Total weight
Strengths	Service offer	2	0.2	0.4	3
	Modern equipment	4	0.4	1.6	
	Location in a populated area of the city	3	0.3	0.9	
	Purchasing products from a popular company on the Czech market	1	0.1	0.1	
Weaknesses	Higher admission fee than competitors	4	0.3	1.2	3.2
	Employees with poor qualification	3	0.3	0.9	
	Playing unpopular songs in the gym	2	0.1	0.2	
	High operational costs	3	0.3	0.9	
Opportunities	Raising interest in self-defence courses	3	0.3	0.9	3.8
	Gaining clients from rivals	5	0.5	2.5	
	Participation of the community	2	0.2	0.4	
Threats	Rising inflation	5	0.4	2	4.3

	New gyms opening in the city	4	0.5	2	
	Changing regulations	3	0.1	0.3	

A SWOT analysis was created for the DEFFIT GYM based on the consultation of the team including the author and the supervisor of the thesis. The analysis deals with both the internal and external environments of the company. Determining the strengths and weaknesses that are influenced by the internal environment of the company was essential for the compilation. External factors influencing the functioning of the company are the opportunities that the company can get and at the same time the threats that the gym might face.

A weight was assigned to each of the mentioned factors, indicating the item’s significance to the company. The factor’s quality is determined by the score.

The location and modern equipment rank first among the interior environment’s factors, as they are the business’s strengths. Modern equipment is essential for the gym in order to prevent customer injuries. One of the company’s other strengths is that it is located in a highly populated area. Customer’s decisions to visit the DEFFIT GYM or a competing gym can be significantly influenced by its proximity to the bus and train stations, as already stated in chapter 6.2.

The offer of services must also be given consideration because it has the possibility to influence the customer’s choice. The lowest weight in this section was then assigned to the purchase of products from a popular company in the Czech Republic. This can impact the gym’s profits in terms of linking its name with the brand, but at the same time it is not a significant impact for the gym if it were to start buying products from another company.

The higher admission fee than that of the competitors was considered from a weakness’ perspective. This aspect was given a score of 4 because it has a significant impact on how customers make decisions. The entrepreneur may focus more on making sure that the services the gym provides are of the highest quality now that being aware of this weakness. However, this aspect may also be viewed as a weakness if the gym will be staffed by people who have poor qualifications in the field of fitness. The author decided to use non-commercial web radio to avoid the higher costs associated with OSA fees. However, this means that it will not possible to play popular music in the gym, so this factor must also be considered as a weakness. Since most people at the gym use their own headphones, playing songs that are not very popular was given the lowest weight limit.

Due to the fact that there is only one gym in the city operating, which is the DEFFIT GYM’s main competitor, the opportunity to take over customers from the rival is quite high.

This item was given a score of 5 since it is an essential component that may positively affect the gym's profitability in the future.

Self-defence courses are becoming more and more popular, which presents another opportunity to increase the customer base. But since this service is not part of the gym's primary offering, it does not need to be given a higher weight than 3.

The threats that the gym may encounter while its operation are caused by external factors and are therefore beyond the control of the gym itself. Rising inflation and the resulting necessity for price increases are two of the main risks. If the costs of the goods and services were excessive, there would be a possibility that customers would start looking for alternatives to stay active instead of going to the gym, which would reduce the number of visits and, consequently, the profitability of the company.

6.4.2 Customer Segmentation

The author decided to identify three main customer segments for her business that are expected to visit the gym regularly. When focusing on these segments, demographic, psychographic, and geographic aspects were taken into account. Decisions were made based on age and gender, the habits that customers have and the location they live in.

Table 6 – Customer segmentation (own creation)

Customer segments	Definition
Students	<ul style="list-style-type: none"> • people aged 15 – 26 • expected to come especially in the afternoon and during the weekends • students living in Holešov • students studying at the police school in Holešov
People interested in self-defence	<ul style="list-style-type: none"> • various generations • expecting mostly female gender • expected to attend Monday courses and the gym a few times a week
Seniors	<ul style="list-style-type: none"> • people aged more than 65 • expected to visit the gym especially in the morning

6.4.3 Marketing Mix

The author decided to create a 4C marketing mix for the DEFFIT GYM. This mix will include the customer value, communication, convenience and cost which corresponds to a product, promotion, place and price in a 4P marketing mix.

Customer value

The main aim of the gym will be to attract potential customers by providing self-defence courses led by experienced instructors. Those who are interested will get the chance to practice non-violent techniques, which focus primarily on intimidating the aggressor before the attack and the subsequent defence of the victim. At the same time customers will also learn how to use a self-defence tool. The customer will be allowed to attend the course both individually and in groups, but only with a trainer. Some people avoid attending courses in groups where they may not feel comfortable, so the option of individual courses may be perceived as a benefit. Except of courses for adults, the offer also includes a self-defence course for children. The courses for children will not take place in the form of classic children's clubs, but the gym will require the participation of parents, who can watch and learn how to protect their child. Customers can register for courses in person, over the phone, or online using the form provided. The dates of the courses will always be disclosed in advance. The competition usually includes extensive courses that run several months. The DEFFIT GYM does not want to make the impression of some kind of a long-term commitment to customers. Therefore, they will be free to attend the course according to their needs and discretion. In order to overfilling the capacity of these courses, the customers will reserve the given hour of their choice in advance. Another service offered will be a gym itself. Strength training enthusiasts as well as complete beginners will be able to come and workout, enabling them to surpass their limits. They will be able to exercise on machines designed to strengthen the focused part or work out with their own weight and dumbbells. The modern machines on which they can work out can also contribute to the decision to visit the gym. Ionic and protein drinks and snacks will be available for all customers. These will be prepared by the staff or sold at the reception.

