

A Business Plan for a Bookshop

Martin Kalouš

Bachelor's Thesis
2023



Tomas Bata University in Zlín
Faculty of Humanities

Univerzita Tomáše Bati ve Zlíně
Fakulta humanitních studií
Ústav moderních jazyků a literatur

Akademický rok: 2022/2023

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(projektu, uměleckého díla, uměleckého výkonu)

Jméno a příjmení: **Martin Kalouš**
Osobní číslo: **H190259**
Studijní program: **B7310 Filologie**
Studijní obor: **Anglický jazyk pro manažerskou praxi**
Forma studia: **Prezenční**
Téma práce: **Podnikatelský plán pro knihkupectví**

Zásady pro vypracování

Zpracování literární rešerše týkající se podnikání a tvorby podnikatelského plánu
Analýza situace na trhu
Vypracování podnikatelského plánu
Zhodnocení finanční stránky podnikatelského plánu a jeho rizika
Shrnutí poznatků a formulace závěrů práce

Forma zpracování bakalářské práce: **tištěná/elektronická**
Jazyk zpracování: **Angličtina**

Seznam doporučené literatury:

- Abrams, Rhonda. 2019. *Successful Business Plan: Secrets and Strategies*. 7th ed. Palo Alto, CA: PlanningShop.
McKeever, Mike P. 2019. *How to Write a Business Plan*. 14th ed. Berkeley, CA: Nolo.
Rickman, Cheryl. ed. 2021. *How to Write Your Own Business: ... and Make It Work*. London: Dorling Kindersley.
Shelton, Hal. 2017. *The Secrets to Writing a Successful Business Plan: A Pro Shares a Step-By-Step Guide to Creating a Plan That Gets Results*. Rockville, MD: Summit Valley Press.
Srpová, Jitka et al. 2020. *Začínáme podnikat: s případovými studii začínajících podnikatelů*. Prague: Grada.

Vedoucí bakalářské práce: **Ing. Jana Přílučková, Ph.D.**
Ústav financí a účetnictví

Datum zadání bakalářské práce: **7. listopadu 2022**
Termín odevzdání bakalářské práce: **9. května 2023**

L.S.

Mgr. Libor Marek, Ph.D.
děkan

doc. Mgr. Roman Trušík, Ph.D.
ředitel ústavu

Ve Zlíně dne 7. března 2023

PROHLÁŠENÍ AUTORA BAKALÁŘSKÉ PRÁCE

Beru na vědomí, že

- odevzdáním bakalářské práce souhlasím se zveřejněním své práce podle zákona č. 111/1998 Sb. o vysokých školách a o změně a doplnění dalších zákonů (zákon o vysokých školách), ve znění pozdějších právních předpisů, bez ohledu na výsledek obhajoby ¹⁾;
- beru na vědomí, že bakalářská práce bude uložena v elektronické podobě v univerzitním informačním systému dostupná k nahlédnutí;
- na moji bakalářskou práci se plně vztahuje zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, zejm. § 35 odst. 3 ²⁾;
- podle § 60 ³⁾ odst. 1 autorského zákona má UTB ve Zlíně právo na uzavření licenční smlouvy o užití školního díla v rozsahu § 12 odst. 4 autorského zákona;
- podle § 60 ³⁾ odst. 2 a 3 mohu užít své dílo - bakalářskou práci - nebo poskytnout licenci k jejímu využití jen s předchozím písemným souhlasem Univerzity Tomáše Bati ve Zlíně, která je oprávněna v takovém případě ode mne požadovat přiměřený příspěvek na úhradu nákladů, které byly Univerzitou Tomáše Bati ve Zlíně na vytvoření díla vynaloženy (až do jejich skutečné výše);
- pokud bylo k vypracování bakalářské práce využito softwaru poskytnutého Univerzitou Tomáše Bati ve Zlíně nebo jinými subjekty pouze ke studijním a výzkumným účelům (tj. k nekomerčnímu využití), nelze výsledky bakalářské práce využít ke komerčním účelům.

Prohlašuji, že

- elektronická a tištěná verze bakalářské práce jsou totožné;
- na bakalářské práci jsem pracoval(a) samostatně a použitou literaturu jsem citoval(a). V případě publikace výsledků budu uveden(a) jako spoluautor.

Ve Zlíně 27.4.2023

1) zákon č. 111/1998 Sb. o vysokých školách a o změně a doplnění dalších zákonů (zákon o vysokých školách), ve znění pozdějších právních předpisů, § 47b Zveřejňování závěrečných prací:

(1) Vysoká škola nevydávalečně zveřejňuje disertační, diplomové, bakalářské a rigorózní práce, u kterých proběhla obhajoba, včetně posudků oponentů a výsledku obhajoby prostřednictvím databáze kvalifikačních prací, kterou spravuje. Způsob zveřejnění stanoví vni třní předpis vysoké školy.

(2) Disertační, diplomové, bakalářské a rigorózní práce odevzdané uchazečem k obhajobě musí být též nejméně pět pracovních dnů před

konáním obhajoby zveřejněny k nahlášení veřejnosti v místě určeném vnitřním předpisem vysoké školy nebo není-li tak určeno, v místě pracoviště vysoké školy, kde se má konat obhajoba práce. Každý si může ze zveřejněné práce pořizovat na své náklady výtisky, o písy nebo rozmnoženiny.

(3) Platí, že odevzdáním práce autor souhlasí se zveřejněním své práce podle tohoto zákona, bez ohledu na výsledek obhajoby.

2) zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, § 35 odst. 3:

(3) Do práva autorského také nezasahuje škola nebo školské či vzdělávací zařízení, užitje -li nikoli za účelem přímého nebo nepřímého hospodářského nebo obchodního prospěchu k výuce nebo k vlastní potřebě dílo vytvořené žákem nebo studentem ke splnění školních nebo studijních povinností vyplývajících z jeho právního vztahu ke škole nebo školskému či vzdělávacímu zařízení (školní dílo).

3) zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, § 60 Školní dílo:

(1) Škola nebo školské či vzdělávací zařízení mají za obvyklých podmínek právo na uzavření licenční smlouvy o užití školního díla (§ 35 odst.

3). Odpírá-li autor takového díla udělit svolení bez vážného důvodu, mohou se tyto osoby domáhat nahrazení chybějícího projevu jeho vůle u soudu. Ustanovení § 35 odst. 3 zůstává nedotčeno.

(2) Není-li sjednáno jinak, může autor školního díla své dílo udit či poskytnout jinému licenci, není-li to v rozporu s oprávněnými zájmy školy nebo školského či vzdělávacího zařízení.

(3) Škola nebo školské či vzdělávací zařízení jsou oprávněny požadovat, aby jim autor školního díla z výdělku jím dosaženého v souvislosti s užitím díla či poskytnutím licence podle odstavce 2 přiměřeně přispěl na úhradu nákladů, které na vytvoření díla vynaložily, a to podle okolností až do jejich skutečné výše; přitom se přihlídí k výši výdělku dosaženého školou nebo školským či vzdělávacím zařízením z užití školního díla podle odstavce 1.

ABSTRAKT

Cílem této bakalářské práce je sestavení podnikatelského plánu pro již existující knihkupectví, které by autor chtěl v budoucnu převzít od stávajícího majitele a pokračovat tak v rodinné tradici. Práce je členěna na teoretickou a praktickou část. Teoretická část definuje podnikání, legislativu a právní formy podnikání. Praktická část se zabývá sestavením podnikatelského plánu pro knihkupectví.

Klíčová slova: podnikání, právní formy, podnikatelský plán, knižní trh, knihkupectví

ABSTRACT

This Bachelor Thesis aims to create a business plan for an existing bookshop the author wants to take over from the current owner and, thus, continue in a family tradition. The Thesis is divided into theoretical and practical parts. The theoretical part defines entrepreneurship, legislation, and legal forms of entrepreneurship. The practical part deals with creating a business plan for the bookshop.

Keywords: entrepreneurship, legal forms, business plan, book industry, bookshop

ACKNOWLEDGEMENTS

I would like to express my gratitude to my supervisor, Ing. Jana Přílučková, Ph.D., for her advice and helpfulness.

However, enormous thanks go to my family and best friends, who supported me during my studies.

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	10
I THEORY	11
1 ENTREPRENEURSHIP AND LEGAL STRUCTURE.....	12
1.1 ENTREPRENEURSHIP	12
1.2 ENTERPRISE	13
1.3 LEGISLATION	14
1.4 LEGAL STRUCTURE.....	14
1.4.1 Natural Person.....	15
1.4.2 Entrepreneurs' Obligations	16
1.4.3 Legal Entity	18
1.4.3.1 Unlimited Partnership 19	
1.4.3.2 Limited Partnership 19	
1.4.3.3 Limited Liability Company 20	
1.4.3.4 Joint-Stock Company 21	
1.4.3.5 Cooperative 21	
2 BUSINESS PLAN	22
2.1 BUSINESS PLAN STRUCTURE	23
2.1.1 Title Page	23
2.1.2 Executive Summary	23
2.1.3 Company Description.....	24
2.1.4 Market Analysis	24
2.1.4.1 Industry and Trends Analysis 27	
2.1.4.2 Customer/Target Market Analysis 27	
2.1.4.3 Competition Analysis 27	
2.1.5 Marketing Plan	27
2.1.6 Human Resources and Organizational Plan	29
2.1.7 Financial Plan.....	30
2.1.8 Risk Evaluation	30
2.1.9 Appendices	30
II ANALYSIS	31
3 TITLE PAGE	32
4 EXECUTIVE SUMMARY	33
5 BUSINESS DESCRIPTION	34
5.1 OWNERSHIP AND LEGAL FORM.....	34
5.2 ORGANIZATIONAL STRUCTURE.....	34
5.3 LOCATION.....	34
5.4 OPENING HOURS.....	35
6 MARKET ANALYSIS	37

6.1	INDUSTRY ANALYSIS	37
6.2	PEST ANALYSIS	38
6.3	SWOT ANALYSIS	42
6.4	COMPETITION ANALYSIS	43
6.5	BOOKSHOP'S CUSTOMERS	44
7	MARKETING PLAN.....	46
8	ORGANIZATIONAL PLAN.....	52
9	FINANCIAL PLAN.....	53
9.1	OPENING BALANCE SHEET	53
9.2	INITIAL COSTS	53
9.3	SALARIES.....	54
9.4	FIXED COSTS	55
9.5	INCOME STATEMENT	56
9.6	RETURN ON SALES.....	57
10	RISK EVALUATION	59
	CONCLUSION	61
	BIBLIOGRAPHY	62
	LIST OF ABBREVIATIONS	67
	LIST OF FIGURES	68
	LIST OF TABLES	69
	APPENDICES.....	70

INTRODUCTION

This Bachelor Thesis focuses on creating a business plan for a bookshop that has had its tradition for more than 20 years in Vsetín. The author's incentive to create such a business plan is the future ownership of the bookshop that the author's family member nowadays owns. Therefore, an assessment of the current situation related to the bookshop and its environment is practical and the author finds this business plan helpful for the future.

The Thesis consists of two parts – *Theory* and *Analysis*. The *Theory* deals with entrepreneurship and its legal forms, some entrepreneurs' responsibilities, and the description of a business plan structure chosen for this Bachelor Thesis. The *Analysis* determines the creation of the business plan. Every part of the business plan is developed using the author's previous experiences from working in the bookshop. Figures and tables accompany the business plan to explain the author's ideas and thoughts better. The most important chapters of the business plan – *Financial Plan* and *Risk Evaluation* - are presented because having an idea to commence a business is not enough. It has to be supported with, preferably, three financial scenarios – realistic, optimistic, and pessimistic, and these scenarios are shown in this business plan. There is also a commentary on the *Financial Plan* that evaluates the three scenarios. In addition, the author considers the risks associated with running a bookshop and describes them.

I. THEORY

1 ENTREPRENEURSHIP AND LEGAL STRUCTURE

People often cogitate about whether to set up a business or work for an employer and have a stable job. Entrepreneurship is associated with risks and failures, and only some have the courage to deal with them. The following chapters explain the topic in a detailed manner.

1.1 Entrepreneurship

Entrepreneurs fall under the following definition: “A person who, on his own account and responsibility, independently carries out a gainful activity in the form of a trade or in a similar manner with the intention to do so consistently for profit is considered, with regard to this activity, to be an entrepreneur” (§420, Act No. 89/2012 Coll. Civil Code). People are usually motivated to become entrepreneurs.

Motivation could be viewed as fuel individuals use to satisfy their wants and needs. Regarding entrepreneurship, motivational factors should have positive outcomes, not negative ones. For example, helping people in need may be considered positive, but on the other hand, doing one’s work to the exclusion of one’s health is considered harmful. Moreover, motivation could be divided into two groups – inner and outer. Inner motivation may be, for example, a vision of oneself in the future with a healthy body and minimizing the risk of any disease. However, external motivation fuels one from one’s surroundings, for example, earning a financial bonus after a project is finished. In order to keep one motivated, one may find, for example, tracking one’s progress or surrounding oneself with people with the same incentive beneficial. In other words, doing things that keep one motivated is necessary and could result in success rather than failure (Medlíková 2021, 13–17). According to Drážilová, motivational factors are money, problem-solving, personal priorities and last but not least, family (2019, 19).

