

DIPLOMA THESIS

Vypracování podnikatelského plánu pro otevření
oděvní značky v Praze

Development of a business plan for the opening of
a clothing brand in Prague

STUDY PROGRAM

Innovation Project Management

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II. ÚDAJE K DIPLOMOVÉ PRÁCI

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Název diplomové práce anglicky:

Business Plan Development for Opening a Clothing Brand

Pokyny pro vypracování:

Cílem práce je vytvořit podnikatelský plán pro otevření obchodu s ženskými oděvy a zdůvodnění ekonomické efektivity.

K dosažení cíle jsou stanoveny následující úkoly:

1. Odkrýt teoretické základy podnikatelského plánování v organizaci.
2. Analyzovat trh s dámským oblečením.
3. Vypracovat podnikatelský plán.
4. Posoudit ekonomickou účinnost projektu.

Práce plánuje používat různé výzkumné metody, jako jsou metody analýzy a syntézy, srovnání a zobecnění. Použití metod ekonomické a finanční analýzy.

Seznam doporučené literatury:

- [1] DVOŘÁČEK, Jiří a Peter SLUNČÍK. Podnik a jeho okolí: jak přežít v konkurenčním prostředí. V Praze: C.H. Beck, 2012. Beckova edice ekonomie. ISBN 978-80-7400-224-3.
- [2] THOMAS, Dana. Vláda módy: cena rychlé módy a budoucnost oblečení. Přeložil Adéla BARTLOVÁ. Brno: Host, 2020. ISBN 978-80-275-0368-1.
- [3] ZUZÁK, Roman. Strategické řízení podniku. Praha: Grada, 2011. Expert (Grada). ISBN 978-80-247-4008-9.

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Abstrakt:

The thesis is devoted to the creation of a business plan for launching a new clothing brand on the Czech market. The dissertation consists of three parts. The theoretical part covers the theoretical foundations regarding entrepreneurship, the content of a business plan and the potential for financing start-up businesses. It is followed by a methodological part, in which the problem is discussed in interviews with designers and discussions in a focus group, which helped to clarify the characteristics of the target audience. The subject of the final practical part is the business plan itself, which contains a description of the unique idea of this business: product characteristics, market and consumer analysis, marketing, implementation and financial plan, risk analysis and project performance indicators. The main purpose of the thesis is to evaluate the feasibility and viability of the business plan.

Keywords:

Business, business plan, marketing plan, financial plan, risk analysis, fashion market, sustainable fashion, brand philosophy, eco-friendly production

Anotace:

Práce se zabývá tvorbou podnikatelského plánu pro uvedení nové oděvní značky na český trh. Diplomová práce se skládá ze tří částí. Teoretická část zahrnuje teoretická východiska týkající se podnikání, obsah podnikatelského plánu a možnosti financování začínajících podnikatelů. Na ni navazuje metodologická část, v níž je problematika rozebrána v rozhovorech s návrháři a diskusích ve fokusní skupině, které pomohly objasnit charakteristiku cílové skupiny. Předmětem závěrečné praktické části je samotný podnikatelský plán, který obsahuje popis jedinečné myšlenky tohoto podniku: charakteristiku výrobku, analýzu trhu a spotřebitelů, marketing, realizační a finanční plán, analýzu rizik a ukazatele výkonnosti projektu. Hlavním cílem práce je zhodnotit proveditelnost a životaschopnost podnikatelského záměru.

Klíčová slova:

Podnikání, podnikatelský plán, marketingový plán, finanční plán, analýza rizik, trh s módou, udržitelná móda, filozofie značky, ekologická výroba.

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INTRODUCTION

This thesis is written to create a business plan for the next two years for the opening and operation of a new fashion brand in the Czech Republic to assess its feasibility and viability in this competitive environment.

Clothes today are not just things that satisfy the needs of a person in protection from mechanical damage, adverse effects of the climatic or industrial environment. It is a way of reflecting the inner world, the place in society, and of covering a person's needs, which may be related to his self-awareness and self-esteem, self-perception and mood.

Nowadays, consumers are faced with a huge choice of clothes of different price categories and quality, from mass-market to luxury brands. However, even before the middle of the 20th century, the fashion industry lived in a mode of four seasons per year. Companies were releasing two collections - Autumn/Winter and Spring/Summer, which were most often available only to high society. But in the 60s fashion became much closer to the consumer. There was a flowering of pop culture and a rise in living standards. And this led to the need to change clothes often, because people had more opportunities to show it off. So the wheel of "fast fashion" was set in motion (Francesca Sterlacci, Joanne Arbuckle, 2017). And now many people want to change things in the wardrobe much more often than before.

According to Rachel Silvestri (2021) the UN, it takes nearly 8,000 gallons of water to make one pair of jeans - as much as one person drinks in seven years. And the Green Audit Committee found that 15 percent of all clothing fabric is wasted at the production stage, before it even reaches the stores. During Fashion Revolution Week 2021, it was discovered that 200 million trees are cut down each year to produce cellulose fabrics, 35-40% of which are old-growth forests. Then it comes to water pollution, worker abuse and environmental damage and unfortunately the statistics are endless.

Based on these disappointing statistics, my business idea was born to open a new fashion brand where clothes would be produced sustainably. This would focus on using either quality fabrics that are the least harmful to the environment, or materials made from recycled fabrics or plastics, and avoiding overproduction and mistreatment of workers. The thesis consists of three parts. The first part describes the basic principles of writing a proper business plan. This section describes types of business plan, what tasks it solves and who can benefit from it.

The analysis of the clothing industry reflects the relevance of the business idea and research of this industry in the world and in the Czech market.

The practical part is devoted to writing a business plan for opening a new fashion clothing brand. This section displays basic information about the company, brand philosophy and values, business idea description, market and competitors' analysis, target audience and

marketing strategy. Also the financial plan will be presented, which will show the important indicators: cost planning, cash flow, NPV, IRR, PP. Based on the financial plan the main external and internal risks, measures against threats as well as strengths and weaknesses of the business idea will be calculated. At the end of the practical part, external financing possibilities will be considered. The conclusion will show whether the business plan is viable for implementation.

THEORETICAL PART

1 Business plan

The theoretical part touches on the basic components of the structure of a business plan, the tasks it solves and the importance of its creation for the entrepreneur. This part will also consider the problems in the fashion industry in the world and in the Czech Republic.

The most important step in launching any new enterprise or expanding an existing one is to make a business plan.

First, a business plan is necessary to test the feasibility of the idea and its future sustainability, to determine how many resources will be needed, what they are needed for, when, and for how long. This will greatly help reduce setbacks, as well as help experiment with alternative strategies and thus focus on the options that allow the most economical use of financial resources. Other reasons why a business plan should be written are, for example, to communicate ideas to others in a way that is easier for them to understand and to appreciate the reasoning behind the entrepreneur's ideas. These outside parties can be bankers, potential investors, partners, or consulting agencies. A business plan helps answer the questions: What is the time frame? How many employees will be needed? What sales channels to use? Where are we now? What do we want to get? How are we getting there? By what economic indicators and parameters will each phase of the plan be evaluated?

According to Reisberg (2007), a business plan is a written document containing the business operations, actions of the firm, containing information about the firm, the product, its production, markets, marketing, organization of operations and their effectiveness.

Each business plan is adapted to the format of presentation that is intended for a specific audience. One document can be used only within the company, another for investors, another for banks, etc. Therefore, there are different types of business plans - internal and external. They in turn are divided into several subspecies.

Internal:

- A management business plan that reflects the specific tasks and roles of employees, as well as the interaction between departments. This business plan allows the manager to evaluate the contribution of each participant and understand how to avoid mistakes and achieve goals (Vitaly Veselov, 2021).
- Target business plan. This is a one-time project that complements the main business plan. For example, the choice of points where the company will place its product - a ready-made food store, where busy people can buy a full breakfast, lunch or dinner. The plan can reflect the results of the study with calculations for the places with the greatest concentration of people. And for each point, describe the cost of renting a place in the premises - shopping centers, railway stations, airports, business centers and parks.

External:

- Business plan for investors. A document that reflects the results of market research, options for development strategies and the amount of financial costs. The collected information should convince investors to invest in the project.
- Business plan for obtaining a loan. The document is developed in order to obtain a loan or credit from a bank. As in a business plan, an entrepreneur needs to show examples of research and reflect the effectiveness of the idea - the payback and profitability of the project.

Business plan for the sale of an existing project. A document for future owners, where it is important to reflect activity reports and show the effectiveness of the project. It also asks for the terms and conditions of the sale (Vitaly Veselov, 2021).

There are popular international standards for writing business plans, for example:

- **UNIDO** (United Nations Industrial development organization) - a standard for writing a business plan, in which the main emphasis is on the development of market analysis, the development of marketing strategy and production plan, including the elaboration of cost structure projections.
- **EBRD** (European Bank for Reconstruction and Development) - the distinctive feature of this structure is the emphasis on the financial part, in which the template is designed primarily to analyze credit prospects and risks.
- **KPMG** - the standard was developed by a large consulting company. This standard differs in the order of the sections of the business plan. Moreover, the content remains virtually unchanged. The structure transparently, clearly and with a high degree shows the implementation of the planned indicators (Mike P. McKeever, 2019).

The structure of the document depends on the standard and type of business plan to which entrepreneurs adhere.

It is worth noting that the lean canvas model template is very popular, especially among aspiring entrepreneurs. This model puts all the most important elements of the business on one page, helping to outline key information without any unnecessary details. The content of the Lean Canvas template can be changed in the course of the work. This is handy for agile processes-when it's not initially clear what the end result will be. The template covers the nine most important **areas and questions** that are important to complete in the order they follow (Rhonda Abrams, 2019):

- Block 1 - Consumer segments and early adopters, where the main questions are: who is the customer? Who are the first users?
- Block 2 - The problem and existing alternatives: what problem does the client have? Who is already solving this problem?
- Block 3 - Unique value: why is the product better than the rest? What is its competitive advantage?
- Block 5 - Promotion channels: how and where is it better to talk about the product?
- Block 6 - Profit Streams: How will the product make money?