Convenience

The customer's convenience should always come first. For this reason, it will be possible to purchase a season ticket online, for which a code will be generated, based on which the card will be handed over to the customer at the reception of the gym. Therefore, it will speed up the administrative process of the purchase, saving the customer's time. A chill zone with

beanbags will be prepared for customers to relax during or after training. The goal is to create a feeling of comfort and a pleasant environment suitable for customers.

Cost

The pricing of goods and services were primarily considered in relation to the prices that rival businesses charged for their services. The cost of the protein snacks, flapjacks, and dried meat that will be delivered by GymBeam, the company that will supply these goods, will go up by 20%. The only exception is the price of the protein drinks, which will go up by 40%. The prices listed in the tables below are presented with margin already calculated.

Table 7 – Prices of products (own creation)

Category	Product	Price (in CZK)	Volume
Protein bars and Flapjacks	Protein bar DELUXE – chocolate brownie	49	60 g
	Protein bar DELUXE – strawberry cheesecake	49	60 g
	Protein bar Mars Hi-Protein – salted caramel	49	40 g
	Flapjack bar – honey	39	100 g
	Flapjack bar – cherry and coconut	39	100 g
Dried meat	Dried meat BEEF JERKY – teriyaki	119	50 g
	Dried meat BEEF JERKY – barbecue	119	50 g
Ionic drinks	Ionic drink – orange	49	500 ml
	Ionic drink – lemon	49	500 ml
	Ionic drink – pineapple	49	500 ml
Protein drinks	Protein drink – vanilla	24	500 ml
	Protein drink – salted caramel	24	500 ml
	Protein drink – chocolate milkshake	24	500 ml
	Protein drink – no flavour	24	500 ml
Protein drinks (VEGAN)	Protein drink (VEGAN) – vanilla	28	500 ml
	Protein drink (VEGAN) – chocolate	28	500 ml
	Protein drink (VEGAN) – salted caramel	28	500 ml

Table 8 – Prices of offered services (own creation)

Service	Price (in CZK)	Volume
Gym attendance fee	120	1 hour
Self-defence course	750	1 hour

Communication

One of the most important aspects of drawing customers is promotion. It will be essential for the business to make advantage of both offline and online resources. Since promotion needs to begin even before the gym opens, the company's founder made the decision to do so two months in advance before opening.

- Social media.** Advertising through social media is widely used today, and there is only a small portion of people that a company will target that does not have access to it. The founder of the gym will set up a business account on Facebook, Instagram, and Tiktok. The benefit is that the content that appears on these platforms will be created by the founder herself, saving money by eliminating the need to hire a third party for content creation. For increased reach, the popular hashtag #GymTok will be mentioned beneath every post. Two months before the opening, the company will use paid advertisements. Tiktok uses the CPM pricing model. The founder made the decision to go with the Video Views campaign, which has a CPM of 12–28 CZK. This amount is paid for every thousand views. Assuming that the Tiktok advertisement will reach up to 22,000 people, which corresponds to the population of the Holešovsko Microregion, the advertisement will cost CZK 616. Regarding Instagram and Facebook, the founder assigned CZK 2,000 per month to each platform. After opening, the paid promotion on social media will no longer be needed, so the costs will decrease. The owner will then make an effort to attract more followers through the creation of photos and videos on these platforms, which can be interesting to potential customers. At the same time, the aim is to get customers involved in the promotion by participating in various challenges to make them feel more devoted to the gym by increased reach on their profiles. It is a way that allows direct engagement between the business and the customer.
- Website.** Since websites are a vital tool for marketing, the gym will have one created. The logo must be shown in the site's background so that users may always connect

it to the business whenever they see it in the future. Customers can find out more information about the gym's offerings, contacts, and opening hours in the section "About Us". It is important to stay in touch with customers, so there will be a live chat pop-up window in the lower right corner of the page where the customer can ask questions and the employee who is on shift at that time will do his best to respond and possibly offer advice. At the same time, the visitors of the website may leave any comments or compliments here. To make it simpler for customers to find the gym, there will also be a section with a location that links to the place using Google Maps. Another strategy for drawing in new customers is including a blog-style section. The introduction of strength machines and the potential uses for them in strengthening will be the primary topics of the articles. Many people are afraid of using the machines at the gym not knowing the body part which it targets. Therefore, it is crucial to demonstrate that there is nothing to be afraid of. As a result, beginners will find videos that show how to work out on the specified machine and its intended use. Another tool to attract new customers is the placement of a virtual tour of the premises on the website. It can attract customers thanks to a demonstration of machines, a chill zone or changing rooms. The last section will be the price list, where the prices of courses and entrance to the gym will be listed. Information regarding the possibilities of buying a permanent ticket will also be available. The company with the best price will create a personalized website. However, the expected price is CZK 30,000. An external company will be in charge of managing the website. The monthly approximate cost will be CZK 1,500.