On the other hand, the likelihood of success is negligible for many reasons, for instance, lack of leadership, not satisfying customers’ wants and needs, inability to adopt measures to keep up with the competition and so on. People who would like to become entrepreneurs one day may have difficult early stages because of handling more roles at once (Tvede and Faurholt 2018, 5). Entrepreneurship requires one to be responsible for their own actions and, therefore, conscientiousness and boldness could be considered beneficial. Consequently, versatility is one of the crucial characteristics when commencing a business because multi-skilled individuals may spend less time, money, and effort on things than others with no know-how.

An individual has a higher chance of becoming successful if he/she has the following characteristics (Drážilová 2019, 16):

- patience,
- toughness,
- single-mindedness, and
- decision-making.

Furthermore, Drážilová claims that abilities such as seizing opportunities, thinking out of the box, and cooperating with people are also required by entrepreneurship (2019, 17). Kuratko claims that an entrepreneur is an individual who seeks opportunities and effectuates what is necessary to bring things off, someone who puts a lot of time, effort, and money into succeeding with ideas uniquely while eliminating risks (2014, 23).

Only some people are meant to be entrepreneurs due to difficulties that may arise. Businesses fail because of the risks. As Drážilová claims, people tend to have expectations, for example, following one's dream makes one earn a great deal of money, it is enough to act as planned and so forth, that do not meet the reality and, therefore, they may result in failure (2019, 20–24).

However, failure is not necessarily bad; an entrepreneur may use it for their own benefit. Therefore, while failing, one has the opportunity to learn from failures and may withstand any difficulties in the future (Kuratko 2014, 40).

1.2 Enterprise

The term enterprise refers to an organization set up for entrepreneurial purposes. Another definition predominantly used is: “businesses that maintain revenues, assets or a number of employees below a certain threshold” (Liberto 2020). The thresholds are the number of work units (employees) and annual turnover or annual balance sheet total. An enterprise is considered large if it crosses thresholds in two categories (Srpová, Řehoř et al. 2010, 36–37).

	Number of work units	Annual Turnover (m)	Annual Balance Sheet Total (m)
Medium-sized	< 250	≤ EUR 50	≤ 43
Small	< 50	≤ EUR 10	≤ 10
Micro	< 10	≤ EUR 2	≤ 2

Table 1 SMEs' Thresholds

Source: Srpová, Řehoř et al. 2010, 36–37

SMEs are essential since they employ a majority of people and help shape the economy. Regarding the Czech Republic, SMEs may gain eligibility for support, for instance, financial donations, credit with a lower interest rate, and so on. Such support is provided by CzechInvest (§4, Act. No. 47/2002 Coll. On the Support of SMEs).

CzechInvest is an agency established in 1992 that provides complex support to elevate the Czech Republic closer to the most innovative countries in Europe. CzechInvest aims to establish an environment where those interested in investing and entrepreneurship would interact (CzechInvest n.d.).

1.3 Legislation

In the Czech Republic, there are three crucial laws every person who wants to be an entrepreneur should be aware of. Such laws are the Civil Code, Business Corporations Act, and Trade Licensing Act (Drážilová 2019, 189). These laws define the basic terms and relations. On the contrary, these laws are insufficient in terms of what one's obligations are, and knowledge of other laws is often required. Nowadays, one may use websites and facilities to educate themselves in specific fields. However, services of specialists or applications, for example, PES (právní elektronický systém), could be used for certain fees as well (Drážilová 2019, 189–190).

PES is a system developed by the Czech Chamber of Commerce to facilitate bureaucracy for entrepreneurs. An individual may receive relevant information regarding mandatory duties according to adjusted settings in a profile (Czech Chamber of Commerce n.d.).

1.4 Legal Structure

Entrepreneurship in the Czech Republic may be carried out in two ways – as a natural person (individually) or legal entity (typically a group of people). The typology of legal forms in the Czech Republic is as follows (Act No. 90/2012 Coll. The Business Corporations Act):

- Partnerships
 - Unlimited partnership
 - Limited partnership
- Capital Companies
 - Limited-liability company
 - Joint-stock company
- Cooperative

- European Company
- European Economic Interest Grouping

1.4.1 Natural Person

Synek, Kislingerová et al. define sole proprietorship (self-employment) as a “consistent and profit-directed activity performed independently, on one’s own account and responsibility” (2015, 80; my translation). As Shelton mentions, a sole proprietorship could be defined as default because it is the simplest way to get into business. An individual needs a trade license and a bit of paperwork to get done to commence business (2017, 74). A trade can be carried on by a natural or legal person.

Trades are mainly categorised into two groups – vocational and permitted. Vocational trades could be carried on from the day one notifies a particular trade office. However, permitted trades, as the name suggests, require permission from a local authority. Such consent is necessary for the reason that some fields of activity are subjects of states’ supervision. Some trades, for instance, producing and selling alcoholic beverages, manufacturing guns and ammunition, and so on, may harm surroundings and people (Srpková et al. 2020, 165–166).

In order to get a trade license, one must meet certain conditions. General conditions mandatory for obtaining a trade license are the majority, full legal capacity, and clean record (§6. Act. No. 455/1991. Coll. Trade Licensing Act). Unqualified trade requires satisfying general conditions. On the other hand, some trades require special requirements: proficiency and practical experience. This applies to craft, professional, and permitted trades (§7. Act. No. 455/1991. Coll. Trade Licensing Act).

Not all business activities are considered trades since these do not follow the Trade Licensing Act, but such activities comply with different laws and regulations. Srpková et al. claim that, for example, people such as singers, actors, and so on, who undertake copyright activities abide by the Copyright Act. The Trade Licensing Act shows the complete list of activities (2020, 171).

Establishment of a Trade

A trade is established by completing a form; in Czech, the document is called “Jednotný registrační formulář” (JRF), and the administrative fee of 1 000 CZK must be paid to a particular trade office. This process takes place at CRM – Central Registration Point, or it could be done via Czech POINT (Ministry of Industry and Trade 2015; iPodnikatel.cz 2020).

Czech POINT is a project supported by the Ministry of the Interior of the Czech Republic. It aims to make communication between the state and its citizens convenient and minimise bureaucracy. At Czech POINT, one can obtain an extract from a particular register, information regarding their interests, and so forth (Ministry of the Interior of the Czech Republic n.d.).

Termination of Trade License

Regarding this issue, a trade license is terminated in the following cases (§57. Act. No. 455/1991. Coll. Trade Licensing Act):

- Passing of an entrepreneur.
- Cessation of a legal entity.
- When a period during which a trade license was active expires
- When a foreign person or their object of the business is removed from the commercial register.
- Determination of a specific legal regulation.
- If a trade office decides to nullify the license

1.4.2 Entrepreneurs' Obligations

When commencing businesses, entrepreneurs should be knowledgeable about the responsibilities required by specific laws and regulations. For the sake of this bachelor thesis, only a few are mentioned in the following paragraphs.

Income Tax

Every natural person and legal entity is liable to tax. Regarding income tax, in the Czech Republic, the natural person is taxed by 15 %, and a tax of 19 % is applied to legal entities (Financial Administration 2013). Regarding people with above-average earnings, these are taxed by 23 %. Such a tax rate replaces the solidarity tax of 7 % that has been in no effect since 2022 (Mečířová 2023). The income tax is calculated out of the difference between revenue and costs, and the difference is called “tax base”, and in Czech it is “daňový základ” (Ryneš 2022, 23).

An individual has numerous ways of dealing with taxation. The first and most convenient option is a lump-sum. The term in Czech is “paušální daň”. This applies to persons whose revenue is up to 2 million CZK and those who meet other requirements mentioned in the Income Tax Act. In this case, one has to pay a particular amount monthly

to a revenue office. This payment includes social and health insurance and is not highly bureaucratic (Bureš 2022).

Another alternative to the issue of income tax is lump-sum expenses, in Czech “výdajový paušál”. If one chooses this option, their income tax is calculated from a partial tax base which is calculated from the difference between the income and expenses. The amount of lump-sum expenses is limited to a certain percentage according to the type of income incurred. The lump-sum expenses may be applied to the income of a maximum of 2 million CZK (CzechTrade 2023; Radvan 2020, 34–35). Therefore, this option also promises less bureaucracy due to the absence of receipts storing, and it is not required to track one’s expenses.

Type of income	Percentage	Maximum value of expenses (mil CZK)
Agricultural production, forestry, etc.	80 %	1.6
Other trades	60 %	1.2
Lawyers, doctors, etc.	40 %	0.8
Property rent	30 %	0.6

Table 2 Lump-sum expenses according to the type of income

Source: Radvan 2020, 35

If one does not choose any of the previously mentioned options, it is mandatory for them to keep tax accounting; in Czech, it is referred to as “daňová evidence”. Entrepreneurs who keep tax accounting are not considered accounting units. The point of tax accounting is keeping track of cash flow, assets, and liabilities. The decision to become an accounting unit is voluntary and is limited up to the revenue threshold of 25 million CZK. Therefore, individuals with revenues over 25 million CZK are considered to be accounting units and are required to keep the books (Dušek and Sedláček 2022, 8–9).

To conclude this issue regarding taxation, lump-sum and lump-sum expenses are considered convenient due to lack of bureaucracy. However, tax accounting and keeping the books may be problematic for those with no accountancy background; therefore, passing this burden to experts could be advisable and beneficial (Forbes 2021).

Value Added Tax

Another decision an entrepreneur has to make in the early stages is whether to be a VAT payer. A natural person or legal entity is obliged to be registered as a VAT payer if the

turnover exceeds 2 million CZK in 12 consecutive months (§6, Act. No. 235/2004. Coll. VAT Act). Srpová et al. claim that one can become a taxpayer voluntarily if it is advantageous to them. An advantageous situation is considered, for example, when one's clients are VAT payers, the excessive deduction would occur, in Czech "nadměrný odpočet", and so forth. The excessive deduction is de facto a negative difference between the VAT of goods one buys from suppliers and goods one sells to clients. Such difference is then given back to one by state (2020, 175).

However, duties, for instance, administrative bureaucracy, issuing receipts, filing VAT returns, and so on, are connected to this issue of becoming a VAT payer and may be an onerous burden for small entrepreneurs. Therefore, it would be advisable for entrepreneurs to consider whether to become VAT payers. In this situation, ARES and the register of VAT payers could be helpful (Srpová et al. 2020, 175).

ARES is an information system created by the Ministry of Finance of the Czech Republic. It gives one a clear output of information regarding economic subjects from different registers (Ministry of Finance of the Czech Republic n.d.).

Social and Health Insurance

Each individual having a business as a primary source of income is obliged to pay social and health insurance. Regarding social insurance, the minimum one had to pay was 2,841 CZK, and 2,627 CZK for health insurance in 2022. In 2023, it is 2,944 CZK for social insurance and 2,722 CZK for health insurance. On the other hand, in case of earnings from a side business, the amount that had to be paid for social insurance was 1,137 CZK in 2022, and in 2023, it is 1,178 CZK. Health insurance does not have to be paid by those who have businesses as a side source of income (Bureš 2022).

However, if one is identified as a person without taxable income, the relevant term in Czech is "OBZP"; they are not obliged to pay social insurance, but it is mandatory for them to pay health insurance of amount 2,336 CZK in 2023. This group includes, for example, university graduates who neither continue in studies nor are employed, members of religious groups without income, and so on (Bureš 2022).

1.4.3 Legal Entity

When it comes to legal entities, the difference is that there is a statutory body – a person or a group of persons that run the company. The rights and obligations of a statutory body are delimited by the Civil Code or Business Corporations act, articles, or by a memorandum of association (Drážilová 2019, 194). Another difference is that legal entities have to be

founded with registered capital except for an unlimited partnership. The foundation is more complicated than establishing a trade, and legal entities have to be registered in the commercial register (Srpková et al. 2020, 176).

Partnerships

As the name implies, partners' personal engagement is required; hence, their debt liability is unlimited (Veber, Srpková et al. 2012, 69). Furthermore, partnerships are not required to be founded with registered capital and partners are equal in terms of rights and obligations if not stated in a memorandum of association (Málek 2019). There are two types of partnerships:

1.4.3.1 Unlimited Partnership

An unlimited partnership, in Czech "veřejná obchodní společnost" or commonly used with abbreviations "veř. obch. spol." or "v. o. s." requires a minimum of two people for the foundation and partners are jointly and unlimitedly liable for their debts. The unlimited partnership is founded by drawing up a memorandum of association that defines partners' shares, rights, and responsibilities (Veber, Srpková et al. 2012, 72).

A partner could be a natural person or a legal entity, and the profit is distributed among the partners equally or in the way which is set by the memorandum of association (Drážilová 2019, 194). In addition to that, Drážilová claims that finding partners within this legal form is difficult because there must be an honest relationship between the partners, and crucially, the partnership should be based on trust between individuals (2019, 194).

1.4.3.2 Limited Partnership

In Czech, the term for the limited partnership is "komanditní společnost" and the abbreviations are "kom. spol." or "k. s.". The limited partnership could be established only by a minimum of one limited partner with limited liability and one general partner with unlimited liability for the company's debts (§118, Act No. 90/2012 Coll. Business Corporations Act). A limited partnership is established by a memorandum of association defining all the rights and obligations and how the profit shall be distributed among limited and general partners. Limited partners are liable only up to the amount of unpaid capital contribution. That is why limited partners are not eligible for leadership unless it is stated in the memorandum of association. General partners is a statutory body and is eligible for business activities. (Drážilová 2019, 194)

Taxable income is divided between general partners and limited partners. General partners' income has to be taxed by a personal income tax of 15 %. On the other hand, limited partners' income has to be taxed twice, by a corporate income tax of 19 % and a personal income tax of 15 % (Veber, Srpová et al. 2012, 73; Drážilová 2019, 194).