- Block 7 - Cost Structure: How much money does it take to launch a product?
- Block 8 - Key metrics: how to understand that the product is successful?
- Block 9 - Hidden advantage: what makes the product unique?

Next, consider the main points that are necessary in the content of the business model.

1.1 Title page

When designing the first sheet of the business plan, the developer is required to enter the necessary information according to the template. However, it is necessary to take into account the peculiarities of the perception of the document in order to properly arrange the information. This will immediately interest the partner.

The main components of the cover page are the company name, logo, product name, name of the head of the company, name of the document designer, contact information (phone, email, social media, website, address), document approval date (Tim Berry, 2004).

1.2 Summary

A business plan summary is a document that includes basic information about the project. This part of the business plan is designed to quickly familiarize with the main business idea, the necessary investments and resources, competitive advantages and ways of project implementation. Although the executive summary opens the business plan, it is prepared at the very end of the business plan, when all other sections are ready (Tim Berry, 2004).

1.3 Product description

This section should focus on:

- Identification and description of the types of products that will be offered to the market;
- Features of the technology for production;
- The main characteristics and potential of the product;
- The uniqueness of the product. This can be expressed in different forms: new technology, quality of goods, low production cost, or some special advantage, satisfying the demands of customers.

A great advantage will be to compare the own product with similar products and offer options for improvement (Tim Berry, 2004).

1.4 Objectives of the company and owners

The most important factor in achieving business success is articulating a clear strategic position that differs from the competition. All too often companies fail simply because management overlooks the basic features of businesses.

From the formation of a uniform style, corporate culture, design of representative documents to personnel policy - all of this is the most important factor in creating a competitive advantage and the emergence of customers.

In order to clarify the strategic position and the main purpose of the company in the process of developing a business plan, it is necessary to formulate its mission. The mission helps to guide the short-term actions and long-term strategy of the company, determine its market position, marketing principles and internal policies (Rhonda Abrams, 2019).

Pauline Lewis (2018), argued that a company's mission is the guiding light and filter for every decision an entrepreneur makes about their business.

This section of the business plan should specify the main objectives in terms of profit, turnover and business value, especially if the business plan is aimed at attracting external investment.

The **SMART system** is well suited for business plan goal-setting, which clearly describes all the characteristics. Consider each element of the SMART system, separately.

- Specific: Specificity of the goal, taking into account that one goal must correspond to one result.
- Measurable: translation of the goal into measurable indicators.
- Assignable: the achievability of the goal. For the goal to be achievable, the company must have enough resources to implement it.
- Realistic: How realistic the goal is for specific performers. If employees understand that the bar is set too high, they may lose motivation to achieve it too quickly.
- Time related: the time constraint of achieving a goal (Colin Barrow, Paul Barrow, Robert Brown, 2021).

1.5 Potential markets

The market and marketing are decisive factors for all companies. The most advanced technology can be useless if it does not have its customers.

Market analysis allows us to conclude what market share an entrepreneur can claim. But no matter how much market research is planned, this process must be done systematically.

There are six steps that must be followed to make sure that the **business sector evaluation** was correct.

Step 1: Formulate the problem.

Before beginning market research, it is important to first set clear goals as to what market information will be most useful. This will help to understand which target audience will be interested in the product.

Step 2: Determine the information needs.

Several different pieces of information may be needed to know the size of the market. For example, social, national, cultural, climatic, economic. So it is worth paying attention to the size of the population, the income level of potential buyers, their spending patterns, inflation rates, etc.

Step 3: Get information.

There are different options for how and where to collect information, such as the internet, laboratory research, field research, etc. Field research is one of the most fruitful ways to gather information. It gives not only quantitative but also qualitative information, motives of behavior, information about customer preferences, their attitude to the studied products, processes, phenomena, etc. However, the process of collecting information is long, expensive, time-consuming and may be accompanied by communication problems.

Step 4: Create the sample for the study.

Need to decide how extensive a market analysis is required. What types of consumers and competitors should and should not be included in the analysis. This will give a reliable picture of the market picture for the product to be launched.

Step 5: Determine the budget.

Market research comes with certain financial costs. For example, laboratory research to obtain information will require a corresponding cost. That said, whatever the cost of the research, needs to estimate its value to the entrepreneur when he or she sets his or her budget.

Step 6: Process and Analyze the Data.

The market research data obtained needs to be analyzed and turned into information that will help make decisions about price, promotion and location, as well as the form, design and scope of the product or service itself (Rhonda Abrams, 2019).

1.6 Analysis of competition

Proper analysis of competitors allows to protect business from possible threats and achieve maximum promotion in the product market.

Often it is possible to forecast future market changes quite accurately by the actions of competitors. This, in turn, makes it possible to plan further business development.

In order for the **analysis** to be correct, it is necessary to:

1. Identify companies that can compete.
2. Identify advantages and disadvantages.
3. Evaluate the potential.
4. Evaluate the threats that competitors may pose.

Then, based on the above **main parameters**, a more detailed analysis is carried out, which looks in general terms as follows:

- Product prices;
- Evaluation of product quality;
- Product turnover;
- The level of customer service and customers;
- The competence of the management and its personal characteristics;
- Relationships with government agencies, including informal ones;
- Qualitative and quantitative composition of employees;
- The location of the sales outlets or production areas;
- Suppliers;
- Advertising policy.

Based on the results of this analysis, the tactics that the business must adhere to are selected in order to:

1. Protect itself as much as possible from possible threats.
2. Achieve maximum promotion of products on the market.

1.7 Marketing and sales strategy

Marketing and sales are closely related, but they are two different activities that are directly linked to the success of a business.

Marketing involves activities such as advertising, creating brochures and supporting promotional materials, and maintaining public relations. Sales include telemarketing, sales calls and e-commerce.

According to Rhonda Abrams (2019), a marketing strategy consists of **four stages**:

1. Target market selection;
2. Competitive features of the product;
3. Marketing mix;
4. Ways to ensure actual sales.

The first thing to do is to define the target market using segmentation, thereby determining the market size and purchasing power. Next, identify competitive advantages. This will help to convey the main value of the product to consumers.

In order to successfully motivate consumers to buy, marketing experts identify the following elements, known as the "Four Ps (product, price, place, promotion) or **Marketing mix**.

- **Product.** Material aspects of a product or service

This is the basis of the 4P concept, it is from this stage that the development of a marketing strategy should begin. At this stage, it is important to determine how wide the assortment will be, what functions the product will perform, what will be the unique advantage of the product and its quality. For different categories of consumers, the quality indicator will be measured in different ways (Rhonda Abrams, 2019). For example, it is important for one consumer what composition the fabric has, and for another, in which country it was produced. This section also includes product branding (name, logo, corporate identity).

- **Price.** Cost advantage.

A company's pricing policy determines in which price segment the product will be placed and how consumers will perceive it (Rhonda Abrams, 2019).

Pricing mechanisms are formed gradually:

1. Establish the main goals and objectives that need to be met to ensure the viability of the enterprise.
2. Calculate the demand for the product or service.
3. Calculate the future costs associated with manufacturing and sales. They are fixed and variable. The sum of these two images forms the total cost. They represent the minimum mark (Rhonda Abrams, 2019).

- **Place.** The convenience of the location.

The product must be not only in the right place, but also at the right time for the consumer to decide to purchase it. The channels through which the goods will be distributed are important, to provide for the rules of display, its dimensions, to prescribe storage conditions, to provide for checks and fines if the agreements are not fulfilled (Rhonda Abrams, 2019).

- **Promotion.** The intensity and nature of marketing activities.

This section includes all kinds of marketing communications. They can be aimed at both informing consumers about products and creating a need to purchase or repurchase.

Some of the possible means of **marketing communication** include:

- Booklets: leaflets, flyers or other visual advertising;
- Print media: newspapers, magazines and trade publications;
- Broadcast media: radio and cable TV ads;
- Online communication: communication through SEO, contextual advertising, websites, content marketing, media advertising, e-mail or social media promotion;
- Loyalty program - aimed at increasing customer LTV and retention rates;
- Sample distribution - free product samples or coupons. Coupon recipients are eligible for free or heavily discounted merchandise;
- Informal marketing/business networking. Participation in public and professional organizations, public speaking or participation in conferences;
- Promotional gifts. Items intended for customers with the company name printed on them. Calendars, caps, writing sets, and other gifts.

Of course, nowadays marketing is not limited to these elements. Consumers have become more selective. They need goods and services that not only satisfy immediate needs, but also create a sense of well-being (Frank T. Rothaermel, 2021). In other words, consumers are not interested in the properties of the purchase, but rather in its impact on their lives.

Rhonda Abrams, (2019) has compiled Five "F's" of consumers' basic desires: Functions, Finance, Freedom, Feelings, Future.

Closing all of the above consumer benefits is a success for any business. However, the primary goal should be to focus on at least one or two of these benefits that most effectively motivate consumers to purchase and allow the company to select a competitive position.

1.8 Organizational plan

The purpose of the Organizational Plan section is to show that qualified personnel are available to implement the project. This section describes the organizational structure of project management: the functions, responsibilities of personnel, mode of operation, control points, and schedule of activities. It is important to specify who and what will be engaged, how all departments and services will interact with each other, who and how will coordinate and control their activities. A Gantt chart or Microsoft Project is used to clearly visualize the components of the project (Rhonda Abrams, 2019).

1.9 Financial plan

The financial plan in the business plan is responsible for planning the cash flow in the business process. The success of a business largely depends on how competently and realistically the financial part is written. The purpose of a financial plan in business planning is to calculate a positive balance between revenues and expenses that makes it worthwhile to run the business (James Woodfall, 2020).

According to James Woodfall (2020) the **financial plan** reflects three main indicators:

- Cash flow forecast.

Cash flow is an important indicator of an enterprise's performance. It is the full amount of cash that is used in the turnover of the business: both income and expenses of the enterprise. Cash flow can be positive or negative. By tracking this indicator, business management can decide what is best to change: adding investment to the project, improving staffing, or restocking the product line to increase sales.

- Gains and losses report.

An income statement gives an idea of what happens to a company's money, how profitable it is, and how much money is left over after all expenses are paid. To prepare a report, it is necessary to gather complete information about the company's income and expenses. Without a profit and loss statement, a business is like a black box - no way to see where investments go and where money goes. The report helps assess the company's performance - if it owes more than it does, then everything is going well, and if the opposite is true, something needs to change.