- **Spotify.** Lately, Spotify has been a platform used mainly among young people. After considering whether it would be more appropriate to invest in advertising on Spotify or on the radio, the founder decided on Spotify. Reaching up to 50,000 listeners for the price of CZK 1,147 is included in the deal, contingent upon the listener's location and preferred genre. Therefore, the goal is to play the commercial for listeners in the Zlín region, who are mostly drawn to playlists that feature inspirational music, like those played during sports performances. The author is aware that a lot of people pay for Spotify premium, but this form of advertising can also reach children, who listen to Spotify with ads, and make them be interested in self-defence courses. Based on this, they may convince parents to pay the courses for them.
- **Advertising flyers.** Another type of promotion will be flyers. They will bear advertisements, mostly for self-defence classes. The back of the flyer will contain a

map indicating the gym's location and opening hours. The primary purpose of the promotional materials is to be sent to every elementary school in Holešov and the neighbouring villages, considering that the gym will also provide self-defence courses for children. The founder plans to distribute flyers to the high schools in Holešov as well, since students are another target group. At the same time, the owner will distribute flyers in the city centre and near the station to seniors, who are also the target group of the business. The design of the flyer will be created by the founder herself, and CZK 1,700 will be set aside for printing costs.

- **A whistle with logo.** Time-framed marketing campaign will be whistles with an engraved name and logo of the company. The idea of using whistles to subtly expose a newly opened gym to people emerged from the fact that whistles can be employed as a non-violent form of self-defence. Whistles will be distributed in the city mainly to children and girls. The production cost of each whistle will be CZK 29, with maximum quantity of 80 pieces produced. Thus, the total costs will be CZK 2,320.
- **Board display in front of the train station.** A board display at the Holešov train station will be the company's another marketing strategy. This advertisement will appear here 14 days before the opening day of the gym. The costs on this form of propagation will be CZK 5,200.
- **PPC model.** Although this is a popular model, the business is not yet fully prepared for its implementation. The owner will try to maximize its success to implement this strategy in marketing communication.

Table 9 – Initial expenses on promotion (own creation)

Expenses on promotion	CZK
Social media	2,616
Website	30,000
Spotify	1,147
Advertising flyers	1,700
Whistles with logo	2,320
Board display	5,200
PPC model	0
Total	42,983

Table 10 – Advertising tools used on customer segments (own creation)

Students	People interested in self-defence	Seniors
<ul style="list-style-type: none"> • social media • website • board display • Spotify • Whistles with logo 	<ul style="list-style-type: none"> • social media • website • whistles with logo • board display • Spotify 	<ul style="list-style-type: none"> • advertising flyers • board display

Social media are expected to be the most appealing to the working people and students. Also, posts on social media aimed at self-defence can be appealing to people interested in those courses. At the same time, with the gym account on the social media, advertisement will be aimed at these segments using customer profile referrals on social media. Although the author acknowledges that even seniors utilize the Internet these days to gather information, the website is not considered the main tool for targeting the segment with people older than 65, who are expected to use more offline advertising.

The majority of Spotify’s users are students who use the service to listen to music and podcasts while they commute to school, as well as working people, who use it to listen to music and podcasts while at work. Thus, an advertisement for a gym on this platform can reach these individuals while they are listening, as can the reference to self-defence courses in this advertisement to those who are interested in this kind of activity.

Whistles with an engraved logo will primarily be given to younger people and girls since it is anticipated that those interested in self-defence courses would be found among those, who might be the most vulnerable. These individuals can feel more secure as a result of attending self-defence courses.

Thanks to the strategic placement of the board display at train and bus stations, where dozens of people pass through every day, this advertisement will be aimed at all customer segments.

6.5 Product and Service Description

6.5.1 Services

The company’s main goal will be to develop a wide range of services, considering that the gym is primarily a service provider.

- **Self-defence courses**

One of the services offered will be self-defence courses, thanks to which the company will try to get into the subconscious of customers. With the help of experienced and certified instructor, clients will receive both theory and practical self-defence training. One of the main advantages of this service is the possibility of arranging individual hours. The aim is to focus even on the smallest ones, which is why the offer will also include a self-defence course for children in different age categories.

- **Strength training on weight machines**

Strength training machines designed to improve the muscles in the back, shoulders, biceps, trunk, thighs, calves, and buttocks will be available as part of the gym equipment.

- **Other workout equipment**

To enhance the effectiveness of training, dumbbells with varying weights will be available in addition to strength equipment. Clients of the gym will also find weight belts, workout mats, parallel bars, fit balls, resistance bands, balancing mats, or exercise wheels available.

- **Cardio zone**

The cardio zone is meant to be used as a place to warm up the body or to improve physical condition. The most popular aerobic exercises among people are running and cycling. As a result, there will be treadmills and exercise bikes available. At the same time, there will also be a rowing machine.

- **Chill zone**

Other services provided will include a chill zone, where clients will be able to relax after training and enjoy some of the protein shakes or snacks that will be available for purchase at the reception of our gym.

- **Permanent ticket**

Clients can use the service of purchasing a permanent ticket, deducting the cost of admission with each visit to the gym from the amount they want to deposit on. Gym membership can only be used by one person and is not transferable.

6.5.2 Products

- **Beverages**

In order to make drinks for customers before or after their workout, the gym is going to seek an agreement with a company that supplies products mostly made of protein. To further enhance training, the menu will also contain items like ionic drinks and kickers. Also

available for purchase is a protein drink that is made on-site by a gym staff member. The drinks will contain 30 g of protein according to the customer's choice and the total volume of the drink will be 500 ml. To satisfy those who prefer protein derived solely from plants, the menu will provide vegan protein drink alternative as well.