Capital Companies

Capital companies are characteristic of necessity having a registered capital – as the name suggests. In the Czech Republic, we have two forms of capital companies:

1.4.3.3 Limited Liability Company

The Czech term is “společnost s ručením omezeným” and abbreviations are “spol. s r. o.” or “s. r. o.” According to Srpová et al., this legal form is the most broadly used in the Czech Republic (2020, 176). The main advantage is that partners are only liable for the amount of unpaid capital contribution. The limited liability company is established when registered in the commercial register and by drawing up a founder's deed or a memorandum of association in case of a minimum of two persons (Srpová et al. 2020, 176–177). Since the Act No. 513/1991 Coll. Commercial Code has been replaced with Act No, 90/2012 Coll. Business Corporations Act., the minimum 1 CZK as a registered capital, or the higher amount could be required if set by a memorandum of association (§142, Act. No. 90/2012 Coll. Business Corporations Act). Srpová et al. mention that potential business partners may not see the minimum amount of 1 CZK as a registered capital positively, and therefore, the higher amount could be better for future changes, and it is not realistic to run a company with just 1 CZK (2020, 178–179). Limited liability companies are structured into bodies.

The company bodies are:

- General Meeting = “valná hromada” – the supreme body.
- Executive = “jednatel” – appointed by the general meeting.
- Supervisory Board = “dozorčí rada” – supervision.

The general meeting is a supreme body consisting of all the partners entitled to participate in business activities. Partners are eligible to vote, which is done personally in meetings or *per rollam* - outside the meetings if allowed by the memorandum of association. An executive - a statutory body - manages the company. The executive is prohibited from conducting rival businesses. The supervisory board's activity is supervising the company's executives, providing the general meeting with an annual report, and so forth. The

supervisory board cannot be comprised of executives (§167, §175, §194, §199, §201, Act No. 90/2012 Business Corporations Act).

1.4.3.4 Joint-Stock Company

“A joint-stock company is a company whose registered capital is apportioned among a certain number of shares” (§243, Act No. 90/2012 Coll. Business Corporations Act). The Czech term for such legal form is “akciová společnost” and the abbreviations used are “a. s.” and “akc. spol.” Concerning the joint-stock company’s foundation, requirements are the following: the minimum registered capital of 2 million CZK or 80,000 EUR, acceptance of articles of association and entering the commercial register, and the minimum founders being one natural person or legal entity (Moravec and Andreisová 2021, 79–80). By obtaining a share, shareholders obtain rights to participate in business activities, for example, voting, profit sharing, or liquidation balance sharing.

A joint-stock company may choose to have a monistic or dualistic system. The dualistic system consists of company bodies such as a general meeting, board of directors, and supervisory board. On the other hand, in the monistic system, which comprises the general meeting and administrative board, the administrative board is the body that manages and supervises the company (Moravec and Andreisová 2021, 91).

1.4.3.5 Cooperative

The Czech term for cooperative is “družstvo”, and it is mandatory to use it in the name. Abbreviations could be used depending on the purpose of a such cooperative, for instance, a housing cooperative would use “b. d.”. The main reasons people set up cooperatives are to support and satisfy the needs of other members or for business purposes. For the establishment of a cooperative, a minimum of 3 people is necessitated, articles of association have to be accepted, and of course, entering the commercial register is required. The amount of capital contribution is set by the articles of association (§552, §553, Act No. 90/2012 Coll. Business Corporations Act).

The supreme body is the members’ meeting that selects the board of directors. The board of directors manages the cooperative and is under the supervision of the auditing committee. If set by the articles of association, additional bodies may be established (§629, Act No. 90/2012 Coll. Business Corporations Act).

2 BUSINESS PLAN

A business plan is a practical tool that helps individuals who want to commence a business with its realisation. By following specific steps, an individual can write down ideas and thoughts into a logical structure that is understandable to other people. As Abrams mentions, the plan itself should include precise information about one's business. Nevertheless, the process of writing a business plan is more about contemplation, and it takes some time to deal with questions that one may ask oneself during the process (2019, 18–19).

Initially, the process of writing a business plan should determine whether the business is even suitable for the individual. If not, one may come up with something different or even decide that the “business thing” is not for him/her. If one decides to commence a business, dealing with difficulties is inevitable. For example, from choosing the best suppliers suitable for one's business through marketing to financials.

McKeever identifies a few advantages of the business plan. When commencing a business, one may not have enough resources to keep the business feasible in the beginning, so that is why the individual would seek financial help from investors, banks, or other people. Another benefit is the ability to make changes when needed. Because of having the documents in front of one's eyes, it is easier to look for the problems that prevent one from succeeding. However, the business plan may serve as a tool for improvements. Setting goals may lead to some minor or even major changes in the business plan in order to accomplish the goals (2019, 5–7).

Shelton specifies more factors why business plans are mostly written:

- The intention to grow as a business.
- Acquisition of businesses.
- Provision of detailed information for individuals interested in buying the company.

Eventually, Shelton claims that the process of writing a business plan can be a long way, with obstacles included. As long as the market changes, the business plan changes (2007, 24–25).

Conclusively, a business plan is viewed as an outline that an individual may want to sell to potential buyers by showing them the comparison with the competition and persuading potential investors to invest in a presented plan. For already existing companies and their purposes, a business plan serves as a planning tool for synchronisation of internal and external processes (Synek, Kislingerová et al. 2015, 193).

2.1 Business Plan Structure

There is no predefined structure for a business plan. Nevertheless, all the business plans have a similar core, but some may differ in details. For the purposes of this Bachelor's Thesis, the business plan structure is chosen as follows:

2.1.1 Title Page

The title page is the opening of the business plan document that introduces potential investors and other interested parties with essential information such as name, contact information, address, logo, and so on. Since the title page happens to be the first thing someone sees, it should be done precisely regarding graphics. There should not be numerous fonts, and the overall design should be orderly and done in a professional way that attracts (Drážilová 2019, 58).

2.1.2 Executive Summary

The executive summary happens to be the alpha and omega of a business plan. As the name suggests, this part summarizes the whole business plan and contains crucial information and data. Based on the attractiveness of information and data, readers shall decide whether to continue reading the business plan (Abrams 2019, 54–55). Since this part serves as a summary, it should be done as the last part of the business plan. The range of the executive summary may depend on the individuals or institutions one wants to target (Srpková et al. 2011, 16).

Without a doubt, the single most important portion of your business plan is the **Executive Summary**. Only a clear, concise, and compelling condensation of your business right up front will persuade readers to wade through the rest of your plan. No matter how beneficial your product, how lucrative your market, or how innovative your manufacturing techniques, it is your Executive Summary alone that persuades a reader to spend the time to find out about your product, market, and techniques (Abrams 2019, 54).

It is up to the writer of a business plan what way he/she will choose to make the executive summary attractive to readers. Abrams claims that there are two types: the synopsis summary and the narrative summary. The first is a clear-cut summary with information and data required by readers who want to get to the point. The narrative summary is written narratively (if the writer is capable of doing so) and should show enthusiasm about the business. In most cases, the narrative summary is used for pathbreaking ideas. The executive

summary should be short, so the reader will not get bored and confused reading it (2019, 56–57).

2.1.3 Company Description

This part is essential to understand the business from the reader's perspective. The company description should contain the business' name, legal form, business milestones, description of leadership, location, products/services, and other things fundamental for the business operations (Abrams 2019, 68–77). A few tips to make the company description perfect exist, for example, using an elevator pitch to grab readers' attention, including sentences that show one's enthusiasm about the business, adding information only of high importance, and so forth (Gregory 2020).

2.1.4 Market Analysis

An analysis of the market is essential when planning a business. An individual should know the market when planning to enter it, who the customers are, and most importantly, what the competition is. According to Rickman, an individual might enter a mass or niche market. What is typical for the mass market is high sales volume, many customers, and money spent to attract potential customers. On the other hand, companies tailor products/services to specific groups of customers in the niche market. Entering this type of market leads to lower sales volume but higher profits (2021, 38). It is also good to know what the ideal business model will be.

Rickman identifies three main business models:

- B2C – Business to Consumer.
- B2B – Business to Business.
- B2B2C – Business to Business to Consumer.

The B2C approach is selling products and services directly to customers without any third party involved. Emotions usually drive purchases from a consumer's perspective. The second business model, B2B, is a trade between businesses. The difference from B2C is that strategic decisions typically drive the purchases; in other words, businesses plan what to buy, how much they can spend on products/services other businesses offer, and so on. The B2B2C business model refers to businesses approaching consumers via other businesses (2021, 38). C2C – Customer to Customer – is another business model which describes an environment where a customer sells products or services to another customer using a third-party platform, for example, eBay, Aukro, and so forth (Tarver 2020).

There are several ways to analyse the market, for example, The PEST analysis, The Porter's 5 Forces model, and so forth.

PEST Analysis

A company may use the PEST analysis to assess the external factors influencing a business. Since the company cannot influence these factors, it is in its best interest to analyse them and react appropriately. The analysis should focus on trends as well as statistical data. Each letter stands for a different influence – Political, Economic, Social, and Technological (Kozel, Mynářová, and Svobodová 2011, 45).

SWOT Analysis

The SWOT analysis is an assessment of internal and external factors. SW (Strengths and Weaknesses) refers to internal factors that a business may somehow influence. Strengths are something a company does perfectly and better than the competition. On the other hand, weaknesses, for example, low sales volume, marketing, and so on, describe the exact opposite. OT (Opportunities and Threats) describes external factors that a firm cannot influence. A firm may anticipate the factors to obtain a competitive advantage when a company performs better than its rivals. Businesses may take advantage of something and leverage their strengths by assessing opportunities. Threats refer to events or competition's actions that may have a negative impact on one's business, for instance, natural forces, trends such as plastic pollution and so on (Kenton 2022).

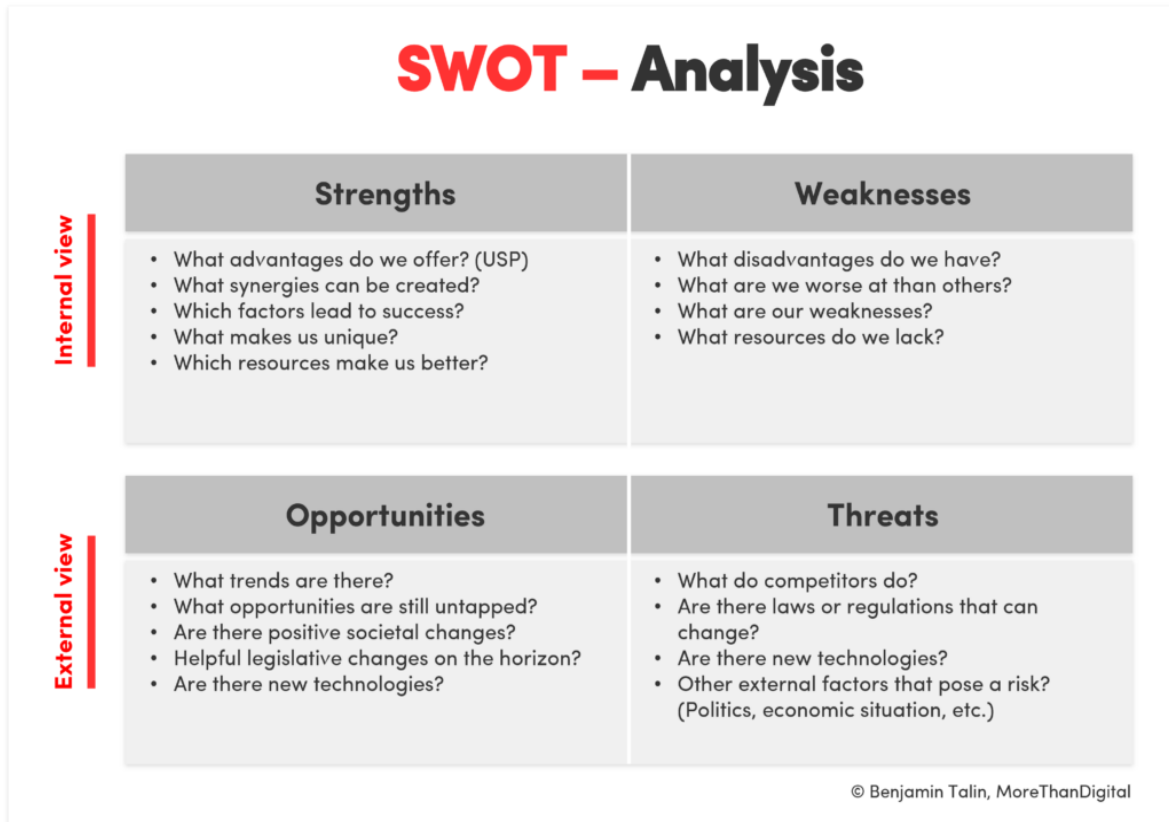


Figure 1 SWOT Analysis

Source: Talin 2022

Porter’s 5 Forces model

Porter’s 5 Forces model is a tool invented by Michael E. Porter, and individuals use it for assessing the competition environment and risks arising from the environment. These forces are current competition, potential competition, customers, suppliers, and substitutes (Investopedia 2023). Current competition assessment may tell the individual what the relationships between businesses are. If the competitive environment is rivalrous, a business is typically challenged to compete with other businesses. Nevertheless, the relationships with the competition may be neutral or even affirmative when businesses help each other. Potential competition is a threat because once someone enters a market, he/she may be more successful. It is crucial to monitor the industry, press conferences, social media, and so on, to be aware of potential rivals. The process of entering the market depends on the barriers, for instance, know-how, capital intensity, and so forth. Substitutes are products/services that satisfy customers’ wants/needs differently; for example, replacing conventional fuels with alternatives such as electricity, uranium, and so forth. The last force is customers’ bargaining power which tells how customers can influence the outputs (Drášilová 2019, 76–81).