- Balance sheet.

The balance sheet reflects the company's assets, what it owns, and its liabilities, the funds on which it lives. Assets include: buildings, equipment, goods in storage, intellectual property, etc. Liabilities are: loans, borrowings, equity investments, and retained earnings.

Rhonda Abrams (2019) posits that a financial plan should reflect key indicators such as:

- ❖ Return on Assets (**ROA**)

Return on Assets is a financial indicator that reflects the efficiency of using the company's assets to generate revenue.

$$ROA = \frac{EBIT}{Total\ Assets} * 100\%$$

❖ Return on Equity (**ROE**)

Return on Equity is a financial indicator that reflects the efficiency of the use of equity. The higher the ROE, the higher the return on equity, and therefore more attractive the investment in that company. ROEs of 15–20% are generally considered good.

$$ROE = \frac{\text{Net profit}}{\text{Equit}}$$

❖ Return on sales (**ROS**)

Return on Sales is a ratio that shows what percentage of net profit is from total revenues. ROS indicator helps to compare sales profitability of different products, to compare company's data with similar indicators of competitors, to predict ROS for new products or services. It is reasonable to use this indicator for short-term planning. The more ROS, the better.

$$ROS = \frac{EBIT}{\text{Net Sales}} * 100\%$$

❖ Earnings before interest and taxes (**EBIT**)

EBIT is an intermediate measure of earnings before interest and taxes. Analysts and investors use EBIT to assess profitability, which can be used to determine whether company A is worse or better than company B.

$$EBIT = \text{net profit} + \text{tax} + \text{interest expense}$$

❖ Net Present Value (**NPV**)

NPV allows to conclude how effective the investment was in this or that area of activity. After the calculations, it becomes clear how many outflows and revenues were brought in for the designated time. As a result, the manager can understand whether the investment in the project is justified.

$$NPV = -CF_1(1+k)^1 + \dots + CF_n(1+K)$$

CF – amount of cash flows in a certain period of time

n – number of years

k – discount rate

C – initial capital costs (James Woodfall, 2020).

After the profitability and payback of the business, there is a question of further distribution and investment of the income. It is necessary to assess what percentage to invest in future development, how much to withdraw for the current needs of the owners and how much to send to the reserve.

1.10 Main prerequisites for Project Success, Project risks

The results of a company's risk analysis can stun an entrepreneur. However, the large number of risks does not cancel out the potentially high rewards. Otherwise, why go to the trouble of creating this venture?

A risk is an unexpected event that occurs with a certain probability, having a corresponding impact on the project (Michele Wucker, 2021).

Quantitatively, the magnitude of risk associated with the occurrence of a particular security threat to a particular asset can be expressed using the following simple mathematical formula:

Risk magnitude = [probability of occurrence] x [impact on the project]

According to Michele Wucker (2021), the overall risk management analysis and procedure can be divided into several steps:

1. Risk identification.

As part of the identification and analysis of risks, the manager must answer a number of questions, among which we can mention, for example, the following:

- What are the sources of uncertainty and risk?
- What situations and negative consequences will be faced as a consequence of the risk?
- From what sources should information be obtained?
- How can risk be quantified?
- How do different risks affect each other (Crispin George, 2020)?

2. Assessment of risks.

Qualitative analysis is the process of presenting a qualitative analysis of the identification of risks by condition of occurrence and determining their impact on the project using standard methods and means (Michele Wucker, 2021).

Quantitative analysis - the arithmetic average of Probability, Impact and Current Impact values.

3. Definition of measures.

The main questions the manager should answer in this step are as follows:

- Which risk management techniques will be most effective under given budgetary and other constraints?
- How will the total aggregate risk change with the implementation of the selected set of individual risk management techniques?

4. Monitoring and management.

- This is a very important stage, as it provides the property of flexibility and adaptability of risk management, as well as the dynamic nature of this process.
- As part of this stage, the risk management manager must answer the questions:
- Should the risk management system be considered effective? How did its weaknesses manifest themselves?
- What factors influenced the realization of risks during the period under review? Should changes be made to the risk management system in this regard?
- Did all of the measures included in the risk management program play a role in protecting against adverse events? Should any measures be replaced by more effective ones?
- Was the decision-making system regarding risk management flexible enough? (Crispin George, 2020).

Risk can be assessed using a correspondence table or probability and consequence matrix: where risks are ranked based on estimates of their probabilities of occurrence and consequences. This matrix contains combinations of probability and impact, by which risks are assigned a certain rank: low, medium or high priority (Michele Wucker, 2021).

Table 1 Matrix of risk assessment

Truthfulness/ Effect	Very low 0,05	Low 0,2	Medium 0,4	High 0,6	Very high 0,8
Very high 0,8	0,04	0,16	0,32	0,48	0,64
High 0,6	0,03	0,12	0,24	0,36	0,48
Medium 0,4	0,02	0,08	0,16	0,24	0,32
Low 0,2	0,01	0,04	0,08	0,12	0,16
Very low 0,05	0	0,01	0,02	0,03	0,04

SOURCE: Brilliant Project Management, 2012

Also, in order to demonstrate the balance of risks and opportunities, a (SWOT) showing the strengths and weaknesses of the company, market opportunities and potential threats is usually used. It allows a quick assessment of the company's position (Michele Wucker, 2021).

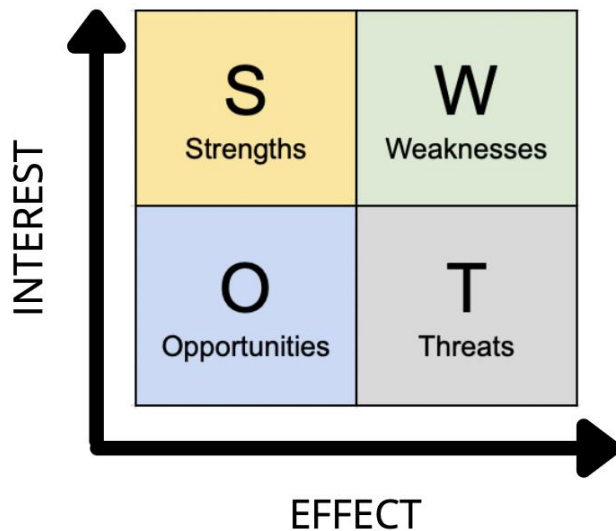


Image 1 SWOT analysis.

SOURCE: Brilliant Project Management, 2012

- **S= Strengths.**

The strengths of a product or service. Those internal characteristics of a company that provide a competitive advantage in the marketplace.

- **W=Weaknesses.**

Weaknesses or weaknesses in a product or service. Those internal characteristics of a company that make it difficult to grow a business.

- **O=Opportunities.**

The company's opportunities are favorable factors in the external environment that can affect future business growth.

- **T=Threats.**

Threats to the company - Negative factors in the external environment that could weaken the company's competitiveness in the marketplace in the future and result in lower sales and loss of market share (Rhonda Abrams, 2019).

1.11 Appendix

The last part of the business plan is the appendix. The appendix is for materials that support and reinforce the information in the business plan.

As a rule, only those investor representatives who have already read the business plan and come to the conclusion that it is worthy of further study are referred to the appendix. In this case, the appendix plays the role of a subtle marketing tool (Mike P. McKeever, 2019).

2 Financing options

No business will work and develop if money is not invested in it. Additional financing is needed all the time - for purchasing goods and raw materials, paying for services, investing in new business areas or expanding existing ones, and purchasing fixed assets.

Any source of funding can come in two ways - either it will come "from outside" or it will be invested by the business owner or the business itself. Whoever invests in the business will be the source of funding.

Based on this, all sources of **business financing** can be divided into two large groups:

- **External sources** - investments of individuals or companies, loans, leasing from financial institutions, income from the issue of bonds, the sale of company shares, etc.
- **Internal sources** - everything that belongs to the owners of the company - profits (it can be diverted from turnover, and can be left in the business), personal funds of the owner, as well as the property of the company - depreciation deductions, payroll, company assets, reserve capital (Heidi M. Neck; Christopher P. Neck; Emma L. Murray, 2017).

Attracting any type of financing, both external and internal, is a sign that a company needs additional funds to do business. However, taking out loans, credits and other types of financing does not necessarily indicate problems. There are different reasons for raising financing:

- Opening of new subdivisions or lines of business.
- Expansion of production, which requires the purchase of equipment, transport, raw materials, etc.
- Conclusion of new large contracts, work on which requires an increase in the volume of working capital.
- Lack of funds for fulfillment of obligations.

Below we will consider the most common sources of financing.

2.1 Equity capital

Sometimes an entrepreneur needs only pocket money and a bright idea that will quickly start making money to start his own business. Others need to produce a product, rent premises, and hire employees in order to implement it.

Each industry requires completely different costs, which means that there is no single and simple formula for calculating start-up capital. A competent business plan makes it as easy as possible to assess the initial cash investment in the enterprise.

By their own funds may include savings or money from the sale of other businesses or real estate, for example. This capital does not need to be repaid, for it does not have to pay interest. However, the own funds are not always enough, so the entrepreneur has to raise funds from external sources (Dawn Fotopulos, 2014).

2.2 Financing from external sources

External sources are funds "from outside". These include investments from individuals or companies, loans, borrowings, leasing from financial institutions, income from the issuance of bonds, the sale of company shares, etc. The most popular sources among aspiring entrepreneurs can be identified as follows:

- **Bank loan.**

Providing a bank loan comes down to the fact that the bank puts money at the disposal of the borrower. The borrower, using the allocated funds, undertakes to fulfill the conditions described in the loan agreement, that is, to return the money taken, along with interest and fees, within a certain period. An important part of the loan decision is a business plan, which must be well structured to convey the working methods, profit forecast and expected repayment time.

- **Borrowed capital.**

Borrowed capital, in any of its forms, are obligations of the company that, in one way or another, involve repayment within a set time frame.