- **Protein snacks**

Protein bars, flapjacks, dried meat, and dried fruit will be available to purchase at the reception. The same company that will supply the drinks will be the one from which the gym buys protein snacks. Plant-based versions of protein bars will not be neglected either.

6.6 FINANCIAL ANALYSIS

The role of financial analysis is to provide information about financial health of the business to managers. The author of the thesis decided to include initial expenses, balance sheet, calculation of labour expenses, fixed and variable costs. Additionally, the predicted revenues and the profit and loss statement will be presented. The indicator of the return on investment will be calculated based on the information gathered from the profit and loss statement.

6.6.1 Initial Expenses

The table below serves as an overview of the initial costs that the business will have to deal with even before its official opening. These expenses include the price of the trade license, which was mentioned earlier in PEST analysis chapter 4.4.3 as a political-legal factor of launching a business. Other costs that must be paid before opening are the costs of buying equipment and paying for the advertisement.

Table 11 – Initial expenses (own creation)

Initial expenses	CZK
Trade license	1,000
Promotion	42,983
Equipment	735,402
Weight machines	397,334
SIX-PAK Base strength machine	59,990
Dual Leg press/Leg curl Strength Machine	77,890
Multi Press chest/shoulder strengthening machine	105,784
Dual biceps bench	13,990
Abdominal crunch	96,590
Standing calf raise	43,090

Other workout equipment	205,280
Squat rack	29,990
Positioning bench, 3 pcs	32,940
Ladder with crossbar and weight bench	11,490
Bench press	34,590
Biceps axis straight, 2 pcs	9,980
Kettlebells, 4-32 kg	14,880
One-handed dumbbells, 1-10 kg	19,790
One-handed dumbbells, 12-30 kg	51,620
Cardio machines	114,970
Rowing machine50	15,990
Treadmill	68,990
Exercise bike	29,990
Other equipment	17,818
Rope grip, 100 cm	790
Axle cap, 3 pairs	1,770
Stand for axles and discs	5,990
Kettlebell stand	5,190
Jump rope, 2 pcs	518
Power Bag 5 kg, 1 piece	790
Power Bag 10 kg, 1 piece	990
Power Bag 15 kg, 1 piece	1,190
Fit ball, 1 piece	590
Inventory	61,368
Cash register system with terminal	6,990
Desk at the reception	4,930
Chair at the reception desk	1,190
Bean bags	4,797
A table for the chill zone	399
Loudspeakers	2,956
Locker rooms	35,596
Shelf for stocking food supplements and glasses	4,870
A set of 3 wall shelves for displayed food supplements	903

Wardrobe with storage boxes	41,376
Detergents	1,000
Office equipment	1,000
Electronic security system	40,000
Air conditioning	62,491
Coaching course	10,900
Kitchenware	2,000
Total initial expenses	1,062,151

6.6.2 Starting Balance Sheet

The condition for classifying an asset as long-term is a useful life of more than one year, given that this asset is not consumed, but processed. This property's admission price has to be more than CZK 80,000. Weight machines, other workout equipment, cardio machines, and storage items fit these requirements. Equipment that does not meet the conditions for being classified as a long-term asset, and its value is therefore lower than CZK 80,000, falls under small tangible assets.

Table 12 – Starting balance sheet (own creation)

Assets		Liabilities	
Long-term assets	800,329	Equity capital	1,300,000
Weight machines	397,334	Registered capital	1,300,000
Other workout equipment	205,280		
Cardio machines	114,970		
Storage items	82,745		
Current assets	499,671	Current liabilities	0
Stock	189,121		
Small tangible assets	125,753		
Inventory	61,368		
Detergents	1,000		
Office equipment	1,000		
Bank account	244,550		
Cash	65,000		
Accruals	1,000		
Total assets	1,300,000	Total liabilities	1,300,000

6.6.3 Labour Expenses

Table 13 – Monthly labour expenses (own creation)

Worker	Gross Monthly Wage	Health insurance	Social insurance	Total expenses per month	Total expenses per year
Founder	27,200	2,968	3,852	34,020	408,240
Part-time worker No. 1	7,890	710	1,957	10,557	126,684
Part-time worker No. 2	7,890	710	1,957	10,557	126,684
Part-time worker No. 3	7,890	710	1,957	10,557	126,684
Part-time worker No. 4	7,890	710	1,957	10,557	126,684
Total expenses				76,248	914,976

The table above refers to the calculation of the costs incurred for the workforce involved in the running of the business. Since the part-time workers will be working on an agreement to perform the work (Czech DPČ), it will be necessary to pay social insurance in the amount of 24.8% and health insurance in the amount of 9%. These tax contributions will be calculated from the gross salary (Student.cz).

In addition, employees are entitled to a bonus for working on the weekends. This was also considered in while determining salaries. On Saturdays and Sundays, employees' hourly wages are increased by 10% on Saturdays and Sundays (Finance.cz).

The owner of the company will pay herself CZK 27,200 per month. The stated amounts for social and health insurance are in the nature of advance payments for insurance and must be calculated according to actual income after the end of the year. For the year 2024, the minimum advance payments for self-employed people are set at CZK 2,968 for health insurance and CZK 3,852 for social insurance (Pruvodcepodnikanim.cz).

6.6.4 Fixed Expenses

The table below shows the fixed expenses that the company will pay each month. The annual totals of these expenses are displayed in the table. Fixed costs are those that are paid by the business independently of production and are never subject to change.