2.1.4.1 Industry and Trends Analysis

One should identify the situation in the industry in which he/she wants to run a business. The world changes every day and so do industries. As Abrams mentions, knowing what is going on is crucial to prepare for one's business. Anticipating trends may be beneficial if proper preparation takes place. If not, one may find it challenging to keep pace with other businesses and eventually fail (2019, 99).

2.1.4.2 Customer/Target Market Analysis

Since the customers are the "building blocks" of many businesses, it is significant to know detailed information about them in order to do business appropriately to satisfy customers' wants and needs. As Abrams claims, the target market refers to people interested in purchasing products/services (2019, 107).

2.1.4.3 Competition Analysis

Knowing the competition puts one closer to success. If an individual acquires information about what the competition does, how it does that, and why it does that, he/she may take advantage and distinguish themselves from others. Businesses should always be aware of the competition to learn from their successes or failures (Abrams 2019, 124–125).

2.1.5 Marketing Plan

A marketing plan shows how a company plans to achieve its objectives. The marketing plan is something that an individual cannot create from scratch, and proper research is required, for example, STP, marketing mix, SWOT, and so on. Such research and the use of the tools mentioned earlier may help one to understand customers and build beneficial relationships with them (Armstrong, Kotler, and Opresnik 2017, 579). Abrams claims a marketing plan should describe making customers aware of products/services, delivering the message to customers, using delivering methods, and sustaining current sales (2019, 164). Objectives that a company wants to accomplish should be realistic. The SMART rule is probably the easiest way to identify one's goals, thanks to which businesses may set their objectives according to the current condition. The letters in the acronym mean the following (Leonard and Watts 2022):

S – specific

M – measurable

A – achievable

R – relevant

T – time-based

Marketing Mix

The marketing mix is a set of instruments by which a company approaches potential customers and interacts with them, therefore as an outcome, one should be knowledgeable about customer's wants/needs and how to build relationships with customers (Armstrong, Kotler, and Opresnik 2017, 33). The elements of a marketing mix are 4Ps – product, price, place, and promotion.

The product refers to goods or services a company sells to consumers. To make the product appealing to consumers, the company must consider the product's details, for instance, the name, design, packaging, and so forth. The price is also crucial for the business. The right pricing strategy chosen makes one's business profitable. Nowadays, businesses use several pricing strategies, for example, penetration, skimming, and value-based pricing. Penetration strategy is used to get the product/service among customers at lower prices than the competition; therefore, acquiring customer loyalty is expected. Skimming is usually used with products with no substitutes or products with no competition when it comes to innovation. The idea is to start selling products at higher prices and then gradually lower them. Value-based pricing refers to determining prices of products/services based on their uniqueness to customers. Another element, the place, refers to where a company offers and sells products/services. The place includes distribution as well. In order to make the marketing mix complete, a company should communicate the elements mentioned. Promotion describes informing and persuading consumers and anticipating their responses (Abrams 2019, 165; BDC n.d.).

There are additional elements that may be added to the basic marketing mix, and the elements are - people, process, and physical evidence. On the other hand, a company may use a customer-oriented marketing mix. The basic marketing mix focusing on customers contains these elements - customer value, convenience, communication, and cost (Podnikanie n.d.; EVOLUTION MARKETING n.d.).

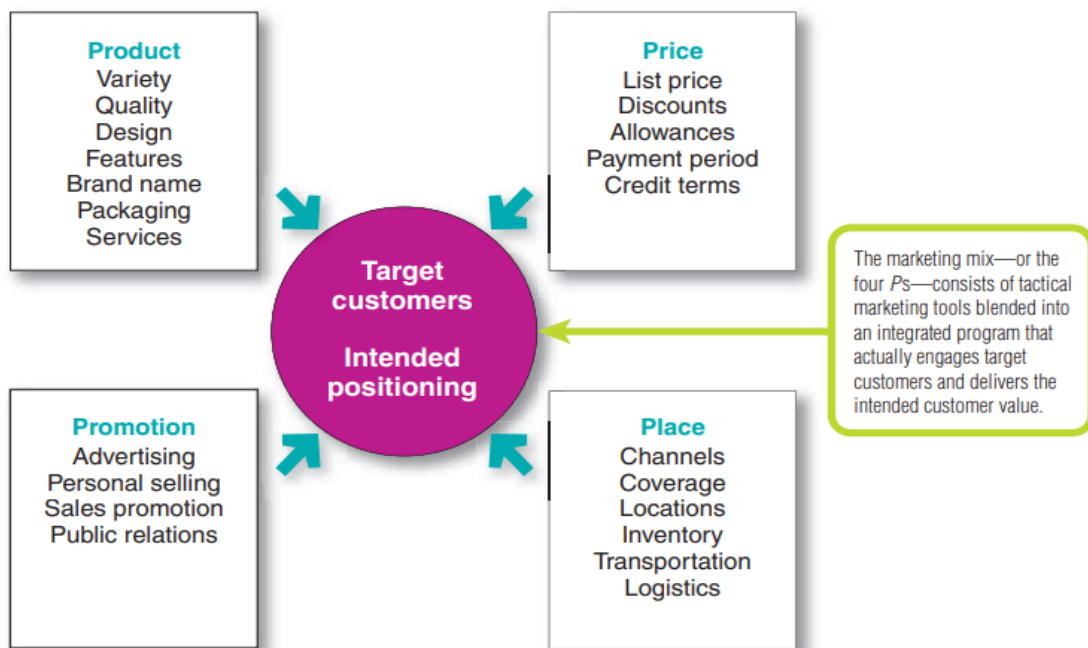


Figure 2 4Ps

Source: Armstrong, Kotler, and Opresnik 2017, 81

STP – Segmentation, Targeting, and Positioning

Dividing a market into segments according to relevant factors, for instance, demographic, psychographic, and so forth, helps one to understand what the market consists of. Once the market is segmented, businesses target the most attractive segments for business purposes or may target the whole market. Targeting focuses on consumers' specific wants and needs and helps one understand how to tailor products and services to consumers. Positioning refers to creating a marketing mix for the selected segment and influencing consumers' behaviour (Rickman 2021, 40–41).

2.1.6 Human Resources and Organizational Plan

Choosing the right team members is crucial for running and defining business success. Skilled people who fit into business appropriately are a desirable factor in the eyes of potential investors who may not be interested in investing in businesses led by unqualified people (Abrams 2019, 236). Srpová and Řehoř et al. claim that human resources management has the following objectives as the main ones (2010, 257):

- Making sure that a person meets the occupational requirements.

- Building well-balanced and beneficial relationships with co-workers.
- Encouraging self-development and motivation.
- Complying with the Labour Law and other laws and building a good reputation.
- Making optimal use of staff skills.

Creating a plan with detailed information regarding the staff, positions, and all the costs helps people read the business plan to investigate the management and staff structure in order to understand who is responsible for what and who is in the team that leads the company to success (Abrams 2019, 252).

2.1.7 Financial Plan

The numbers in the business plan are crucial as well. That is why a financial plan should be created to determine whether running a business is feasible. According to Abrams, since numbers represent the company's condition, knowing the numbers enables one to make future decisions that would lead to success (2019, 290–291). A financial plan should include a profit and loss statement, balance sheet, financial planning, and break-even-point analysis (Srpková et al. 2011, 28). If someone wants to start a business, investors are interested in long-term projections (3-5 years). The financial forms are typically presented in several time frames, for instance, monthly projections during the first year and quarterly or annual projections during the following years (Abrams 2019, 297).

2.1.8 Risk Evaluation

Every business plan has its weaknesses and risks that may appear during the process of realization. Even the business plans justified by lots of analyses provided by experts can be uncertain to some levels and therefore, risk evaluation should be present in a business plan (Koráb, Peterka, and Režňáková 2007, 89). It is desirable for the entrepreneur to spot the risks and do the maximum to eliminate them as much as possible (Koráb, Peterka, and Režňáková 2007, 38).

2.1.9 Appendices

According to Shelton, this section contains supporting materials and information, for example, technical drawings, logos, business correspondence, and so on (2017, 167—168).

II. ANALYSIS

3 TITLE PAGE



Figure 3 Logo (own creation)

Company's Name	KNIHKUPECTVÍ U KALOUSHŮ
Address	nám. Svobody 1321, 755 01 Vsetín
Owner	Martin Kalouš
Legal Form	Natural Person
Contact	kalousovi@knihkupectví.cz
Website	www.knihykalousovi.cz
Instagram	@knhkupectvik

4 EXECUTIVE SUMMARY

With more than 20 years of existence, the bookshop u Kaloušů will continue its tradition in the city of Vsetín. Insofar as the strong customer base is concerned, the bookshop owner pays personal attention to relationships with customers and always tries to make them feel welcomed and appreciated. It is not only books the bookshop focuses on, it is also perfect customer service. With paying attention to details, the bookshop successfully continues to meet and satisfy customers' demands in spite of the rival competition.

The owner plans to freshen the bookshop up with the creation of Instagram and Facebook accounts for informative and educational content. Moreover, the website for placing orders and communication with customers will be created as well.

Concerning the financial situation, there are three scenarios presented – realistic, optimistic, and pessimistic, in all of which the bookshop generates a profit. The owner will invest 76,500 CZK as the initial investment in business. Customers will not be provided with just services from the owner, but also from part-time workers who will help to create a functional team as well. With the risks analysed, the author finds this business plan promising and looks forward to providing customers with a top-quality service.

5 BUSINESS DESCRIPTION

With over 20 years of existence, the local bookshop still achieves to attract customers and makes them feel welcomed and taken care of. This customer loyalty exists due to good relationships between the business's family and the citizens of Vsetín or tourists visiting the region. The owner, Martin Kalouš, would like to carry on the family tradition and continue to take care of customers.

5.1 Ownership and Legal Form

The bookshop Knihkupectví u Kaloušů will be owned by Martin Kalouš, and the legal form of a natural person will be chosen. Since running a bookshop does not require meeting special requirements like, for example, the production of guns and ammunition, the owner fulfils general criteria for obtaining a trade licence necessary for a sole proprietorship.

5.2 Organizational Structure

The owner will be in the leadership of everything that running a bookshop requires. On the other hand, in seasonal months, from September to December, a few part-time workers will be helpful due to the increased number of customers. In that case, it is necessary to make sure the business runs smoothly and still can treat customers fairly. There will be three part-time workers, ideally students with flexible schedules and who are enthusiastic about books. The first one will be a cashier. The second one will take care of customers; for instance, he/she will recommend books according to customers' requirements, and also, he/she will help with packaging if customers wish for it. The third part-time worker will superintend the bookshop to prevent shoplifting. The cooperation between the staff should be organized. In the case of difficulties, they should be able to help each other and communicate with the owner if the situation requires it.

5.3 Location

The bookshop is located at the street nám. Svobody 1321 in Vsetín. This street is busy because it is in the centre of city, and there are schools and restaurants nearby. Therefore, a lot of people walk by, and the bookshop is exposed to them. There is a bus station, train

station, and newly built shopping centre close to the bookshop. Therefore, there are a lot of people during busy hours and during events.