The main **types of liabilities** of the company include:

- long-term and short-term bank loans; - long-term and short-term loans;
- accounts payable of the enterprise;
- debts on settlements with the budget;
- debts of the enterprise to its workers on their labor remuneration;
- debts to social insurance and social welfare institutions (Režňáková Mária, 2012).

The enterprise that uses debt capital has a higher financial potential for development and the possibility of increasing the financial profitability of activities, but to a greater extent generates financial risk and the threat of bankruptcy (Režňáková Mária, 2012).

- **Crowdfunding.**

This is one of the new ways to finance a small business that has recently been gaining popularity. For example, an entrepreneur posts a detailed description of his business on a crowdfunding platform. He outlines the goals of the project, profit plans, how much money he needs and for what reasons, and then consumers review the information about the business and give money if they like the idea.

Crowdfunding essentially creates public interest in a business while providing free marketing and funding for the entrepreneur's business. However, crowdfunding platforms are inherently fiercely competitive. If the project is not as serious and valuable as the competition, there is a chance that the business idea will be ignored or rejected (Heidi M. Neck; Christopher P. Neck; Emma L. Murray, 2017).

2.3 Financing with entry into the registered capital

A contribution to the share capital, unlike debt financing, is a non-refundable investment of money for the participant. More specifically, the "return" in this case is indirect - in the form of dividends after the company has made a profit

Angel investors and venture capital are often mentioned together, but there are some important differences that the entrepreneur needs to be aware of.

Business angels are private investors who invest in risky (primarily innovative) early-stage projects, with investments in one project usually not exceeding a million dollars. Most business angels rely on their entrepreneurial experience, accumulated in the process of business development and assisting and transferring experience to new entrepreneurs.

Venture capital funds raise capital from a wide range of investors, including institutional investors such as banks, large corporations, pension funds, and insurance funds.

Business angels take part in the formation of a company at the "seed" stage, when a project is only at the level of structuring an idea and forming a business and requires relatively small investments. Venture funds invest mainly in startups - companies with an existing business and product (prototype, small series, etc.) and a predictable profit margin.

What attracts business angels when making a deal?

Once an entrepreneur finds business angels whose investment preferences match the performance of his company, all his attention turns to convincing the investor that this is the deal he is looking for:

- The management team is energetic, cohesive and experienced;
- The market and industry in which the company operates is large enough and has significant growth potential;
- The technology/product/service meets the market requirements;
- The company is able to provide its products with a secure competitive advantage;
- The management team is able to implement the strategies that are reflected in the business plan;
- The potential rate of return is worthy of consideration (Brian Hill, Dee Power, 2008).

Regardless of which source an entrepreneur chooses to pursue, it is important to think through the business plan and strategy for promoting the idea in advance.

METHODOLOGICAL PART

This part will discuss the main ways in which the information for the future business plan will be obtained.

- **Quantitative research.**

The mission of quantitative research methods is to provide clear and structured data in numerical form, in other words to measure a phenomenon or process.

Information is collected through methods such as:

- **Survey** - consists of covering the maximum permissible number of respondents or interviewing/recording data on a specific group of people.
- **Questionnaire** - a kind of survey, but more accurate, simple for mathematical and analytical work.
- **Statistical analysis** - based on the analysis of specific numerical indicators and coefficients.
- **Economic analysis** - used to confirm the effectiveness of the hypothesis or problem-solving measures in any study (Andy Field and Graham J. Hole, 2003).

The choice of method, object of research and geography depends on the goals, objectives and specifics relevant to the business of the entrepreneur.

Statistical and economic analyses were used for further analysis of the target market of women's clothing.

3. Quantitative description of the target market in the world

In the modern world fashion is characterized by an extraordinary dynamism and diversity of its manifestations, it arises spontaneously, unconsciously, under the influence of the dominant passions in society. The means of spreading trends can be anything: the Internet, the actions of celebrities, magazines, designer shows (Christina Papkova, 2017).

According to Statista, the largest sector of the apparel industry in 2022 is considered to be women's clothing with an estimated annual revenue of \$888 578 million. In comparison, the next largest sector is men's apparel, which brings in a little over fifty percent of that amount - \$559 038 million.

Next, for a visual comparison of the women's and men's clothing segments of the world, Table 2 is provided.

Table 2 Women's and men's clothing segment in the world

	Women's Apparel	Men's Apparel
Expected revenue in 2022	\$888 578 million	\$559 038 million
Annual market growth (CAGR 2022-2026)	3,43%	3,53%
Sales forecast for 2026	81,203.74 million units	44,351.64 million units
Market growth for 2023	3,8%	4,2%
Forecast of the average amount of clothing per person in 2022	9.93 units	5,33 units

SOURCE: Statista

It's worth noting that since the pandemic, many fashion executives have revised their business models from physical retail to digital or digital-only platforms. As proof of this assertion, a survey was conducted in which seventy business executives in the fashion industry participated. Diagram 1 shows that digital will be the biggest opportunity for revenue growth. Almost all executives expect their online revenue to grow in 2022 (McKinsey, 2021).

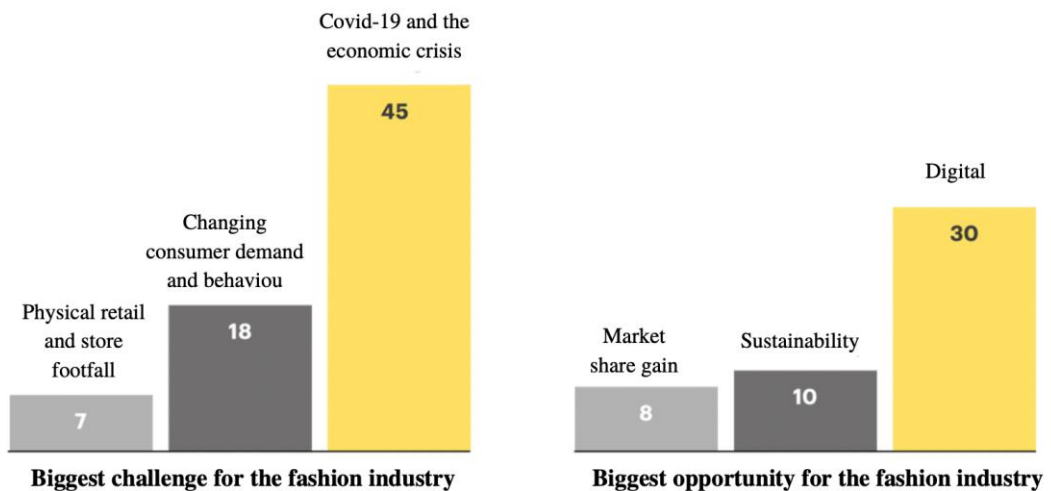


Diagram 1 Results, % of respondents

SORCE: bof - McKinsey state of fashion 2021 survey

According to the ranking of the most valuable clothing brands in the world in terms of brand value (Diagram 2), Nike ranked first in both 2020 and 2021. In 2021, the U.S. company's brand value was nearly double that of the second most valuable brand, Gucci. All of the top ten apparel brands reported declines in their value between 2020 and 2021.

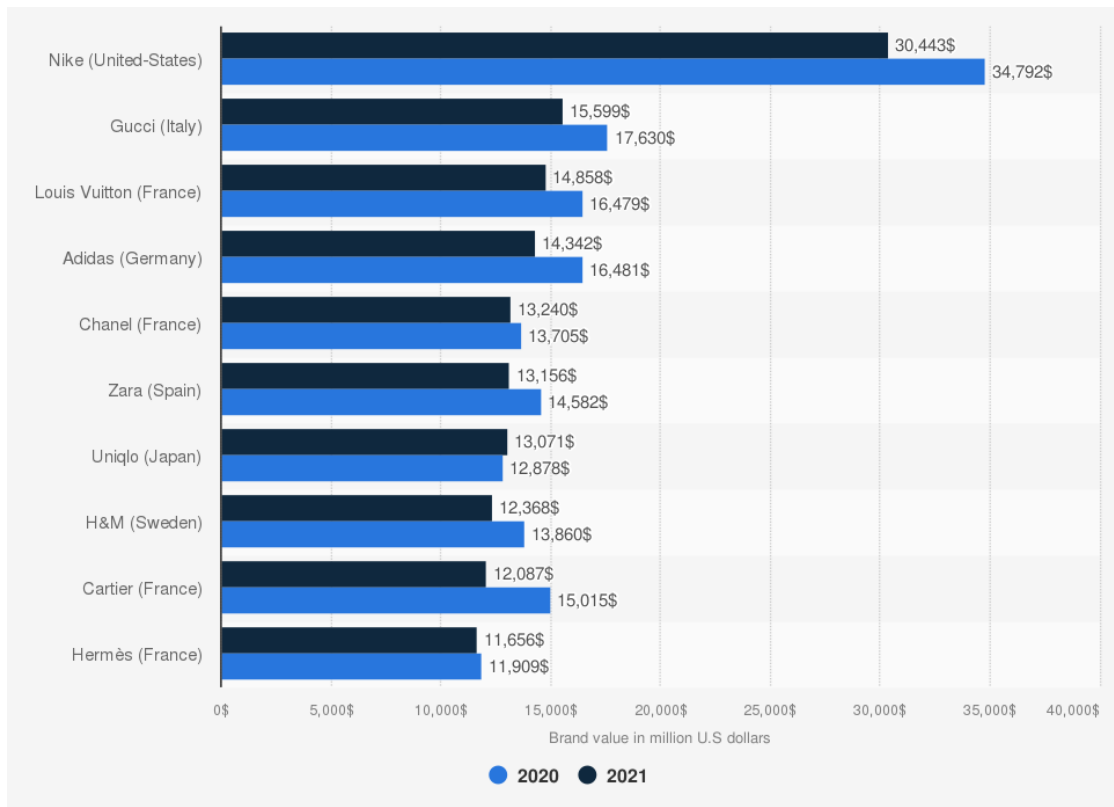


Diagram 2. - Ranking of the most valuable clothing & apparel brands in the world between 2020 and 2021, by brand value.

SOURCE: Brand Finance

There is no doubt that the fashion market creates a great impact on the global economy, but it also causes enormous damage to the environment. The fashion industry is considered one of the biggest producers of carbon emissions and one of the biggest consumers of water in the world in the manufacturing process (Sky Ariella, 2022).