Type of expenses	Monthly in CZK	Annually in CZK
Rent	33,950	407,400
Energy consumption	25,000	300,000
Water consumption	5,700	68,400
Depreciation	–	22,262 (1 st year)/45,028 (other years)
Mobile phone tariff	585	7,020
Promotion	1,147	13,764
Non-commercial web radio	490	5,880
Wages of the employees	31,560	378,720
Social and health insurance	10,668	128,016
Internet connection	299	3,588
Insurance of the company	4,499	53,988
Total fixed expenses	113,898	1,389,038 (1st year) / 1,411,804 (other years)

Table 14 – Monthly fixed expenses (own creation)

The energy consumption was set at CZK 25,000 after consultation with an employee of the company supplying energy in the given area. Water consumption was calculated based on the estimated average water consumption per person, which was set at 8 litres. After thorough evaluation it was discovered that 1m³ of water in Holešov costs CZK 99. Given that some customers prefer to take showers at home, it is assumed that two thirds of them will use the showers in the gym. According to this calculation, about 24.89 litres would be consumed monthly. This corresponds to costs about of CZK 2,488 per month. However, the author did include CZK 5,700 in the anticipated costs for water use as a contingency in case more people visit the gym, or one person consumes more water than average. The mobile operator providing the tariff in the cost of CZK 585, and internet connection in cost of CZK 299 will be T-Mobile.

6.6.5 Depreciation

Multi Press chest/shoulder strengthening machine

- Depreciation group: 2
- Years of depreciation: 5
- Price of purchase: CZK 105,784
- Straight-line depreciation

Table 15 – Depreciation of Multi Press chest/shoulder strengthening machine
(own creation)

Period	Depreciation	Corrections	Amortised cost
2025	11,637	11,637	94,147
2026	23,537	35,174	70,610
2027	23,537	58,711	47,073
2028	23,537	82,248	23,536
2029	23,536	105,784	0

Abdominal crunch

- Depreciation group: 2
- Years of depreciation: 5
- Price of purchase: CZK 96,589
- Straight-line depreciation

Table 16 – Depreciation of an Abdominal crunch machine (own creation)

Period	Depreciation	Corrections	Amortised cost
2025	10,625	10,625	85,964
2026	21,491	32,116	64,473
2027	21,491	53,607	42,982
2028	21,491	75,098	21,491
2029	21,491	96,589	0

6.6.6 Variable costs

The amount of variable costs will depend on the attendance of the gym. The more people who come to the gym, the higher the sales of additional products such as protein bars or drinks will be. Therefore, the required amount of inventory of these products will vary. Detergents and office supplies will also be included in the variable costs.

The variable costs associated with the purchase of additional assortments, which include ionic drinks, protein drinks, flapjacks, protein bars and dried meat, were taken into account in three scenarios – pessimistic, realistic, and optimistic.

Protein drinks are divided into classic and vegan, as they have a different purchase price. 30g of protein powder will be used in each protein drink, due to which the variable cost per unit has been determined.

Table 17 – Variable costs of products in three scenarios (own creation)

Product	Variable cost per unit	Pessimistic version	Realistic version	Optimistic version
Ionic drinks	39	18,096	28,509	37,050
Protein drinks (non-vegan)	17	7,888	12,427	14,725
Protein drinks (vegan option)	20	4,560	7,300	45,125
Flapjacks	31	7,068	11,315	37,050
Protein bars	39	18,096	28,509	16,150
Dried meat	95	21,660	34,675	9,500
Total monthly variable costs		77,368	122,735	159,600

The table below refers to the total variable costs, which include the variable costs of selling products that will serve as supplies in the gym and the costs of cleaning products. The costs were taken into account monthly, but also annually in three variants.

Table 18 – Total variable costs in all three versions (own creation)

Type of expenses	Pessimistic version		Realistic version		Optimistic version	
	Monthly	Annually	Monthly	Annually	Monthly	Annually
Detergents (in CZK)	800	9,600	1,200	14,400	1,500	18,000
Inventory (in CZK)	77,368	928,416	122,735	1,472,820	159,600	1,915,200
Total (in CZK)	94,788	938,016	123,935	1,487,220	161,100	1,933,200

6.6.7 Estimated Revenues

Table 19 – Estimated revenues (own creation)

	Pessimistic revenues (in CZK)	Realistic revenues (in CZK)	Optimistic revenues (in CZK)
Estimated revenues from attendance fee	3,346,560	5,258,880	7,171,200
Estimated revenues from product sales	1,188,192	1,713,120	2,229,120
Estimated revenues from self-defence courses	324,000	324,000	324,000
Total estimated revenues	4,858,752	7,296,000	9,724,320

For the estimated revenues three scenarios were made for presenting pessimistic, realistic, and optimistic versions. The gym is scheduled to operate for 83 hours per week, which makes 332 hours per month. As long as there are no technological issues preventing the gym from being closed, these hours match the opening hours.

The segmentation of customers served as the basis for estimating the revenues. Moreover, observing the average attendance at a competing gym located in the same city helped the author to make assumptions.

First of all, the senior segment is thought to have the highest attendance in the morning when the gym will not be so busy, and they will have more space to work out. Seniors are the most flexible people across all segments when it comes to scheduling their time. It is estimated that one person from this segment visits the gym each hour between 7 a.m. and 12 p.m. which makes a total of five seniors in the morning. Due to its small-town location, it is doubtful that many older residents will frequently visit the gym throughout the day. Therefore, their attendance in the afternoon was during the calculations predicted to be zero.