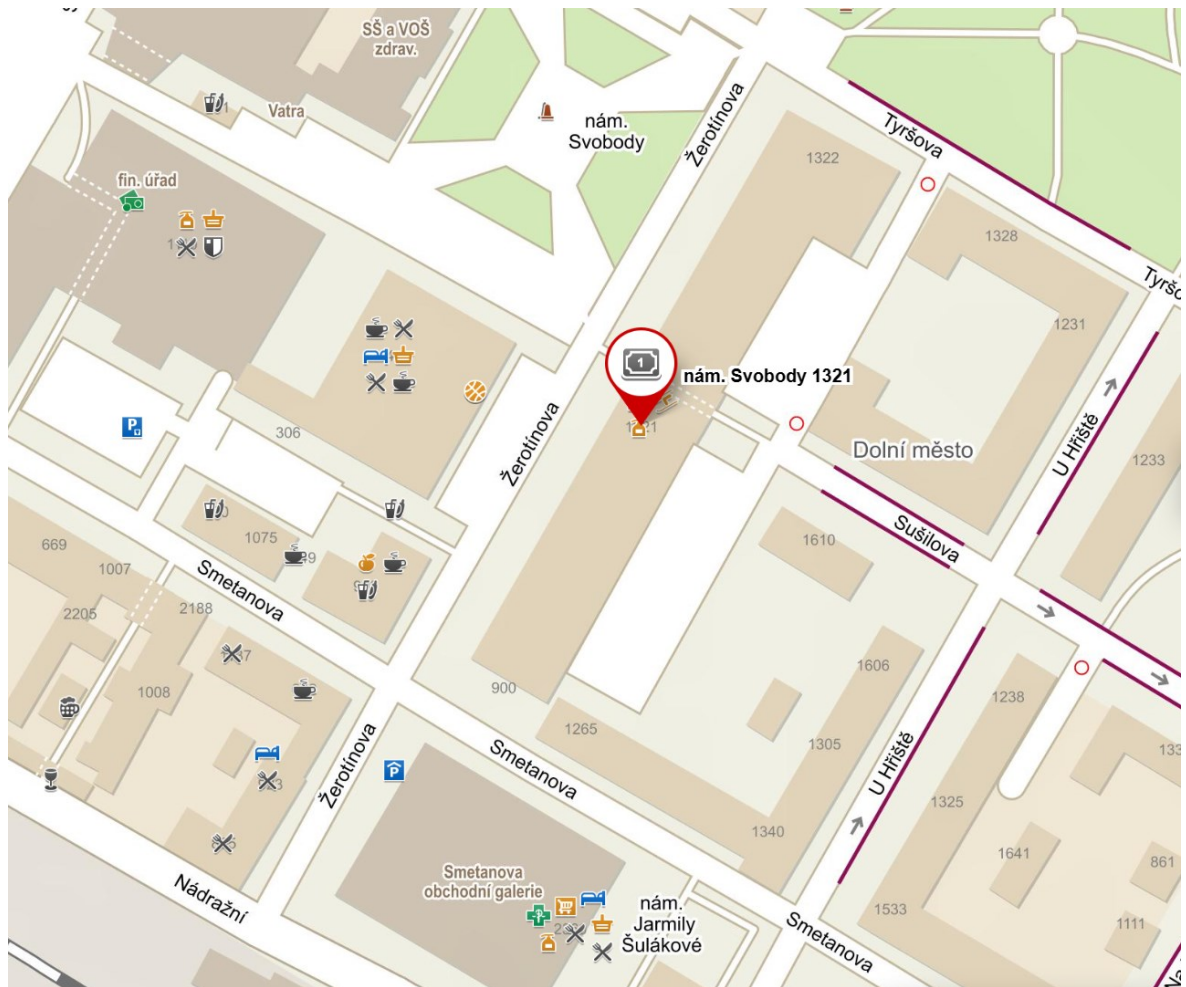


Figure 4 Location of the Bookshop

Source: Mapy.cz

5.4 Opening Hours

During weekdays, the bookshop will be opened from 8:30 to 16:30. Concerning weekends, on Saturdays, the opening hours will be from 9:00 to 12:00, and the bookshop will be closed on Sundays. However, during December, the opening hours will be prolonged to 18:00 on weekdays due to the increased numbers of customers.

OPENING HOURS	
Monday	8:30-16:30
Tuesday	8:30-16:30
Wednesday	8:30-16:30
Thursday	8:30-16:30
Friday	8:30-16:30
Saturday	9:00-12:00
Sunday	CLOSED

Table 3 Opening Hours (own creation)

6 MARKET ANALYSIS

When commencing a business, one should do a market analysis. Understanding the business's environment may help one with anticipating potential possibilities and threats. The bookshop owner uses PEST and SWOT analysis, and the competition is determined as well.

6.1 Industry Analysis

It all starts with someone who authors a literary work. Afterwards, authors need publishers who have the resources and are willing to publish such literary work. According to SČKN (Svaz českých knihkupců a nakladatelů) and its annual report, the number of publishers registered has had a rising tendency since 2015. Notwithstanding the evidence, the number of publishers who publish actively are in a descending pattern rather than ascending one since the same year (SČKN 2021, 9). The most significant publishing companies in the Czech Republic are Albatros Media, Euromedia Group, Grada Publishing.

	registrovaní nakladatelé	aktivní nakladatelé
2015	6389	2296
2016	6712	2211
2017	6986	2151
2018	7225	2058
2019	7414	2087
2020	7608	1880

Figure 5 Numbers of Registered and Active Publishers

Source: SČKN 2021

Once the literary work is published, publishing companies need someone to transport number of books to bookshops located across the Czech Republic. This process is called distribution, and publishing companies may do it by themselves, or distributors do the work for them. Main distributors are Euromedia Group, Kosmas, Pemic Books and Pavel Dobrovský Beta (SČKN 2021, 15–16).

As mentioned above, distributors are accountable for transporting books to bookshops – either independent booksellers or retail chains. Such retail chains are Kanzelsberger, Knihy Dobrovský, Luxor, and Levné knihy, and so on (SČKN 2021, 15).

6.2 PEST Analysis

As aforementioned, the PEST Analysis serves to describe the Political, Economic, Social, and Technological factors.

Political Factors

Since December 2016, the Registration of Sales has been one of the most important topics among entrepreneurs. Registration of Sales was created to make the entrepreneurial environment fair regarding taxation. Therefore, economic subjects which avoided paying taxes before the Registration of Sales was introduced were forced to do so. On December 14, 2022, the Czech Parliament invalidated law No. 112/2016 Coll. Since January 1, 2023, law No. 458/2022 Coll. has been in force. Therefore, Registration of Sales has not been functioning at all. There has been much criticism of the Registration of Sales, including two main arguments – the system burdens entrepreneurs with many obligations and bureaucracy, and it is expensive to keep the system running.

Since the state wants to increase its income and lower the deficit of the state budget, there are discussions about whether to change VAT rates. Nowadays, we have 21 %, 15 %, and 10 %, and each rate applies to different groups of goods. The state wants to combine the lower rates and make one unified rate. It is still being determined what rate the state means by that, but the state will reveal the changes in the following months. Since the VAT rate of 10 % is applied to books, the changes in unifying the rates would increase the prices of books. Therefore, such change would elicit moderation in purchasing books to save financial resources, especially during the high inflation (ČTK 2023).

Another political change in force since January 2023 is the obligatoriness of the so-called “datová schránka” that would serve for more convenient and efficient communication with other subjects such as Financial Administration and others. “Datová schránka” is similar to a standard email address. It promises advantages such as dealing with business-related things online and, for example, saving financial resources by not sending post letters (ČSOB 2023).

One of the main current political factors is the Russian-Ukrainian war. If the conflict expanded to other countries that are members of NATO, it would be highly possible that NATO would join the conflict. Therefore, countries would do what is necessary to overcome such a situation.

Economic Factors

The main economic factor to consider is taxation. The bookshop owner wants to run a business as a natural person, so he must be taxed by 15%. Other obligations the owner has to

consider are health and social insurance. 2,944 CZK has to be paid for social insurance and 2,722 for health insurance in 2023.

Concerning the Covid-19 pandemic, it affected all markets, including the book market. The measures adopted by the government played a crucial role in everyone's life, for instance, when people were kept in their homes. Therefore, brick-and-mortar bookshops with other shops were closed, negatively affecting their financial situations.

Concerning the financial situation, since the bookshops had no customers to serve, it caused the domino effect because bookshops are considered the building blocks of the whole book market (Vopěnka 2020). Vopěnka believes Czech readers are ready to help the book market and claims the following statement: "I believe readers will not leave us and I believe that they will realise that a book is not such an expensive commodity after all" (2020; my translation).

Nevertheless, Covid-19 pandemic has paralysed the world in terms of logistics and shortage of resources and materials, and thus, prices of commodities have risen. The price rise applies to paper as well. For instance, according to Kočí, prices have risen due to timber that is used massively in other countries for construction building (2021). The shortage of materials correlates with the prices of outputs and may negatively affect consumption. For example, some customers may find some goods too expensive for them to afford. Therefore, publishing companies may experience a decrease in sales (Fraňková 2021). Since Covid-19 is capable of mutation, there is a possibility of another period of lockdowns and regulations imposed by governments in order to cope with the situation. On the other hand, such actions would have devastating repercussions on the Czech economy and many businesses would not survive, independent bookshops included.

The annual book market report provided by SČKN illustrates the changes in turnovers in the book market over the years since 2015. The turnover in 2020 seems to be down by 4 % at 8 billion CZK, which is less than the previous year when the turnover was at 8.3 billion CZK (SČKN, 2021). As the numbers illustrate, it could be said that the book market did the best in 2021 season out of the previous ones, closing the season with a turnover of 8.6 bn CZK (SČKN, 2022).

Years	Total Turnover (CZK) (bn)	Year to Year Change (%)
2015	7.5	+4

2016	7.8	+4
2017	8	+2.5
2018	8.3	+3.5
2019	8.3	+0.5
2020	8	-4
2021	8.6	+8

Table 4 Year to Year Comparison of Turnovers

Source: SČKN 2021; SČKN 2022

Since February 24, 2022, another factor negatively influencing the world has been the Russian-Ukrainian war. Many countries disagree with Russia's actions. Therefore, sanctions were imposed against Russian Federation to weaken its position. Concerning energetics, this situation prompted other countries to stop trade with Russian Federation, and, therefore, prices of commodities have risen. In January 2023, the inflation rate hit 17.6 %, continuing to lower slowly. The Czech National Bank predicts that, in the best-case scenario, the inflation rate will be at normal levels of around 2 % in the following year (CNB 2023). Until then, some people will be concerned about the higher price of books, and, hence, they may seek financially better alternatives available on e-shops.

The next element to consider are seasonal sales. As yet to be mentioned in the Financial Plan, the seasonal months are September, October, November, and December. In this period, it is crucial for the bookshop owner to generate a considerable amount of money to run the business and cover the cost of living. Since the academic year starts in September, local students purchase needed textbooks and other study materials. Due to good relationships with the local schools, the bookshop attracts approximately the same number of students yearly. If a student is a holder of an ISIC card, they will be given a discount on selected books that would be generally sold to customers at a full price.

Social and Technological Factors

The Covid-19 pandemic paralyzed the world economically and also socially. During lockdowns, people could not meet with others as they typically would do. Since being at home, people had to entertain themselves with activities, reading books included. Due to the Internet being available almost everywhere, readers started reading books online. Even older generations, being used to reading physical books, started reading them online. This trend continues nowadays, and in the future, it may threaten classical bookshops that do not offer e-

books. More and more people switch from physical books to e-books or listening to audio-books. There are arguments that online reading saves financial resources and is more convenient.

On the other hand, some people enjoy having a book in their hands and the atmosphere a book creates. The Covid-19 pandemic forced people to change their habits and life purposes. Many people started to look after their mental and physical health and they continue to do so when returning to their everyday lives. Thus the popularity of books related to similar topics has risen since then.

Another essential subject of matter lately is waste and plastic pollution. Younger generations are more sensitive to the world, and their lifestyles differ from older generations. This phenomenon could be seen in companies offering eco-friendly packaging for their products. It applies to brick-and-mortar shops as well. Along with plastic bags, shops commonly offer paper bags for customers willing to pay a higher price for this eco-friendly alternative.

Additionally, the city of Vsetín has started a massive reconstruction of a train station and its surroundings. The train station lies on an electrified railway from Hranice na Moravě to Slovakia and is a significant point for regional railways, such as Vsetín-Velké Karlovice. Such reconstruction promises better conditions for passengers, such as barrier-free platforms, new parking places, a new bus station, and new tenement buildings. Such tenement buildings may entice new people – potential customers to the bookshop. The reconstruction will cost over 3 billion CZK and create a modern train station to replace the decaying area (Fránek and Vorlová 2021; Správa železnic 2020).

According to Bílík, the population in Vsetín is decreasing. For comparison, in 1997, there were 30,728 inhabitants, and in 2021, the number was 25,226 (2021). The decrease in population is not suitable for businesses and the city either because if new people do not come to Vsetín, the current customer base will stagnate or even diminish. Additionally, the population is getting older. Therefore, combined with education in the modern world, people tend to have educational or career objectives rather than having families. This phenomenon affects businesses tailoring their products/services for a specific group of customers, such as a shop offering prams for families with newborns. On the other hand, the issue of the ageing population has no severe effect on bookshops because typical bookshops offer all kinds of books for all age categories.

6.3 SWOT Analysis

The SWOT Analysis is a tool used to properly determine the business and its environment and how certain factors influence the business. SWOT analyses the strengths, weaknesses, opportunities, and threats of the bookshop as follows:

Strengths	Opportunities
<p>Strong customer base</p> <p>Cooperation with local schools</p> <p>Convenience</p> <p>Family atmosphere</p>	<p>Potential part-time workers</p> <p>Trends</p>
Weaknesses	Threats
<p>Lack of an e-shop</p> <p>Business premises</p> <p>Local business vs retail chain</p>	<p>Reading online</p> <p>Economic cycle</p> <p>Competitors</p>

Table 5 SWOT Analysis of the Bookshop (own creation)

Strengths

As far as strengths are concerned, the bookshop has its tradition and has been very well recognized in the city of Vsetín since the 90s. Due to healthy and positive relationships between the owner's family and customers, a loyal customer base supports the bookshop with repetitive visits. The bookshop closely cooperates with local schools; therefore, their students are likely to come and purchase books, or teachers purchase big orders for whole classes. Another factor that puts the bookshop ahead of the competition is the friendly and family atmosphere, which is why customers feel convenient while physically at the shop.

Weaknesses

Since the bookshop is not part of a retail chain, the lack of a modern e-shop does not help with attracting new customers as the owner would want to. The owner plans to create a website that would serve as a tool for interaction with customers, but it is not enough to compete with large retail chains. Since the bookshop competes against a retail chain in Vsetín, the lack of capital, for example, for marketing purposes, is considered a disadvantage. Since the retail chain operates in more cities and has more premises, it is

highly probable that these premises are used for autograph sessions and other events that may elicit the interest of potential customers in the retail chain.