However, the focus on sustainability also finds a reflection in consumer sentiment. More than three out of five consumers in a sample McKinsey survey conducted in May 2020 said that brand sustainability was a weighty factor in their purchasing decision. As a consequence, many companies are putting more effort into sustainability (McKinsey, 2021).

3.1 Quantitative description of the target market in Europe

Europe contributes greatly to the development of the clothing market with constant growth

and is also home to some of the world's largest and best-known clothing companies. In recent years, many European companies have begun to outsource production to cheaper locations around the world. As a result, countries such as China, Bangladesh, Turkey, India, and Cambodia are now considered leading suppliers of clothing imported into the European Union. Table 3 follows for a visual comparison of the women's and men's clothing segment in Europe.

Table 3 Women's and men's clothing in Europe

	Women's Apparel	Men's Apparel
Expected revenue in 2022	\$270 636 million	\$160 880 million
Relative to the global clothing market	31%	29%
Annual market growth (CAGR 2022-2026)	2,79%	2,75%
Forecast sales by 2026	17,741.94 million units	8,102.34 million units
Relative to the global clothing market	21%	19%
Market growth for 2023	2,5%	2,6%
Forecast average clothing volume per person in 2022	20.57 units	9.28 units

SOURCE: Statista

The table clearly shows that the percentage data of men's and women's clothing in the European market is very similar to the global indicator. Consequently, we can conclude that the market for men's and women's clothing has the same rate of development in the fashion industry. However, men need twice as few items of clothing in the closet than women.

According to the CBI, a high share of household spending on clothing and footwear occurs in countries such as: Estonia (6.2%), Italy (6.1) and Lithuania (6%). With the lowest share of spending: Bulgaria (3.2%), the Czech Republic and France (3.6% each) and Hungary (3.7%).

It is worth noting that the European apparel import market was estimated at 127.4 billion euros in 2020, down from 146.9 billion in 2019. The significant drop of 13.3% was due to the COVID-19 pandemic and the weakening of international trade. Prior to 2020, the market grew at an average annual rate of 4.7% from 2016 to 2019. The market is expected to recover to 2019 sales values in 2023.

In 2021, the U.K. apparel market had approximately \$76 billion in revenue, making it the

largest market in Central and Western Europe by revenue. The German market, with \$70.6 billion in revenue, was the second-largest market. The French market had about \$36.8 billion in revenue, just over half that amount (Statista Research Department, 2021).

Textiles and clothing is a diverse sector that plays a significant role in the European manufacturing industry. EU legislation on naming and labeling of fibers is aimed at ensuring consumer protection and providing executive information to the parties involved. The European Commission negotiates with non-EU countries on policy and regulatory issues affecting the textile and apparel industry (European Commission, 2022).

3.3 Quantitative description of the target market in the Czech Republic

Demand for women's apparel in the Czech Republic in 2021 continued to be impacted by the pandemic, as further home seclusion and various restrictions in place throughout the year led to further declines in much of the category. Nevertheless, women's apparel sales improved significantly from 2020, when there was a double-digit decline, as local consumers were more likely to leave their homes when restrictions allowed.

Next, for a visual comparison of the women's clothing segment in the Czech Republic, Table 4 provides a comparison of the women's clothing segment in Europe.

Table 4 Women's clothing segment in Europe and the Czech Republic

	Women's clothing in the Czech Republic	Women's clothing in Europe
Expected revenue in 2022	\$1 782 million	\$270 636 million
Regarding the global clothing market in Europe	16%	
Annual market growth (CAGR 2022-2026)	5,64%	2,79%
Sales forecast for 2026	199.42 million units	17,741.94 million units
Regarding the global clothing market in Europe	9%	
Market growth for 2023	5,5%	2,5%
Forecast of average volume per person in 2022	18.23 units	9.28 units

SOURCE: Statista

Regarding the Images given above, it can be noted that the Czech Republic has an average contribution to the revenue of women's clothing in the European market.

According to the Statista on average sales per person:

- "T-Shirts" segment is in third place at 2.28 units in 2022;
- Second place goes to the "Accessories for Clothing and Other Apparel" segment at 3.82 units in 2022;
- First place goes to the Socks segment at 5.40 units in 2022.

To conclude the quantitative analysis of the apparel market, we would like to point out that start-up brands should throw all their efforts to implement sustainable fashion development and digital platforms. Firstly it can compete with fashion industry giants such as ZARA and H&M. Secondly, the market is oversaturated with products that we don't really need. At the same time, their production is detrimental to the environment. By choosing sustainable fashion, we are making the world a little bit better and cleaner. Thirdly, the trend of sustainable development is gaining momentum and affects people's attitude to fashion and clothing, which helps increase the chances of buying environmentally friendly things compared to those brands who support fast fashion.

3.3.4 Qualitative description

Qualitative methods are also used to study the target market. This type of research provides very detailed data on the behavior, opinions, attitudes, and opinions of a very small group of people. The data obtained cannot be expressed quantitatively (with few exceptions), but it gives a good idea about the way of thinking of consumers (Andy Field and Graham J. Hole, 2003).

Qualitative research involves collecting analysis and interpreting data by observing what people say and do. The research conducted does not have data that can be examined quantitatively (Sheila Keegan, 2009).

Advantages of qualitative methods:

- lower costs of carrying out;
- help reveal hidden motives for purchases and people's behavior;
- reveal some characteristics that may be hidden during quantitative analysis.

Types of information collection:

- in-depth interviews (free-form interviews on a particular topic);
- semi-formalized interviews (a combination of formalized and free-form interviews);
- expert interviews;
- focus-group discussions;
- observation;
- experiment (Sheila Keegan, 2009).

For further qualitative analysis of the target market in the Czech Republic, I chose two methods for research: in-depth interviews and focus group discussions.

The in-depth interview is a live and open conversation with a representative of the target audience. It helps better understand feelings, past experiences, ways of thinking, beliefs and motivations of the interviewees. The purpose of in-depth interviews is to get answers, experiences, and valuable information that would not be found in other settings (Sheila Keegan, 2009).

A focus group takes the form of a group discussion based on an in-depth interview. Typically the group consists of 8-10 participants with similar demographics, attitudes, and behaviors. Focus groups help businesses to predict how much demand there will be for new products, what they should consider, and what they should avoid in their strategy. It is hard to find a more credible source of information than the potential customers themselves (Sheila Keegan, 2009).

3.3.5 Interview with a fashion designer who successfully operates in the Czech market

Of course, success does not come overnight, but to get there a little faster, you should listen to people who have already achieved a lot in their field. That is why for my research I decided to use the in-depth interview method and go to successful designers in the Czech Republic. I chose those designers who were close to my vision of the future of my own brand.

Teresa Rosalie Kladošová is one of the best young fashion designers in the Czech Republic. She inspired me with her boldness for unconventional styles and unconventional approach to work. I wrote to Teresa on Instagram and arranged a meeting. Before meeting with Theresa, I thoroughly prepared for the interview: I imaged out the field she works in, made a list of questions, and calculated the time for our conversation.

Teresa creates designer clothing exclusively for women, as the production of men's collections is much more expensive, which subsequently leads to increased production costs. At the initial stage of creating the brand, Teresa did not have significant capital, so most orders came from friends and acquaintances. Such proceeds helped to rent a site for the first store. Now the average monthly profit of Teresa's brand ranges from 150 000 to 200 000 CZK, depending on the season. However, according to Teresa a substantial part of the money she earned is spent - primarily on rent.

For the first year Teresa did not start advertising through social networks, much less running her brand's web page. High recognition of her brand was brought by participation in exhibitions and events. This allowed her to cut significant advertising costs.

Teresa's target audience is mostly middle and upper class women. They are attracted by the unusual shapes and interesting color combinations in her work. The designer most often creates custom orders, and their cost ranges from 5000 to 7000 CZK on average.

Since there are often custom orders it shows that customers have a high loyalty to her brand. She has achieved this because of the high quality of her clothing and her individual

approach to each client. The designer now has a regular social media presence and has a budget of 5 000 CZK for advertising. Teresa advises aspiring entrepreneurs in the fashion industry to first analyze the market and its free niches. And also make sure that you really like what you do.

My second interview was with Hana Zarubova. I was drawn to her work for its minimalist design, futuristic shapes and unusual materials.

The target audience for Hana's brand is people of art who support waste-free production with minimal negative impact on the environment. Prices for Hana's clothing range from 5 000 CZK to 7 000 CZK. The most frequent marketing channels are social media, which brings in the most orders, especially from the Instagram platform. She budgeted approximately 15 000 CZK per month for social media promotion. At the start, Hana had quite high equity of 700 000 CZK and she also managed to attract sponsors, which helped a lot in reducing the cost of fabric and the interior of the store. That's why she was able to rent a store in a good location where a large number of people are constantly present. On average Hana attends 20 trade shows a year, which helps a lot to increase brand awareness.

Loyalty of customers was gained through personalized offers to regular customers and large seasonal discounts. All customers who have formalized plastic cards of the brand have an opportunity to save points for every purchase, which then can be written off when buying anything.

Hana's advice to aspiring entrepreneurs is to develop digital platforms, because these days it is a powerful tool for increasing profits.

These interviews helped me to establish what marketing tools to use, how to gain customer loyalty and trust in the brand, what budget should be invested in advertising. I also managed to notice that it is very important to participate in exhibitions where you can meet like-minded people and potential clients.

Most of the designers' works have absolutely unconventional styles, bright colors, interesting textures and materials, which causes a special response from the audience. This suggests that people are gradually getting tired of the mass-market, tired of being the same. And it is designer clothes that allow you to bring a special uniqueness and individuality to everyday clothes.

3.3.6 Focus group discussion with a representative of the target group - a potential client

For a high-quality analysis I decided to hold a conversation on the topic of fashion and invite girls of different professions and ages. A 32 year old doctor, a 24 year old student of CTU, a 22 year old artist, a 28 year old secretary in a business center, a 35 year old personal growth coach, a 30 year old restaurant director, a 20 year old administrator in a beauty salon.