Students can be further divided into high school students and university students. High school students typically visit the gym in the afternoon, whereas the university students have the opportunity to visit the gym in the morning. Nevertheless, it was decided to refer to this segment as the student segment in general. The author observed at a competing gym that

approximately 5 people per hour came to work out in the morning between 7 a.m. and 12 p.m. Those people were roughly in the same age category as the author herself, so she decided to include them in this segment.

It is expected that especially between 12 p.m. to 6 p.m. the attendance will be dominated by the student segment. Approximately 8 people per hour will visit the gym. During the week, only 5 students per hour are expected to attend between 6 p.m. and 8 p.m., because most students want to focus on schoolwork in the evening.

The author also decided to focus on people with stable jobs, even though this group of people was not included among the main customer segments. This group can be referred to as working people. It is necessary to take into account that these people have different working hours and even many of them work on shifts. Therefore, the assumption was set at 5 people per hour in the morning hours, which makes a total of 25 people in the morning. The different end of working hours in the afternoon was also considered, and attendance of 3 people per hour is expected between 12 p.m. and 6 p.m. which makes a total of 18 people. Higher attendance can be expected in the evening between 6 p.m. and 8 p.m. resulting in attendance of 6 people per hour.

On Monday morning, the attendance is expected to be the same as other days. However, it should be taken into account, that on this day the gym will close at 2 p.m. Therefore, the student customer segment will prevail over others in the afternoon. On Mondays, it is estimated that 77 people per day will come to work out.

The calculation of expected revenues for the sale of drinks and snacks cannot be omitted in the profits. In a realistic scenario, 3,652 people per month are expected to come to the gym to work out. This corresponds to 11 people per hour. It is assumed that only 1/3 of customers per hour will purchase the additional assortment, which includes drinks and protein snacks.

The author assumes that protein and ionic drinks will be sold the most. Protein bars are the most popular protein snacks. The lowest sales quantity is then estimated for flapjacks and dried meat.

Therefore, in one hour of operation, it is estimated that 3 pieces of protein drinks, of which 1 in the vegan option, 2 pieces of ionic drinks, 2 pieces of protein bars, 1 piece of flapjack and 1 piece of dried meat will be sold.

In the realistic scenario, it is assumed that the gym will earn CZK 142,760 per month from the sale of these products.

In the pessimistic scenario, it was taken into account the fact that people may look more for alternative options where to exercise with lower, or on the contrary, zero costs. Therefore, the author assumed that the attendance and sales of products will be lower by 30 % compared to the realistic version. In this case, about 2,324 customers would visit the gym per month, who would spend CZK 99,016 per month by buying the protein and ionic drinks, protein bars, flapjacks and dried meat. The total annual revenues in this scenario amount to CZK 740,221 which is relatively little for the operation of a gym. When running a business in the field of fitness, the entrepreneur has to be aware that it will be necessary to invest in new and more modern equipment.

On the other hand, the optimistic version considered that the gym may increase revenues by gaining some customers from the competition and thanks to well-targeted advertising before the actual opening.

Therefore, in this scenario, on the contrary, 30% higher attendance and product sales were expected, which corresponds to 15 people per hour visiting the gym. This scenario assumes that the revenues from the sale of the additional assortment would amount to CZK 185,760 per month.

Self-defence courses will also contribute to the revenues. The owner and the external worker, who will lead these courses, agree on 30% of the profit from these courses. The price for 1 hour will be CZK 750. Full capacity is assumed in all three scenarios, as great interest in these courses is expected. The maximum capacity for a one-hour course is 5 people and these courses will take place on Mondays from 2 p.m. to 7 p.m.

Table 20 – Estimated revenues in the 1st year (own creation)

	Realistic version (in CZK)	Pessimistic version (in CZK)	Optimistic version (in CZK)
Total revenues	7,296,000	4,858,752	9,427,320
Variable expenses	1,487,220	938,016	1,933,200
Fixed expenses	1,389,038	1,389,038	1,389,038
Initial expenses	1,062,151	1,062,151	1,062,151
EBT	3,357,591	1,469,547	5,042,931
Tax (15%)	503,639	220,433	756,440
EAT	2,853,952	1,249,114	4,286,491
Economic costs	408,240	408,240	408,240

Economic profit/loss	2,445,712	840,874	3,878,251
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Table 21 – Estimated Income Statement in the first three years (own creation)

Realistic version (in CZK)	1 st year	2 nd year	3 rd year
Total revenues	7,296,000	7,660,800	8,043,840
Variable expenses	1,487,220	1,561,581	1,639,660
Fixed expenses	1,389,038	1,389,038	1,389,038
Initial expenses	1,062,151	–	–
EBT	3,357,591	4,710,181	5,015,142
Tax (15%)	503,639	706,528	752,272
EAT	2,853,952	4,003,653	4,262,870
Economic costs	408,240	408,240	408,240
Economic profit/loss	2,445,712	3,595,413	3,854,630

In the upcoming years, income is expected to increase by only 5%, since the gym will operate in a smaller city than, for example, Zlín, and also because the gym's capacity is limited in terms of people. Furthermore, the initial costs incurred in the first year when the gym was opened, will no longer need to be included in the subsequent years.