Opportunities

According to up-to-date experiences the bookshop owner has, still, many people are interested in earning extra money in the form of part-time jobs. Current staff receives emails if any additional workforce is needed, and it is safe to say that there will be no workforce shortage in the future if the situation requires hiring part-time workers.

Concerning the trends, one specific topic has been trending for a few years: sleeping and circadian rhythm. Circadian rhythm is a 24-hour cycle during which we are awake or asleep. Since blue light in the evening time undesirably affects our circadian rhythm, people tend to put their electronic devices away before sleep. They read classical books or e-books with red glasses, blocking the blue light. More and more people realize their need to sleep better, which may lead to reading classical books instead of reading them on electronic devices (Silver 2022; Česká televize 2021).

Threats

Since more and more people use the internet and own devices such as smartphones and tablets, reading a book that is physically in one's hands slowly but surely fades away. People adapt to reading books online or using e-book readers. All of this is more comfortable and saves financial resources and time of individuals. Concerning prices, since the bookshop is independent, it cannot lower the prices of books as the competition can. It may result in people choosing financially viable options for their purchase. Another factor the bookshop cannot influence and is affected by negatively is the current stage of the Czech Republic's economic cycle, which is the recession. It is due to the energy crisis and inflation, and it may result in slower GDP growth.

6.4 Competition Analysis

Kanzelsberger

One direct competitor in Vsetín is a bookshop named Kanzelsberger, owned by Kanzelsberger a.s., which operates its retail chain of bookshops in over 50 locations in the Czech Republic. The bookshop is situated on a ground floor of a shopping centre Smetanova obchodní galerie opened in 2019.

Kanzelsberger bookshop offers all kinds of books and complements its offer with small objects – cups, board games, bags, and so on. Since it is located in a shopping centre, which

surrounds a train station and bus station, there is a high concentration of people that may visit the bookshop. Its premises are of modern style, and the bookshop uses colourful combinations on its shelves. The bookshop has many books available; if not, the customer may order from its website and get the book delivered.

What may be unpleasant are the sounds of people outside the bookshop. Since it is an open area and many people pass by, there is no quiet atmosphere during rush hours because the bookshop has no door blocking the sounds from outside. Another factor to consider is the number of books the bookshop has available. Of course, customers have a wide choice of books, but on the other hand, if the bookshop cannot sell all the books, it is forced to send the books back to publishing houses if it is a consignment sale. In addition, customers may find the behaviour of some workers unpleasant due to the staff's inability to be interested in customer's wants and wishes. This behaviour often results in customers switching from Kanzelsberger bookshop to owner's bookshop – the name will be Knihkupectví u Kaloušů in the future - in Vsetín.

E-shops

Concerning the book industry, e-shops play a significant role because the prices of books on e-shops could be lower than the prices independent bookshops offer. This issue correlates with the trend of reading online. Many publishing houses and portals also offer electronic versions of books so that a customer may order a book and read it right after payment. In that case, there is no necessity to visit a brick-and-mortar bookshop.

6.5 Bookshop's Customers

A customer is every person interested in any book. The bookshop offers books of various literary genres, and every customer may purchase a book they are currently interested in. In addition, some trends in the book industry may be anticipated. For example, if any famous author plans to author a book, people usually come to the bookshop and ask about the availability of such a book. Therefore, the bookshop owner is conscious of satisfying customers' wants even before the book is published.

Moreover, there is a group of customers that should be specified: schools and their students. This group requires special treatment in terms of communication and patience. For example, suppose a school places an order based on its students' requirements. In that case, it takes some time to communicate the order with distributors, and the bookshop owner has to deliver the books to a particular location by himself if necessary.

Customers are also people who want to gift someone a gift card instead of a possibly improper book. Another group that could be considered customers are tourists who do not live in Vsetín. Since the bookshop offers maps and travel guides, tourists passing by may find buying such maps or travel guides beneficial when travelling somewhere.

To conclude the ideas presented, a customer could be anyone interested in books – children, older adults, adults, and students, and they do not have to be locals.

7 MARKETING PLAN

In this section, the bookshop owner explains how customers are approached. For this purpose, the bookshop owner uses a tool – marketing mix 7P. It includes the following elements:

Product

The bookshop offers books of various literary genres. It also offers maps, travel guides, CDs, crosswords, calendars, and gift cards. Books are sorted according to their genre/topic/age group they are suitable for as follows:

- Literature for children – this category includes books for the youngest children up to six years of age. It is comprised of cards, pop-up books, interactive books with sound systems, and encyclopaedias for children.
- Literature for children of school age – This assortment of books includes, for example, books from Thomas Brezina, series of Diary of a Wimpy Kid, The Little Prince, and so on.
- Encyclopaedias, legends, and biblical stories.
- Handiwork books and song books.
- Books related to health and spirituality.
- Books about maternity and child behaviour.
- Do-it-yourself books – For example, working with wood, leather, and so on.
- Cookery books, books about wine and other spirits – Vegetarian and vegan cooking, meat preparation, different national cuisines, and others.
- Books about gardens and gardening.
- Books for hobbies – Game hunting, beekeeping, fishing, pets and so on.
- Sport – Formula One, fitness, football, tennis, biathlon and other sports.
- History – Bibles, history of Europe, medieval times, and so on.
- Travelogues – For example, authors such as, for example, Ladislav Zibura, Lucie Výborná, and Martin Úbl, books related to mountain climbing and others.
- Fantasy books.
- Regional books.
- Detective stories, novels, poetry, philosophical and psychological books.
- Autobiographies.
- Crosswords, calendars, maps, travel guides, dictionaries, textbooks, and foreign language books.

- Books related to economy, accounting, information technology, laws, business, and so on.

Place

The bookshop is located in nám. Svobody 1321 in Vsetín. Specifically, it is situated in a line of shops close to Smetanova street. These streets are crowded during rush hours, making the bookshop noticeable. Bookshop premises are small, but convenient when inside. Plants are placed on shelves to create a comfortable atmosphere, and a place is available for a pram to be parked in case many people are in the aisle between the shelves. Concerning the location, it is an advantage because the bookshop has been well known since the 90s, and there will be no location changes in the future.

Price

Since the bookshop primarily sells books on consignment, there is not much room for the owner to manipulate with prices of books. The owner can only give a discount to customers who repetitively visit the bookshop or when customers make a big purchase. On the other hand, if the owner gives discounts, the margin, which is approximately 30%, decreases.

The amount of money customers may spend on a purchase depends on how many books and what kind of books they purchase. For example, one may spend up to 200 CZK for a tourist map, but other customer may spend 2,000 CZK on one book.

Promotion

The bookshop already benefits from its tradition in Vsetín. On the other hand, it is advisable to attract more customers. The owner plans to create accounts on Instagram and Facebook to focus on younger generations since they often use the internet. The idea is to create posts and short videos that should provide potential customers with concise information about specific books to attract customers' interest in them. The feed on Instagram and Facebook should be supplemented with posts announcing, for example, discounts and exciting books to be published.

Another way the bookshop will communicate with customers will be a website the owner plans to create. It will not be an e-shop, but there will be a list of books currently available at the bookshop, books to be published, and reading tips that would elicit customers' interest in such books. The website will serve as a place where customers place orders, and afterwards, when the order is ready, they may pick it up in the bookshop.

To boost sales, the owner plans to provide customers with discount vouchers, enabling them to get a discount if they buy books for a certain amount. Another way of boosting sales is a fortune wheel with discounts. Occasionally, customers may try their luck and get a discount according to the fortune wheel spin.

The owner will purchase bean bags for relaxation. One could use the bean bag, for example, when waiting for their relatives, or if desired, the owner could organize reading events for children.

People

Having quality staff in the bookshop is required. During seasonal months, there will be up to three part-time workers who will help the owner with running the bookshop. The owner will pay attention to hiring part-time workers because it requires kindness and having book knowledge when recommending books to customers. The owner also pays attention to inclusion and treats all customers the same way, prioritising making them comfortable and happy with the purchase.

Moreover, the owner strives for customers to feel welcomed. Therefore, creating good relationships with customers by chatting with them would be a daily activity since the bookshop has a solid customer base.

Process

If a customer wishes for a book, the staff will find it and give it to the customer to look at it. On the other hand, if a customer wants an unavailable book, the staff check which distributor offers the book, and when it is delivered to the bookshop, a customer receives a call that the order is ready.

To enhance customers' experience with the bookshop, they will be provided with a service of wrapping books into decorative paper. This service will be available all year since some customers buy books as gifts, and the wrap may be handy. Each customer may take a

magazine *knihkupec*, which they are provided with for free. It contains reading tips, articles about interesting topics, books to be published, and many more.



Figure 6 magazine *knihkupec*

Source: own picture

Physical Evidence

When inside the bookshop, customers will receive favourable greetings from the staff. Additionally, customers will be provided with support related to books, including recommendations and reading tips. The team will seek good customer relationships and make customers feel appreciated, so they revisit the bookshop. Since it is a family business, the objective is to make customers smile and ensure they are welcomed. New customers will be provided with business cards. This process will take place in small and cosy premises, accompanied by the smell of new books.

Concerning relationships, the bookshop regularly makes sponsorship donations in the form of books or gift vouchers to local events, for example, proms. To show appreciation for cooperation, before the end of every year, business partners will receive a gift from the bookshop.



Figure 7 Business Card (own creation)

SMART Objective

Until nowadays, the bookshop has no website or social media account. The owner wants to change that and create accounts on Instagram, Facebook, and a website. The goal will be the attracting younger generations who use the internet daily by creating posts and videos about books and the book industry. The progress would be measured by the *SouMAR* software and then compared to statistics on social media accounts.

Specific – Attraction of customers of younger generations.

Measurable – The progress will be tracked via *SouMAR* Software, which enables categorization of books sold according to selected criteria. The collected information will be compared to statistics on social media accounts.

Achievable – The owner believes such implementation of social media accounts and a new website will enable the bookshop to attract new customers, especially customers of younger generations. The ideal number of followers, not fake accounts, would be at least 500 on each Facebook and Instagram platform.

Relevant – Since more and more people use the internet daily for personal and business purposes, it is crucial to be modern and freshen the bookshop up.

Time-based – Gaining followers on social media accounts and letting them get used to the website will take some time. The owner predicts that obtaining a decent number of followers that would visit the bookshop in the future would take up to two years if the process is consistent.

8 ORGANIZATIONAL PLAN

The bookshop will be owned by Martin Kalouš, who will hire three part-time workers. The staff will be responsible for a cash register, providing customer service, and guarding. Based on personal experience, the part-time workers are needed due to the increased number of customers in seasonal months. Concerning September and October, only one part-time worker will be needed during lunchtime so the owner gets to eat his lunch. In addition, the owner would appreciate the part-time worker's help with order deliveries. In November, the owner would like to have two part-time workers available, and in December, when there is a peak when it comes to the number of customers, the owner will need three staff members available at once for four hours at least in the afternoons. The predicted working hours and salaries are shown in Chapter 9. *Financial Plan*.

Concerning the owner's duties, he will be responsible for the bookshop's agenda, including paperwork, communication, and receiving orders. The owner's responsibility also includes hiring staff enthusiastic about books and training the staff to be competent in their jobs. Moreover, to keep the place clean and uncluttered, all staff members should take care of the plants, mop the floor, and do other things if necessary.

9 FINANCIAL PLAN

This financial plan consists of an opening balance sheet, a table of initial costs, labour salaries, fixed costs, and an income statement. The ROS of the realistic scenario is calculated as well.

9.1 Opening Balance Sheet

To start running a bookshop, the owner will not take out a loan but will invest his capital of 700,000 CZK. The current owner plans to give the bookshop off to the future owner, and the purchase will be underwritten by a statutory declaration signed by both parties. The furniture will be priced at 50,000 CZK, and the current owner's books will be valued at 350,000 CZK. The rest of the books are books on consignment, meaning that the owner does not own the rest.

Balance Sheet (CZK)			
Assets		Liabilities and Equity	
Fixed Assets	50,000	Equity	
Furniture	50,000	Registered Capital	700,000
Current Assets	650,000	Liabilities	
Books	350,000		
Bank Account	340,000		
Cash	10,000		
Total	700,000	Total	700,000

Table 6 – Opening Balance Sheet (own creation)

9.2 Initial Costs

An initial investment in modernization will be needed since pieces of furniture are in a bad condition. The investment will also include the purchase of electronics, for example, computers capable of office work, a printer, a tablet, and a mobile phone. The new furniture will be bought for 20,000 CZK and the electronics for 43,000 CZK. Decorations such as flowers will be purchased and placed accordingly so the books will not get damaged. The flowers should make the environment appealing.

Additionally, the initial investment of 3,000 CZK includes creating the bookshop's website; therefore, customers can place orders online. Custom business cards and gift vouchers will be purchased for 2,000 CZK and printed in a local print shop to ensure prestige

promotion. For the reading events, bean bags will be purchased for 6,000 CZK, and detergents will be bought for 500 CZK for everyday cleaning.

Initial Costs (CZK)	
Furniture	20,000
Computers	30,000
Electronics	13,000
Decorations	2,000
Detergents	500
Website	3,000
Bean bags	6,000
Business cards and gift vouchers	2,000
Total	76,500

Table 7 - Initial Costs (own creation)

9.3 Salaries

Due to seasonality, part-time workers will be needed during September, October, November, and December. The owner will hire three part-time workers to help him with work (working with a cash register, customer service, and guarding). The part-time workers will be students and will not earn over 10,000 CZK a month; therefore, paying for health and social insurance will not be necessary.