The goal of the conversation: to identify the characteristics of the three groups of the target audience ("active trendsetters", "passive trendsetters", "detractors") depending on their perception and attitude towards fashion, and fast fashion in particular. Additionally, questions revealing value orientations, interests and needs of the participants were included in the discussion.

The group of **questions was grouped** into the following thematic blocks:

Block 1: Self Characteristics. Personal values;

Block 2. Interests, hobbies;

Block 3. Attitude towards fashion, especially fast fashion;

Block 4. Peculiarities of consumer behavior in the fast-fashion segment, the influence of lifestyle features on shopping in the industry under consideration.

Based on the analysis of the data from the two blocks, two trends emerged regarding the lifestyles of respondents in the two age groups presented in Table 5.

Table 5 Lifestyle characteristics of three age groups of respondents

Age range	Characteristics
20-25 years old	Tend to spend more money on clothes. More continuous, reasonable in their choices. Appreciate naturalness, comfort. There is a list of brands they trust: Levis, Nike, Converse, Rise. Often order clothes from online stores, preferably such a store is Asos. Asos is an international retailer of clothing and cosmetics. For members of this age group, it is valuable for others to notice, to appreciate their originality.
26-30 years old	Often they attend master classes by celebrities, opinion leaders, film screenings, take online courses (coursera). They are eager to capture all the fascinating moments in social networks: "Now on Facebook it's like a competition - who has a more interesting page, who lives more interesting life. Everything unusual, novelties, "closed events" are appreciated. There are favorite brands, but the level of loyalty to them is low. Learn new information mainly from social networks and friends (offline + online). Pay great attention to their image in social networks. There are writers, bloggers, columnists, celebrities whom they constantly follow online.

Source: Own elaboration

Two respondents confirmed that they like to follow fashion trends and novelties, they read fashion blogs, magazines, follow fashion shows, and were able to list fashion bloggers. For them, to look stylish is, above all, an opportunity to show their own "self", a way of self-expression, a manifestation of individuality. Fashion for them is closely related to the creative process, design development, unusual textures, and the expertise of professionals. The rest of the respondents admitted that they do not follow fashion on purpose, but they like to buy new clothes, go shopping. For them, fashion is associated with a sense of style and a certain direction in clothing, which serves as a sign of identification.

From the discussion about the question of attitudes towards fashion, the main associations were revealed:

- A way of expressing oneself;
- A way to draw attention to yourself;
- Forms a sense of beauty;
- A set of rules, canons;
- Sense of style;
- Combinability of things;
- Popular trends;
- A way of making money.

Basic associations about attitudes towards fast fashion:

- Clothes at affordable prices;
- Stores with fast-changing collections;
- Copying the trends of expensive brands, but at lower prices;
- The ability to afford more clothes;
- The ability not to worry from a failed purchase;
- Fashion that passes quickly.

It turned out that people from the first group, or as they were called earlier - "active trendsetters", were able to decipher the concept of "fast fashion", but "passive fashionistas" were unfamiliar with the concept itself, but were able to name a set of associations: "mass market", "cheaper prices", "quickly changing collections", "casual".

The analysis of the interviews allowed us to get better acquainted with the perceptions and attitudes of the respondents towards fashion, to identify a set of associations associated with the fast fashion industry, as well as to highlight the features of the process of shopping. In addition, in the course of this stage some peculiarities of lifestyle of the representatives of the target audience under consideration were identified. This stage allowed to formulate **hypotheses**, which need to be tested in the subsequent stages of the **research**:

- The target audience of the fast fashion industry varies based on their lifestyle characteristics.
- The set of factors that determine the influence on the purchase decision depends on the respondents' attitude towards fashion.

- The factor with the greatest influence on the purchase decision for all respondents is recommendations from friends.
- Price does not play a decisive role in the purchase decision.

This qualitative analysis allowed us to get to know our target audience in detail, which is especially important for the creation of Lagol'm collections. It will also allow taking into account the most important preferences in clothing and design. The most important thing was that Lagol'm concept covers the main need of the target audience - "self-expression", "originality", "attracting attention".

PRACTICAL PART

4. Business plan

4.1 Title page

Business plan

LAGOL'M

B R A N D

Founder: Popova Natalia

Legal status: Individual Entrepreneur

Business profile: Fashion industry

Business address: 17, Evropská 2690, Dejvice, 160 00 Praha 6, Czech Republic

E-mail: lagolm.info@gmail.com

Instagram @lagolm

Phone: +420 774 381 170

Date: 03/23/2012

4.2 Purpose of the document

The purpose of this business plan is to assess the prospects of the project, possible risks and their elimination, to check the viability of the project in a competitive environment. Also to make a financial plan for the next two years after the launch of the campaign, which will reflect such important indicators as: planned costs, expenses, break-even point, planned profit in the first year, the level of profitability and payback period.

4.3 Summary

Lagol'm brand will produce modular women's clothing. Modular clothes are clothes that can be taken apart into different parts or modules and reassembled as desired by the owner. The purpose of the brand is to give the customer an opportunity to feel like a designer, thereby emphasizing his or her individuality.

Lagol'm brand's target customers are girls aged 20-35 who are interested in non-standard styles and originality in clothes. They like to show their individuality through style, they are not afraid to experiment and try new opportunities offered by the fashion industry. Women also support local brands and sustainability in the clothing industry.

In a world where time is short and choices are proliferating, we want to give back the value of clothes, move away from the culture of fast consumption and arrive at a moment in which each piece is long-lasting, complements the other in the closet and delights the wearer. In each piece of our collections we are striving for harmony between the inner world and the outer shell, so that every girl coming into our brand store, picking up an image, which reveals her personality, giving the joy of being herself.

In the coming years, we can expect to see an increase in the size of the target group as the power of social media grows and the number of active Internet users increases. It is important to note that according to Statista, the market for women's clothing will grow at an annual rate of 3.43% (2022-2026).

The competitive advantage of Lagol'm brand is that the company's products make it easy to change the item of clothing according to the changing needs and tastes over time. It is a completely new type of clothing that has no analogues on the Czech market.

The creator of the idea is Popova Natalia, who at the initial stage will perform the greatest number of tasks, from selection of fabrics to social networking.

The feasibility study considered three scenarios - optimistic, realistic and pessimistic - for the first five years of operation. To assess the investment three economic indicators were used, which were applied to all scenarios. These are the net present value indicator, the internal rate of return and the rate of return on investment.

Table 6 Economic evaluation of the project

Economic evaluation of the project			
Economic indicators	Realistic scenario	Optimistic scenario	Pessimistic scenario
Net present value	576 868	1 992 049	-
Internal rate of return	37%	72%	-79%
Payback period	3 year	2 year	-

SOURCE: Own elaboration

Table 6 above shows that the results of the financial analysis of the project are positive, except for the pessimistic scenario, but the calculations show that the indicators tend to be positive. and the project is recommended for approval. Payback period is assumed for the third year under the realistic scenario, under the optimistic scenario - the second year of operation, and under the pessimistic scenario investments in 3 years will not pay off. The results for all three scenarios are satisfactory, which corresponds to the condition of acceptance of the project.

Internal rate of return for the realistic and optimistic scenarios is higher than the discount rate, which for this project is set at 12%, which corresponds to the condition of acceptability.

4.4 Product description

In the store will be presented modular women's clothing. Modular clothing is clothing that can be disassembled into different parts or modules and reassembled as desired by the owner. This production technology is achieved through a variety of fasteners, from buttons and zippers to buttons and velcro. These fasteners are used to attach or detach additional accessories such as collars, hoods and pockets to transform one type of garment into another, such as a pair of pants that can become shorts thanks to removable pant bottoms.

The first thing planned is a jacket with interchangeable sleeves. This will make it easy to change looks with minimal effort, without having to buy clothes in a mass market.

The uniqueness of this idea is that it will consist of blocks, so that the consumer will feel like a designer. Empowering the customer in this way creates a sense of pride in the product because that person had a hand in creating it.

This idea can be constantly improved, creating new blocks, images, from outerwear to pants and jeans.

It is worth noting that modular clothing will strive for sustainable development as it will allow the client to get rid of unnecessary clothes in the closet and the need to buy new things.

4.5 Objectives of the company and owners

Nowadays the accelerated rhythm of life, excess of impressions, information, rash purchases, gradually lead humanity to a measured, conscious and minimalistic way of life. Undoubtedly the same trend is transmitted to the fashion industry market.

As an entrepreneur and the creator of Lagol'm brand I also support the philosophy of minimalism, which is an integral DNA of the brand.

The name of the brand comes from the Swedish word Logom, which translates as "just as much as you need", "just in time". The philosophy of Lagom is a sense of balance and care for others. In clothes, it's about avoiding excesses, not overloading clothes with unnecessary details.

In our world of less and less time and more and more choice, we want to give the clothes back their value, to move away from the culture of fast consumption and come to the point where each piece of clothing is long-lasting, complements the other in the closet and makes the owner happy. We try to achieve harmony between the inner world and the outer shell in every piece of our collections, so that every girl, coming into our brand store, would choose an image, revealing her individuality and giving joy of being herself.

When creating clothes, special attention is paid to production and sales - all materials are purchased from local suppliers, supporting small family businesses, fabrics are selected with consideration to their environmental impact, naturalness and nobility to create images for a whole closet that lasts and remains relevant. We also avoid outsourcing production, so all stages of clothing production take place in local workshops, ensuring decent working conditions, a stable income, and the ability for employees to take control of their own lives. It's important for Lagol'm to keep the pricing policy as affordable as possible, so as many customers as possible can choose exactly what they need for every occasion, saving themselves from unnecessary things in their closets.

The organizational and legal form of the store is an individual enterprise based on a trade license. This form is the easiest to start a business for several reasons:

- ❖ Simple registration.
- ❖ No need to pay tax on real estate used in the business.
- ❖ Accounting is reduced to filling books, which allows the entrepreneur to do without the involvement of a full-time accountant.

The Trade Business Act (Act No. 455/1991 Coll.) regulates the conditions for conducting a trade business. According to this law, trade is defined as a systematic activity carried out independently, in one's own name, under one's own responsibility and for profit, and it also defines which activities do not constitute trade.