6.6.8 Return On Investment Indicator

(ROI) Return on investment is a metric that compares how various investments are efficient. The following formula is used to calculate the outcome, which is expressed as a percentage:

$$ROI = \frac{\text{Net income}}{\text{Cost of investments}} * 100$$

The return on investment for both, the realistic and optimistic scenarios, was calculated using the given formula. Since table 18 above shows that the net profit is negative, there is no reason to even compute the pessimistic scenario in this case.

$$\text{ROI}_{\text{Optimistic version}} = \frac{3,878,251}{1,300,000} * 100 = 298 \%$$

$$\text{ROI}_{\text{Realistic version}} = \frac{2,445,712}{1,300,000} * 100 = 188 \%$$

6.7 Risk Analysis

Every business is associated with taking risks that entrepreneurs have to face every day. Therefore, a person enters the business on his own responsibility, knowing that he is taking certain risks. Here, the author will mention the risks she will take if she decides to open a gym.

Lack of business experience

People who decide to start a business usually do not have a lot of experience with how to deal with the given situations that the business will face during its operation and how to solve them. Inexperienced entrepreneurs also often have exaggerated or even naïve ideas that do not match the real economic results of the company.

Wrong choice of employees

The customer should be the company's number one priority, and therefore employees must be chosen conscientiously so that they fulfil this unwritten rule. An employee who does not treat the customer with respect and dignity is a bad reputation for the company. Poor staff selection can also relate to attendance issues. Fluctuation is also connected with employees. It is not necessary to keep it low, because a new employee means a new contribution to the company and new ideas, but too high turnover can also harm the company. The customer should feel comfortable while using the company's services and should be offered a friendly atmosphere. However, if employees change too often, the friendly atmosphere may not be established between him and the employee of the company.

Outdated equipment

Outdated equipment is not only unsightly but can often be dangerous to the customer's health. Especially in the gym, where the machines weight tens of kilograms, injuries can occur due to machines that do not meet the conditions of safe use.

New competitors entering the market

A new competitor may appear in the company's location, offering the same or even improved services or products. The market is open and barriers to entry are low. A new competitor can thus threaten the operation of the company and the associated profitability.

Threat of infection

A gym is a place where a large number of people meet in one place. When the Covid pandemic struck the world a few years ago, gyms had to deal with this risk. Customers should always have access to hand sanitizer gels, and all machines should be thoroughly cleaned. Even with this variation, though, it is still necessary to suppose that a person with an infectious disease, visits the gym and spreads the illness to other customers. The gym may suffer a sizable loss in earnings from gym membership sales if this scenario is performed.

Risk	Probability of occurrence	Size of impact	Probability * Size	Preventive measures
Lack of business experience	2	2	4	Consultation with other entrepreneurs
Lack of customers	2	5	10	More engagement in the promotion, loyalty programs and rewards
Wrong choice of employees	2	2	4	Selection of workers with experience in the fitness industry, greater emphasis on the selection of workers
Outdated equipment	1	3	3	Investment in modern machines
New competitors entering the market	4	4	16	Improving stronger relationships with current customers, maintaining or improving the quality of the products and services offered

Threat of infection	1	2	2	Emphasis on clean and disinfecting exercise machines, movement of fresh air
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In order to estimate the risk, it is necessary to calculate the probability of occurrence and its impact on the given company. The risk assessment was compiled by the author, the thesis supervisor, and the owner of an already established and operating company in the fitness industry. Throughout the compilation process, a rating scale was implemented, with 5 representing the highest value and the highest probability of occurrence as well as an impact. When the impact on the company is not destructive and the probability of occurrence is very low, the lowest value is 1.

A situation where there are not enough customers would have the greatest impact on the operation of the company. This risk can be associated with the risk of new competitors entering the market, where a lack of customers would mean low earnings that could impact profitability of the company, and it can be assumed that these risks would be destructive to the company.

The team that had discussed these risks came to the conclusion that the threat of infectious illness transmission would affect the company the least.