Part-time workers	Number of working hours				Total
	September	October	November	December	
Student 1	80		80	80	240
Student 2		80	80	80	240
Student 3				80	80
Wage 120 CZK/h					
Student 1	9,600		9,600	9,600	28,800
Student 2		9,600	9,600	9,600	28,800
Student 3				9,600	9,600
				Total	67,200

Table 8 Working Hours and Salaries (own creation)

9.4 Fixed Costs

The bookshop owner will pay a rent of 30,000 CZK for the business premises. Furthermore, the fixed costs will include energy (electricity and heating) of 5,000 CZK. For running a bookshop, it is necessary to have software specialized for bookshops, and for this purpose, the software SOUMAR license will be acquired for 1,000 CZK. It is expected that there will be some difficulties with the software, and the software provider's services will be needed, which will be about 500 CZK. Another item will be office supplies, including papers, markers, plastic bags, and so on, and the estimated price will be 300 CZK. The functionality of the bookshop's website should be ensured, and that will cost 1,000 CZK. The following essential item for communicative purposes will be telephone service and internet connection provided by a local provider – the estimated price for such services will be 800 CZK.

The last significant items are accounting services, salaries, business insurance, and social and health insurance. The social insurance will be 2,944 CZK and the health insurance of 2,722 CZK. Business insurance will be 7,000 CZK, and the salaries are predicted to be 67,200 CZK. The owner will pay about 50,000 CZK a year for accounting services to ease the owner's burden.

Fixed Costs (CZK)	Monthly	Yearly
Rent	30,000	
Website	1,000	
Energies (electricity and heating)	5,000	
Software license	1,000	
Telephone services and internet connection	800	
Office supplies	300	
Other services	500	
Social insurance	2,944	
Health insurance	2,722	
Insurance		7,000
Accounting services		50,000
Salaries		67,200
Total (per year)		655,392

Table 9 – Fixed Costs (own creation)

9.5 Income Statement

The income statements below show the realistic scenario of how the bookshop will do in terms of generating a profit in the first three years. The optimistic and pessimistic variant are presented in appendices. The estimated cost of books is 70 % of the retail price.

1st year	CZK
Revenues	5,100,000
Cost of books	3,570,000
Fixed costs	655,392
Total costs	4,225,392
EBT	874,700
Tax 15 %	131,205
Net earnings (EAT)	743,495

Table 10 Income Statement 1st Year - Realistic Scenario (own creation)

2nd year	CZK
Revenues	5,300,000
Cost of books	3,710,000
Fixed costs	655,392
Total costs	4,365,392
EBT	934,700
Tax 15 %	140,205
Net earnings (EAT)	794,495

Table 11 Income Statement 2nd Year - Realistic Scenario (own creation)

3rd year	CZK
Revenues	5,600,000
Cost of books	3,920,000
Fixed costs	655,392
Total costs	4,575,392
EBT	1,024,700
Tax 15 %	153,705
Net earnings (EAT)	870,995

Table 12 Income Statement 3rd Year- Realistic Scenario (own creation)

9.6 Return on Sales

According to Hayes, “Return on sales (ROS) is a ratio used to evaluate a company’s operational efficiency” (2022). The formula is following:

$$ROS = \frac{EAT}{Net\ Sales}$$

	ROS (%)
1st year	13.2
2nd year	13.6
3rd year	14.1

Table 13 – Return on Sales in Each Year of Realistic Variant (own creation)

Commentary on the Financial Plan

Realistic Scenario

Due to Covid-19 outbreak at the end of 2019, the following year was extraordinary for businesses, and many, including the bookshop, suffered a dramatic decrease in revenues. In order to estimate the second year’s revenue growth, the author opted to work with the 5-year average of 3.9 % growth before the Covid-19 situation.

Year	Revenue Growth in %
2015	3
2016	5.1
2017	4.6
2018	3.7
2019	3.1
Average	3.9

Table 14 Revenue Growth Before the Covid-19 (own creation)

Facebook and Instagram accounts play an important role and may help with the acquisition of new customers. Regarding social media, the author believes that building social media accounts takes time and will affect the bookshop in the third year of business rather than the second year. In the third year, the predicted increase is 5.7 % due to consistent

work on social media accounts, and the author also believes that the Czech Republic's economic situation will improve.

Concerning the return on sales in the realistic scenario, the percentage predicted is of an upward trend. Since the EAT every year is quite a considerable amount of money one can earn, the bookshop owner may weigh the pros and cons of hiring additional part-time workers during non-seasonal months. This option would be helpful if the owner got ill or had to take care of personal responsibilities, and nobody would run the bookshop. The realistic scenario shows that the bookshop owner will have no financial difficulties, and running a bookshop will be feasible.

Optimistic Scenario

This scenario, shown in *Appendices*, is based on the assumption that the economic situation will get much better than expected, and people will spend more money on goods and services. The author also assumes that trends related to, for example, health and financial literacy will help the book industry as well because people may get interested in such topics more than before since a lot of new information is available. The forecasted increase in the second year is 6.7 %, and in the third year, the growth is 7.8 %.

Concerning this scenario, the owner would find this situation favourable and hire more part-time workers to run the bookshop. The financial resources would be invested in the owner's business ideas and the modernization of the bookshop.

Pessimistic Scenario

This scenario, shown in *Appendices*, considers a slower revenue increase and a bad economic situation in the Czech Republic that would elicit in customers spending less money on goods and services. This situation also considers unsuccessful social media accounts. Therefore, the increase in the second year is just 2.9 %, and 4.2 % in the following year.

However, even though, there is a profit each year, it does not mean the owner would be satisfied enough with the financial situation.

10 RISK EVALUATION

Running a business involves certain risks that may damage the business and therefore, it is advisable for the entrepreneur to analyse these risks.

Unenthusiastic Part-time Workers

The owner should pay attention when hiring new staff because people who are not into books and do not seek new information may leave customers unhappy with the books recommended by the bookshop's staff.

Damage to Books' Covers

Having a shop window in a bookshop has one disadvantage – sunlight. Books put in a shop window to be seen from the street will degrade after some time. Therefore, books with lower quality covers will have to be offered with reduced prices in order to make the books attractive to customers.

Shoplifting

It will be necessary to keep an eye on books, especially during the seasonal months. Due to relatively small premises and higher chances of more customers entering the shop, there will be a higher risk of shoplifting. Such behaviour of shoplifters may cause financial loss, and the bookshop's staff may disbelieve future customers.

Measures Against the Covid Pandemic Adopted by the Czech Government

The Covid-19 pandemic has been here since the end of 2019. There is yet no vaccine that would eradicate the disease worldwide; new mutations have been occurring since 2019. In case of another lockdown, the bookshop would have to be closed, which would not be financially viable for the owner.

Russian-Ukrainian War

Such conflict has global effects that may harm countries, businesses, and households in specific ways. The main issues are considered to be the energy crisis and increased prices of goods/services. When a country is in recession, people spend less money to save for tough times. Therefore, the economy slows down. If the conflict spread to the Czech Republic, NATO would react to stop it, and it would elicit a war of global character. This situation would be without precedent in the 21st century, and the question of what could happen next cannot be answered.

Decrease in Number of Customers

In seasonal months, a customer decrease would result in the pessimistic scenario provided in appendices, or even worse. Furthermore, if local schools stopped purchasing textbooks, the owner would not find this situation financially viable as well.

E-shops and Internet

As mentioned earlier, younger generations tend to read books online rather than in a classical way and, therefore, lose interest in visiting bookshops and purchasing books. Some people adore the smell of new books and the cosy atmosphere it creates no matter what the price is. On the other hand, some people would instead save financial resources and spend less money on a book on the internet than purchase at a higher price in a bookshop. Even listening to audiobooks has been recently emerging as a trend. The mentioned cases do not go hand in hand with an independent local bookshop; hence, a decrease in sales would be probable in such a scenario.

CONCLUSION

As aforementioned in the *Introduction*, this Bachelor Thesis aimed to create a business plan for a bookshop the owner wants to run in the future and continue its tradition. *The Theory* deals with entrepreneurship and legal forms. However, the *Analysis* focuses on creating a business plan for the bookshop.

The *Title Page*, *Executive Summary*, and *Company Description* introduce the bookshop to readers. Moreover, the author pays attention to market analysis and analyses the book industry. The competition, customer, and PEST analyses evaluate the business environment. Strengths, weaknesses, opportunities, and threats are evaluated using the SWOT analysis. The marketing mix 7P is used in the *Marketing Plan*, and a SMART objective is also set and described. The *Organizational Plan* describes the work responsibilities of the owner and part-time workers. The significant chapters deal with financials and risk analysis. The *Financial Plan* describes figures related to an opening balance sheet, initial costs, fixed costs, salaries, income statement, and ROS. The income statement has three variations – realistic, optimistic, and pessimistic, in all of which the bookshop generates a profit. However, even though there is a profit in the pessimistic scenario, it would not be acceptable for the owner. In case of any situations during which the bookshop would be closed, it would not be sufficient for the owner to pay rent for the business premises and take care of financing personal wants and needs. The figures in the realistic and optimistic scenario are promising. Therefore, they would enable the owner to hire more part-time workers in case of illness. To analyse the bookshop's performance in the first three years, the ROS is calculated as follows: 13.2 % in the first year, 13.6 % in the second year, and 14.4 % in the third year. The ROS in every year presented may be considered healthy. The *Risk Evaluation* describes the risks that may affect the bookshop negatively. Concerning all the chapters, the author finds this business plan well done, supporting the intention to continue the bookshop's tradition in the future.

BIBLIOGRAPHY

- Abrams, Rhonda. 2019. *Successful Business Plan: Secrets and Strategies*. 7th ed. Palo Alto, CA: PlanningShop.
- Armstrong, Gary. Philip Kotler, and Marc O. Opresnik. 2017. *Marketing: An Introduction*. 13th ed. Harlow: Pearson Education.
- Dušek, Jiří, and Jaroslav Sedláček. 2022. *Daňová evidence podnikatelů 2022*. 19th ed. Prague: Grada.
- Koráb, Vojtěch, Jiří Peterka, and Mária Režňáková. 2007. *Podnikatelský plán*. Brno: Computer Press.
- Kozel, Roman, Lenka Mynářová, and Hana Svobodová. 2011. *Moderní metody a techniky marketingového výzkumu*. Prague: Grada.
- Kuratko, Donald F. 2014. *Entrepreneurship: Theory, Process, Practice*. 9th ed. Mason, OH: South-Western Cengage Learning.
- McKeever, Mike P. 2019. *How to Write a Business Plan*. 14th ed. Berkeley, CA: Nolo.
- Medlíková, Olga. 2021. *Umění motivace: Návody a tipy pro pracovní i rodinný život*. Prague: Grada.
- Moravec, Tomáš, and Lucie Andreisová. 2021. *Obchodní společnosti pohledem Corporate Governance*. Prague: Grada.
- Radvan, Michal. 2020. *CZECH TAX LAW*. 4th ed. Brno: Masaryk University Press.
- Rickman, Cheryl. ed. 2021. *How to Write Your Own Business: ... and Make It Work*. London: Dorling Kindersley.
- Ryneš, Petr. 2022. *Podvojně účetnictví a účetní závěrka: Průvodce podvojným účetnictvím k 1. 1. 2022*. 22nd ed. Olomouc: ANAG.
- Shelton, Hal. 2017. *The Secrets to Writing a Successful Business Plan: A Pro Shares a Step-By-Step Guide to Creating a Plan That Gets Results*. Rockville, MD: Summit Valley Press.
- Srpová, Jitka et al. 2020. *Začínáme podnikat: s případovými studiemi začínajících podnikatelů*. Prague: Grada.
- Srpová, Jitka, Ivana Svobodová, Pavel Skopal, and Tomáš Orlik. 2011. *Podnikatelský plán a strategie*. Prague: Grada.
- Srpová, Jitka, Václav Řehoř et al. 2010. *Základy podnikání: Teoretické poznatky, příklady a zkušenosti českých podnikatelů*. Prague: Grada.

- Synek, Miloslav, Eva Kislingerová et al. 2015. *Podniková ekonomika*. 6th ed. Prague: C. H. Beck.
- Drážilová, Alena Šafrová. 2019. *Základy úspěšného podnikání: Průvodce začínajícího podnikatele*. Prague: Grada.
- Tvede, Lars, and Mads Faurholt. 2018. *Entrepreneur: Building Your Business from Start to Success*. Chichester: Wiley.
- Veber, Jaromír, Jitka Srpová et al. 2012. *Podnikání malé a střední firmy*. 3rd ed. Prague: Grada.