The company's areas of activity according to the list of areas of activity related to free trade "production, trade and services not specified in annexes 1-3 of the Trade Licensing Act":

- Manufacture of textiles, textile products, clothing and clothing accessories;
- Wholesale and retail trade.

It is sufficient to meet the general conditions for free trade. According to Schedule No. 4 to Act No. 455/1991 Coll. "the general conditions for the conduct of trade by natural persons, unless otherwise provided for in this Act, are: a) full legal capacity, which may be substituted by court approval of the consent of the legal guardian of a minor to conduct business independently, and b) integrity."

The company will also have to comply with the consumer protection law (č. 634/1992 Sb) regulating the relationship between the consumer and the contractor.

The company's priorities for the next year:

- Increase brand awareness in 6 months by attracting 10 000 instagram followers;
- Achieve a net monthly profit of 50 000 CZK for 6 months;
- Double site traffic (from 0 to 1500 users) Lagol'm online store by November.
- To represent the brand at 10 public events dedicated to the fashion industry for 10 months.

Long term goals for 5 years:

- Achieve a net monthly profit of 400 000 CZK or more;
- Achieve an average of 100 transactions per month;
- Increase traffic to the site by an average of 20 000 users per month
- Expand production and structure the company into separate departments: design, marketing, HR, etc.
- Organize 30 public events dedicated to sustainable clothing production.
- To open 9 stores in Europe.

In order to easily and accurately understand the action of the business at key stages, the Lean Canvas Model was built, presented in Table 7.

Table 7 Lean Canvas Model for Lagol'm

Lean Canvas		Designed for:	Designed by:	Date:	Version:
		Lagol'm brand	Popova Natalia	24.03.2022	1
Problem	Solution	Unique Value Proposition	Unfair Advantage	Customer Segments	
<p>The appearance of a strong competitor closer than 3 km from our store.</p> <p>A sharp increase in the price of renting space for the store.</p> <p>A badly sewn batch of clothes.</p>	<p>Constant analysis of competitors. Loyalty system for regular customers. Strong marketing company.</p> <p>Conclude a long term rental agreement.</p> <p>Sew the first sample from cheap fabric.</p>	<p>Modular clothing - a minimum of things, a maximum of outfits.</p>	<p>Clothing consists of modules, which in addition to the design must technically fit together perfectly, which is achieved through the elaborate and not obvious design of the clothing.</p>	<p>Students 18-25 who dress in showrooms and follow fashion trends.</p> <p>Girls 20-30 from the field of art.</p> <p>Women 25-35 who favor the philosophy of minimalism.</p>	
Existing Alternatives	Key Metrics	High-Level Concept	Channels	Early Adopters	
<p>The store is located in the place of its target audience, where there is no potential competitors.</p> <p>An agreement on a long-term lease of the premises where the tenant cannot increase the price has been signed.</p> <p>There is a fitting of the layout. After which the sample is sewn separately in the process of which is carried out a few trials.</p>	<p>Profit</p> <p>Number of transactions</p> <p>Statistics of social networks</p> <p>Website stats</p> <p>Number of mentions in the press</p> <p>The cost of sewing one piece of clothing</p> <p>Amount of repeat purchases</p>	<p>Modular fashion is clothing, shoes, or accessories that change shape for different purposes.</p>	<p>Website</p> <p>Boutique</p> <p>Press</p> <p>Fashion events</p> <p>Advertisements</p> <p>Instagram</p> <p>Facebook</p> <p>Opinion Leaders</p>	<p>A 24-year-old girl who doesn't buy clothes from the mass market and appreciates individuality when putting together a stylish image.</p>	
Cost Structure			Revenue Structure		
<p>Sewing machines</p> <p>Fabrics</p> <p>Furniture</p> <p>Marketing company</p> <p>Promotion in social networks</p> <p>Expenses for power supply</p> <p>Rent of space</p> <p>Electricity</p> <p>Photo shoots</p> <p>Personnel expenses</p>			<p>Web sales</p> <p>Direct Sales</p> <p>Retail Sales</p> <p>Advertising</p>		

SOURCE: Own elaboration

4.6 Market and target customer analysis

According to Statista, the largest segment of the clothing market in the Czech Republic is women's clothing, with revenues of US\$1,782 million in 2022. The graph also shows that sales in the clothing industry have fallen since the difficulties encountered in 2020 during the coronavirus pandemic. However, demand for apparel is projected to increase regularly until 2026.

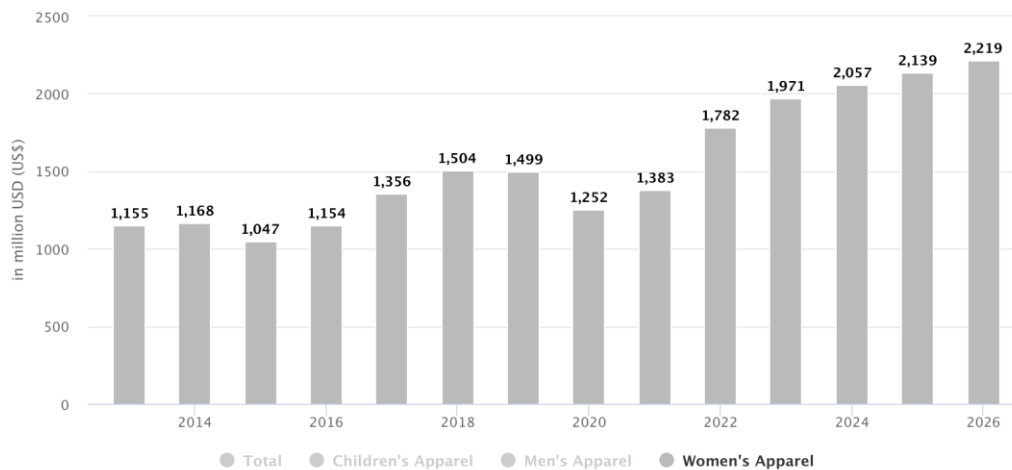


Diagram 3. - Revenues of the women's clothing market in the Czech Republic

SOURCE: Statista

The target customers of Lagol'm brand are girls aged 20-35, who are interested in non-standard styles and originality in clothing. They like to show their individuality through style, they are not afraid to experiment and try new opportunities offered by the fashion industry. The women also support local brands and sustainability in the clothing industry.

For more in-depth research of the target market a 10-question questionnaire was designed on clothing preferences and attitudes towards sustainable production. I surveyed over 120 women aged 18-40 through an online questionnaire and an in-person survey. The following will describe the sample results of the questionnaire, detailed results are given in the tables at the end of the business plan in Appendix A.

First of all, what should be addressed in the study is a description of the problems that the target audience has when looking for new clothes. This question could be answered in any format, as respondents did not have a choice of ready-made answers. I grouped the answers into 4 groups that could be identified by similar characteristics. The first group (23%) of 28 people responded that they had no problem choosing clothes. The second (56%) - the largest group of 67 people noted that the market lacks original clothing, with interesting styles, cuts and colors. The third group (15%) of 18 people face the problem of missing sizes of clothing such as XXS, XL, XXL. For the fourth group (6%) of 7 people the issue of finding clothes is one of the most difficult. Respondents of this group often buy clothes abroad or order individual tailoring, as they have a personal idea of how the clothes should look and what quality they should have.

The results showed that the majority of respondents most often shop on digital platforms.

Where do you most often buy clothes?

118 answers

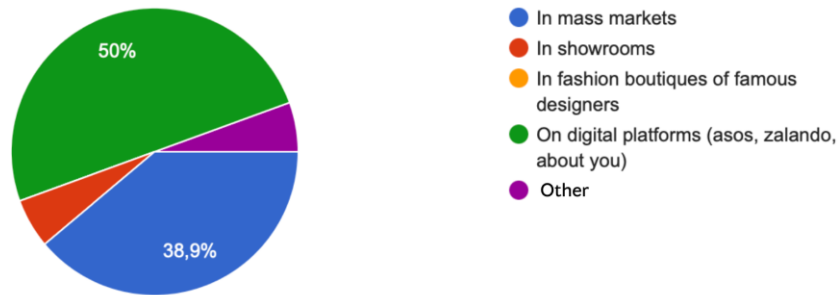


Diagram 4. - Question from the questionnaire about the preferred ways to buy clothes
SOURCE: Questionnaire survey, 2022

Notably, according to Statista, the annual revenue growth rate for the apparel segment in e-commerce (CAGR 2022-2025) is projected to be 13.41%, resulting in a projected market size of \$1,357 million by 2025. User penetration in e-commerce in the apparel segment is also projected to be 33.4% in 2022 and reach 38.3% by 2025.

When asked about the interest of the target audience in local clothing brands, 85 people support young clothing designers in the Czech market, which is a satisfying indicator for aspiring entrepreneurs in this field.

Are you interested in young brands on the Czech market?

118 answers

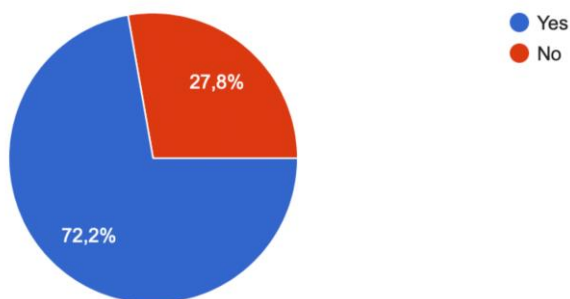


Diagram 5 Question from the questionnaire on young people's interest in brands on the Czech market

SOURCE: Questionnaire survey, 2022

The next important aspect worth noting in the market analysis is the ability of the audience to pay more for eco-friendly clothing than for conventional clothing. The result was quite positive, as 83.6% of the audience is willing to pay more for eco-friendly clothes (Diagram 6). This certainly indicates that people are starting to give more preference to sustainable fashion.

What is the maximum price you are willing to pay for eco-friendly clothes instead of regular clothes?