7 LEAN CANVAS

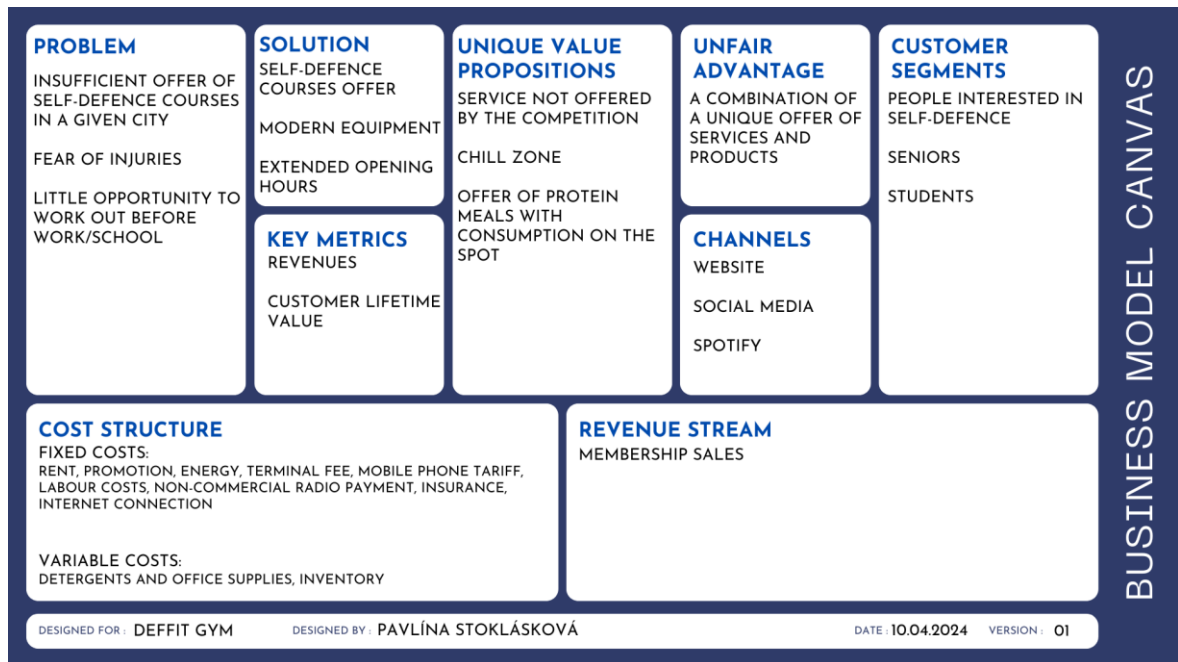


Figure 3 – Lean Canvas (own creation through Canva.com)

The main customer segments experience three primary concerns one of which is the inadequate access to self-defence courses in a given city. By providing those courses, the gym aims to solve the problem of customers requiring learning techniques to protect their lives.

Considering seniors are among the potential customers of the gym, attention should be given to the problems they must deal with. Fear of health injury might be one of the primary issues, thus this issued needs to be deal with modern equipment that can reduce the risk.

Students struggle with time management because of their commitments to their education. The gym plans to deal with this issue by providing longer hours so that students can utilize it in the evenings or before work or school.

Thanks to the Lean Canvas, which outlines customer segments, the entrepreneur can focus on these target groups and understand their needs more.

CONCLUSION

The aim of this bachelor's thesis was to establish a business plan for a new gym located in Holešov and to evaluate its possible efficiency and profitability.

The theoretical part focuses on defining terms associated with business – entrepreneurship and entrepreneur. Followingly, the main focus is defining the business types and legal forms in the Czech Republic. Last chapter of the theoretical part is dedicated to defining the business plan and model and its layout in terms of chapters.

The practical part of the work presents the author's idea of establishing a gym, which is further implemented in the business plan. The reason for establishing a gym focusing on self-defence courses was the growing demand for these services.

Firstly, the author focuses on developing a PEST analysis from the point of view of the given company, which is influenced by political-legal factors, economic factors, socio-cultural factors and technological factors. Competition is considered using Porter's five forces analysis.

Further, the business plan consists of executive summary, company description, and personnel plan that focus on describing the company itself and defining its employees. In terms of marketing analysis, a SWOT analysis was used to describe the external and internal environment of the company. Furthermore, the work defines customer segments on which the marketing mix is based. The demands of these customer segments are then responded to by compiling a range of products and services. The financial analysis is considered to be a key chapter, as it determines the profitability of the DEFFIT GYM.

The financial analysis consists of the calculation of initial expenses, starting balance sheet, labour expenses incurred during the operation of the company, fixed expenses, depreciation of property, variable costs, estimated revenues and return on investments indicator. The estimated revenues were taken into account in three scenarios – realistic, pessimistic and optimistic.

The author came to the conclusion that, in the case of the optimistic and realistic scenarios, the business is feasible and profitable because the main goal of processing this business plan was to determine the profitability and feasibility of the given company.

Finally, any external and internal risks that could affect the company are assessed in the risk analysis.

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LIST OF ABBREVIATIONS

CZK	Czech koruna
DPČ	Dohoda o pracovní činnosti
EAT	Earnings After Taxes
EBT	Earnings Before Taxes
EUR	euro
GDP	Gross domestic product
No.	number
OSA	Ochranný svaz autorský
OSSZ	Okresní správa sociálního zabezpečení
ROI	Return on investment

LIST OF FIGURES

Figure 1 – Logo of the company (own creation via Canva.com)	30
Figure 2 – Location of the gym (via Google Maps)	39
Figure 3 – Lean Canvas (own creation through Canva.com)	66

LIST OF TABLES

Table 1 – Population by age category and gender (own creation).....	32
Table 2 – Opening hours of the company	39
Table 3 – Part-time employees’ shifts on even week (own creation).....	40
Table 4 – Part-time employees’ shifts on odd week (own creation)	40
Table 5 – SWOT Analysis for the DEFFIT GYM (own creation)	42
Table 6 – Customer segmentation (own creation)	44
Table 7 – Prices of products (own creation).....	46
Table 8 – Prices of offered services (own creation)	47
Table 9 – Initial expenses on promotion (own creation)	49
Table 10 – Advertising tools used on customer segments (own creation)	50
Table 11 – Initial expenses (own creation).....	52
Table 12 – Starting balance sheet (own creation).....	54
Table 13 – Monthly labour expenses (own creation)	55
Table 14 – Monthly fixed expenses (own creation)	56
Table 15 – Depreciation of Multi Press chest/shoulder strengthening machine (own creation).....	57
Table 16 – Depreciation of an Abdominal crunch machine (own creation).....	57
Table 17 – Variable costs of products in three scenarios (own creation).....	58
Table 18 – Total variable costs in all three versions (own creation)	58
Table 19 – Estimated revenues (own creation).....	59
Table 20 – Estimated revenues in the 1 st year (own creation)	61
Table 21 – Estimated Income Statement in the first three years (own creation)	62