Electronic Sources:

- BDC. n.d. "The 5 most common pricing strategies." Accessed December 5, 2022. <https://www.bdc.ca/en/articles-tools/marketing-sales-export/marketing/pricing-5-common-strategies>.
- Bílík, Jan. 2021. "Database of Demographic Indicators for Selected Towns of the Czech Republic." Czech Statistical Office. Accessed February 20, 2023. <https://www.czso.cz/csu/czso/database-of-demographic-indicators-for-selected-towns-of-the-czech-republic>.
- Bureš, Michal. 2022. "Jak se změní zálohy na zdravotní a sociální pojištění v roce 2023?" FINANCE. Accessed January 4, 2023. <https://www.finance.cz/539356-jake-budou-platit-osvc-minimalni-zalohy-v-roce-2022/>.
- Bureš, Michal. 2022. "Změny u paušální daně v roce 2023: pro OSVČ s příjmem do 2 milionů Kč, kdo bude platit více?" FINANCE. Accessed January 3, 2023. <https://www.finance.cz/542151-pausalni-dan-zmeny-2023/>.
- CNB. 2023. "CNB forecast – Winter 2023." Czech National Bank. Accessed February 18, 2023. <https://www.cnb.cz/en/monetary-policy/forecast/>.
- Czech Chamber of Commerce. n.d. "Právní elektronický systém." Pespropodnikatele. Accessed November 9, 2022. <https://pespropodnikatele.cz/>.
- CzechInvest. n.d. "About Us." Accessed November 4, 2022. <https://www.czechinvest.org/en/About-CzechInvest/About-Us?force>.
- Czech Republic. The Czech Parliament. 1991. *Trade Licensing Act*. Act. No. 455/1991. Adopted November 15, 1991. <https://www.zakonyprolidi.cz/cs/1991-455?text=455%2F1991>.
- Czech Republic. The Czech Parliament. 2002. *Support of SMEs Act*. Act. No. 47/2002. Adopted February 8, 2002. <https://www.zakonyprolidi.cz/cs/2002-47>.

- Czech Republic. The Czech Parliament. 2004. *VAT Act*. Act. No. 235/2004. Adopted April 23, 2004. <https://www.zakonyprolidi.cz/cs/2004-235>.
- Czech Republic. The Czech Parliament. 2012. *Civil Code*. Act. No. 89/2012. Adopted March 22, 2012. <http://obcanskyzakonik.justice.cz/index.php/home/zakony-a-stanoviska/preklady/english>.
- Czech Republic. The Czech Parliament. 2012. *Business Corporations Act*. Act. No. 90/2012. Adopted March 22, 2012. <http://obcanskyzakonik.justice.cz/index.php/home/zakony-a-stanoviska/preklady/english>.
- CzechTrade. 2023. „Paušální výdaje využívají statisíce OSVČ. Komu se při výpočtu daně vyplátí?“ BusinessINFO. Accessed March 17, 2023. <https://www.business-info.cz/clanky/pausalni-vydaje-vyuzivaji-statisice-osvc-komu-se-pri-vypoctu-dane-vyplaceni/>.
- Česká televize. 2021. “Moderní technologie mají vliv na lidské „vnitřní hodiny“, tvrdí vědci.” ČT24. Accessed February 18, 2023. <https://ct24.ceskatelevize.cz/veda/3299831-moderni-technologie-maji-vliv-na-lidske-vnitri-hodiny-tvrdi-vedci>.
- ČSOB. 2023. “Vše o datových schránkách pro OSVČ.” Průvodce podnikáním. Accessed February 17, 2023. <https://www.pruvodcepodnikanim.cz/clanek/datove-schranky-pro-osvc/>.
- ČTK. 2023. “Sjednocení snížených sazeb DPH na 13 procent: státu skoro nic nepřinese, inflaci zvýší nepatrně.” Newstream. Accessed February 17, 2023. <https://www.newstream.cz/money/sjednoceni-snizenych-sazeb-dph-na-13-procent-statu-skoro-nic-neprinese-inflaci-zvysi-nepatrne>.
- EVOLUTION MARKETING. n.d. “Marketingový mix 4C.” Accessed December 5, 2022. <https://www.evolutionmarketing.cz/marketingovy-slovník/marketingovy-mix-4c/>.
- Financial Administration. 2013. “Daně.” Finanční správa. Accessed October 20, 2022. <https://www.financnisprava.cz/cs/dane/danovy-system-cr/popis-systemu>.
- Forbes. 2021. “5 důvodů, proč každá firma potřebuje kvalitní účetní.” Forbes. Accessed November 5, 2022. <https://forbes.cz/5-duvodu-proc-kazda-firma-potrebuje-kvalitni-ucetni/>.
- Fraňková, Ruth. 2021. “Czech book market struggling with paper shortage.” Radio Prague International. Accessed February 13, 2022. <https://english.radio.cz/czech-book-market-struggling-paper-shortage-8728078>.

- Fránek, Tomáš, and Růžena Vorlová. 2021. "Celkové náklady na rekonstrukci nádraží ve Vsetíně převýší tři miliardy, většinu má zaplatit Evropská unie." *Český Rozhlas*. Accessed February 20, 2023. <https://zlin.rozhlas.cz/celkove-naklady-na-rekonstrukci-nadrazi-ve-vsetine-prevysi-tri-miliardy-vetsinu-8605249>.
- Gregory, Alyssa. 2020. "How to Write a Company Description." *The Balance Small Business*. Accessed February 1, 2021. <https://www.thebalancesmb.com/how-to-write-a-company-description-2951558>.
- Hayes, Adam. 2022. "Return on Sales: What ROS Is and the Formula To Calculate It." *Investopedia*. Accessed April 5, 2022. <https://www.investopedia.com/terms/r/ros.asp>.
- Investopedia. 2023. "Porter's 5 Forces Explained and How to Use the Model." Accessed April 1, 2023. <https://www.investopedia.com/terms/p/porter.asp>.
- iPodnikatel. 2020. "Ohlášení živnosti – formuláře a správní poplatky." Accessed October 25, 2022. <https://www.ipodnikatel.cz/ohlaseni-zivnosti-formulare-a-spravni-poplatky/>.
- Kenton, Will. 2022. "SWOT Analysis: How To With Table and Example." *Investopedia*. Accessed October 14, 2022. <https://www.investopedia.com/terms/s/swot.asp>.
- Kočí, Antonín. 2021. "Czech book market struggling with paper shortage." Interview by Ruth Fraňková, *Czech Radio*, Radio Prague International, September 9, 2021. Audio, 3:28. <https://english.radio.cz/czech-book-market-struggling-paper-shortage-8728078>.
- Leonard, Kimberlee, and Rob Watts. 2022. "The Ultimate Guide To S.M.A.R.T. Goals." *Forbes Advisor*. Accessed September 26, 2022. <https://www.forbes.com/advisor/business/smart-goals/>.
- Liberto, Daniel. 2022. "Small and Mi-size Enterprise (SME) Defined: Types Around the World." *Investopedia*. Accessed September 22, 2022. <https://www.investopedia.com/terms/s/smallandmidsizeenterprises.asp>.
- Málek, Jaroslav. 2019. "Srovnání kapitálových a osobních společností." *Companies*. Accessed November 20, 2022. <https://www.companies.cz/aktuality/306-srovnani-kapitalovych-a-osobnich-spolecnosti>.
- Mečířová, Lucie. 2023. "Zrušení solidární daně: Kdo bude odvádět 23% daň z příjmů?." Accessed April 2, 2023. <https://www.finance.cz/535624-dan-z-prijmu-23-procent/>.
- Ministry of Finance of the Czech Republic. n.d. "ARES." Access to Registers of Economic Subjects / Entities. Accessed November 5, 2022. <http://www.info.mfcr.cz/ares/ares.html.en>.
- Ministry of Industry and Trade. 2015. "CRM – Centrální registrační místo." Accessed December 28, 2021. <https://www.mpo.cz/cz/podnikani/zivnostenske>

podnikani/pruvodce-zivnostenskym-podnikanim/radce-nejen-pro-zacinajici-podnikatele--155549/.

Ministry of the Interior of the Czech Republic. n.d. "Co je Czech POINT." Accessed November 1, 2022. <https://www.mvcr.cz/clanek/co-je-czech-point.aspx>.

Podnikanie. n.d. "Marketingový mix služieb – 7P." Accessed December 5, 2022. <https://podnikanie.sgo1.com/marketing/marketingovy-mix-sluzieb-7p/>.

Silver, Natalie. 2022. "Everything to Know About Your Circadian Rhythm." Healthline. Accessed February 22, 2023. <https://www.healthline.com/health/healthy-sleep/circadian-rhythm>.

Správa železnic. 2020. "Rekonstrukce stanice Vsetín." July 7, 2020. Video. 10:13. <https://youtu.be/IV1B25N7NA0>.

Svaz českých knihkupců a nakladatelů (SČKN). 2021. "Zpráva o českém knižním trhu 2020/2021." Accessed February 12, 2022. https://www.sckn.cz/file/wysiwyg/files/Zprava_o_ceskem_kniznim_trhu_2020.pdf.

Svaz českých knihkupců a nakladatelů (SČKN). 2022. "Zpráva o českém knižním trhu 2021/2022." Accessed January 6, 2023. <https://www.sckn.cz/document/download/e898e6204b1fd3f95525a1bab838ba19/>.

Talin, Benjamin, 2022. "SWOT Analysis – Definition And 5 Steps For A Professional SWOT." MoreThanDigital. Accessed September 22, 2022. <https://morethandigital.info/en/swot-analysis-definition-and-5-steps-for-a-professional-swot/>.

Tarver, Evan. 2020. "Customer to Customer (C2C)." Investopedia. Accessed February 2, 2022. <https://www.investopedia.com/terms/c/ctoc.asp>.

Vopěnka, Martin. 2020. "Vopěnka: Je to katastrofa, knižní trh je nenávratně poškozený, škody jsou miliardové." Interview by Daniela Drtinová. April 9, 2020. Video, 21:15. <https://video.aktualne.cz/dvtv/vopenka-je-to-katastrofa-knizni-trh-je-nenavratne-poskozeny/r~5ec6b1707a3e11eaa6f6ac1f6b220ee8/>.

LIST OF ABBREVIATIONS

ARES	Administrativní registr ekonomických subjektů
EAT	Earnings After Taxes
GDP	Gross Domestic Product
NATO	North Atlantic Treaty Organization
OBZP	Osoby bez zdanitelných příjmů
SME	Small and Medium-Sized Enterprises

LIST OF FIGURES

Figure 1 SWOT Analysis.....	26
Figure 2 4Ps	29
Figure 3 Logo (own creation)	32
Figure 4 Location of the Bookshop	35
Figure 5 Numbers of Registered and Active Publishers.....	37
Figure 6 magazine knihkupec	49
Figure 7 Business Card (own creation).....	50

LIST OF TABLES

Table 1 SMEs' Thresholds	13
Table 2 Lump-sum expenses according to the type of income.....	17
Table 3 Opening Hours (own creation)	36
Table 4 Year to Year Comparison of Turnovers	40
Table 5 SWOT Analysis of the Bookshop (own creation)	42
Table 6 – Opening Balance Sheet (own creation)	53
Table 7 - Initial Costs (own creation)	54
Table 8 Working Hours and Salaries (own creation)	54
Table 9 – Fixed Costs (own creation).....	55
Table 10 Income Statement 1st Year - Realistic Scenario (own creation)	56
Table 11 Income Statement 2nd Year - Realistic Scenario (own creation).....	56
Table 12 Income Statement 3rd Year- Realistic Scenario (own creation)	56
Table 13 – Return on Sales in Each Year of Realistic Variant (own creation)	57
Table 14 Revenue Growth Before the Covid-19 (own creation).....	57
Table 15 Income Statement 1st year - Optimistic Scenario (own creation)	70
Table 16 Income Statement 2nd year – Optimistic Scenario (own creation)	70
Table 17 Income Statement 3rd Year - Optimistic Scenario (own creation).....	70
Table 18 Income Statement 1st Year - Pessimistic Scenario (own creation)	71
Table 19 Income Statement 2nd Year - Pessimistic Scenario (own creation).....	71
Table 20 Income Statement 3rd Year - Pessimistic Scenario (own creation)	71

APPENDICES

1st year	CZK
Revenues	6,000,000
Cost of books	4,200,000
Fixed costs	655,392
Total costs	4,855,392
EBT	1,144,700
Tax 15 %	171,705
Net earnings (EAT)	972,995

Table 15 Income Statement 1st year - Optimistic Scenario (own creation)

2nd year	CZK
Revenues	6,400,000
Cost of books	4,480,000
Fixed costs	655,392
Total costs	5,135,392
EBT	1,264,700
Tax 15 %	189,705
Net earnings (EAT)	1,074,995

Table 16 Income Statement 2nd year – Optimistic Scenario (own creation)

3rd year	CZK
Revenues	6,900,000
Cost of books	4,830,000
Fixed costs	655,392
Total costs	5,485,392
EBT	1,414,700
Tax 15 %	212,205
Net earnings (EAT)	1,202,495

Table 17 Income Statement 3rd Year - Optimistic Scenario (own creation)

1st year	CZK
Revenues	3,500,000
Cost of books	2,450,000
Fixed costs	655,392
Total costs	3,105,392
EBT	394,700
Tax 15 %	59,205
Net earnings (EAT)	335,495

Table 18 Income Statement 1st Year - Pessimistic Scenario (own creation)

2nd year	CZK
Revenues	3,600,000
Cost of books	2,520,000
Fixed costs	655,392
Total costs	3,175,392
EBT	424,700
Tax 15 %	63,705
Net earnings (EAT)	360,995

Table 19 Income Statement 2nd Year - Pessimistic Scenario (own creation)

3rd year	CZK
Revenues	3,750,000
Cost of books	2,625,000
Fixed costs	655,392
Total costs	3,280,392
EBT	469,700
Tax 15 %	70,455
Net earnings (EAT)	399,245

Table 20 Income Statement 3rd Year - Pessimistic Scenario (own creation)