116 odpovědí

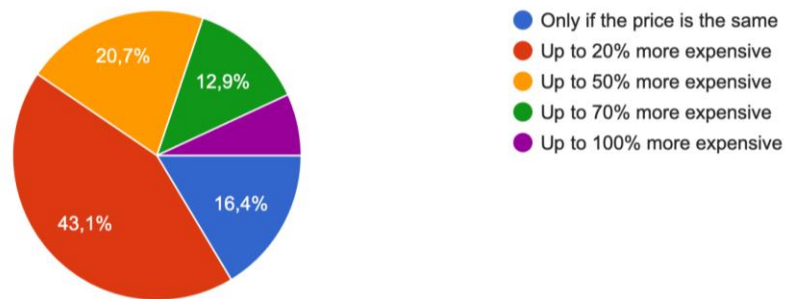


Diagram 6 Question from the questionnaire about the maximum price a customer is willing to pay for eco-friendly clothes instead of regular clothes

SOURCE: Questionnaire survey, 2022

From the above analysis, I decided to give a rough quantitative indicator of the target audience based on the targeting advertising setup in Facebook cabinet. Targeted advertising is a method of online advertising, where ads placed on social networks hit exactly the target audience (by age, interests, location and many other parameters). This method was chosen for a reason, as Facebook has the largest number of Czech users in 2022 - 4.85 million. (Digital 2022: Global Overview Report).

On the Facebook page, I set up ads for Lagol'm's target audience by age, gender, and interests. As a result, I was able to estimate the approximate number of the target audience, which was 1 400 000 to 1600 000 women.

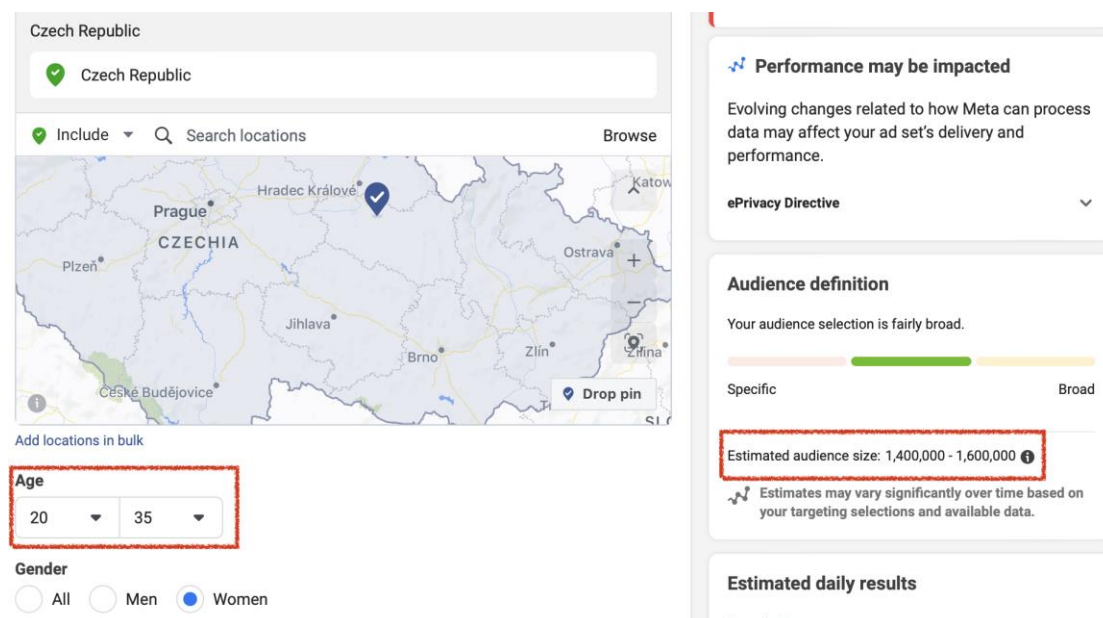


Image 2 Facebook account in which advertising is set up for the Lagol'm target audience.
SOURCE: Facebook account settings

4.7 Competitor analysis

I chose the main competitors that I will cite in this section based on a similar philosophy with Lagol'm. In the process of conducting a competitive analysis, I focused on the following points:

- main competitors;
- the reasons for the rivalry;
- current weaknesses;
- clothing range;
- average prices.

Table 8 Competitor analysis

Main competitors	On what basis do we compete	Pricing policy	Assortment	Communication channels	Disadvantages
Lada Vyvialová	The design uses slow fashion and nanotechnology to make the materials self-cleaning and antibacterial. The clothes retain their first-class looks for a long time.	Average price 3000 CZK	Accessories Outerwear T-shirts Pants Skirts Dresses Sportswear	Blog on the site Facebook group Instagram account	Monotonous design and colors, simple clothing styles. Low activity in social networks Page in Instagram is not designed for the quality positioning of the brand.
Leeda	Quality materials, handmade, different styles and interesting colors.	Average price 15000 CZK	Dresses	Facebook group Instagram account	The clothes are only suitable for festive occasions. Low activity in social networks. Page in Instagram is not designed for quality positioning of the brand
Josefina Bakošová	On the market since 2007, minimalist design, interesting cut.	Average price 7000 CZK	Accessories Outerwear T-shirts Skirts	Facebook group Instagram account	Monotonous design and colors. Low social media activity.
Moja Moja	Elegant and minimalistic design Instagram page is designed with quality and sales value for the brand positioning.	Average price 2500 CZK	Accessories Outerwear T-shirts Skirts Sportswear	Facebook group Instagram account	It is not known the origin of the material from which the clothes are sewn, it is of medium quality. It is not known whether it is ethical or environmentally friendly fashion.

SUTU	The design uses slow fashion created in accordance with the principles of sustainable development with respect for the environment and work ethic. The production of clothing from local materials, as well as the creation of limited collections from recycled raw materials.	Average price 2000 CZK	Accessories Outerwear T-shirts Skirts Dresses	Facebook group Instagram account	Monotonous designs and colors. A common cut of clothes. Low social media activity.
Sophistic by Veronika	The brand has existed since 2010, focusing mainly on eco-friendly fashion and high-quality and comfortable clothes. It presents a range of products that are timeless and easy to combine with each other. The Instagram page is designed in a quality and salesy way to position the brand.	Average price 3000 CZK	Accessories Outerwear T-shirts Skirts Dresses Handbags	Facebook group Instagram account	Monotonous designs and colors. A common cut of clothes
Můj kousek	The clothes are cut, sewn and manufactured in the Czech Republic. The materials used are mostly eco-friendly, natural or recycled materials.	Average price 3000 CZK	Accessories Outerwear T-shirts Skirts Dresses Handbags Accessories Sleepwear	Facebook group	The styles are simple, more like casual wear.

SOURCE: Own elaboration

Having analyzed the main competitors in the Czech market, the most important competitive advantage of Lagol'm can undoubtedly be highlighted. This is the fact that practically all Lagol'm brand clothing is modular, which consists of removable parts, allowing the customer to easily change the item of clothing according to changing needs and tastes over time. This is a completely new type of clothing in the Czech market, which when analyzing the market, I have not found any other brand with a similar idea.

Another important competitive advantage of Lagol'm is the possibility for the consumer to reduce the number of things in the closet. According to my survey of 100 out of 118 women, they think that they have more things in their closet than they really need in their daily life. Similarly, 91 out of 118 girls agree that they would like to have less stuff, but better. These results show that Lagol'm is able to close this need of customers, as modular clothing helps to reduce the number of things and the need for frequent shopping.

Do you have more clothes in your wardrobe than you would like to have? (That is, there are a lot of clothes that, for various reasons, it is a pity to get rid of)

118 answers

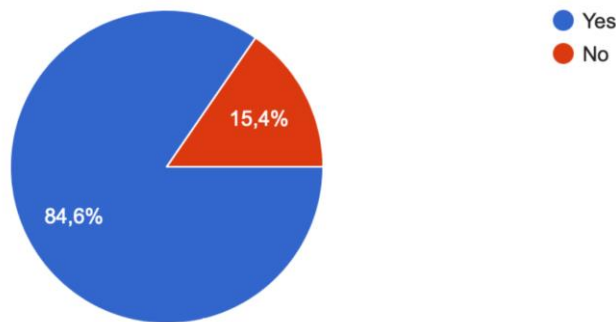


Diagram 7 Question from the questionnaire about the attitude of the audience to the interests of reducing the number of clothes in the wardrobe

SOURCE: Questionnaire survey, 2022

Would you like to have less things but better?

118 answers

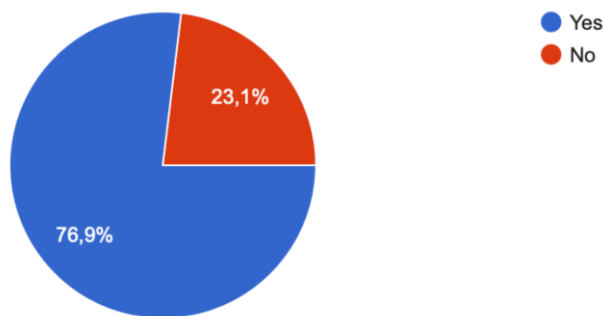


Diagram 8 Question from the questionnaire about the desire of the audience to have fewer clothes in the wardrobe than more

SOURCE: Questionnaire survey, 2022

Based on the above-mentioned main competitive advantages, it is worth noting that Lagol'm clothing will have non-standard styles, interesting color combinations and a range of things suitable for every occasion. Also, the brand will guarantee high quality clothes, produced in an environmentally friendly way.

In conclusion, we can conclude that Lagol'm brand has a high competitive advantage in the Czech market.

4.8 Organizational plan

In the first year the company will have four permanent employees: the founder Natalia (SMM marketer, administrator, cashier), a salesperson/cashier in the showroom, a designer, and a cleaner. Natalia is responsible for: pattern development, fabric purchasing, sewing, marketing, communication with customers, media, filling the website. Store will be open from 10:00 to 20:00 on weekdays and from 10 to 18:00, a week of 58 hours. These hours will be divided between two employees - Natalia and another salesperson at a ratio of 1:1 (29 and 29). The salesperson/cashier will not work more than 12 hours a day since Article 83 of the Labor Code states that the work shift length cannot exceed 12 hours.

The company will have a linear-functional management structure. At the initial stage, this is the most suitable type of management. The positive side here is that there is a clear division of labor and everyone knows their place, and the director retains. A detailed description of the linear-functional management structure is shown in Diagram 9.

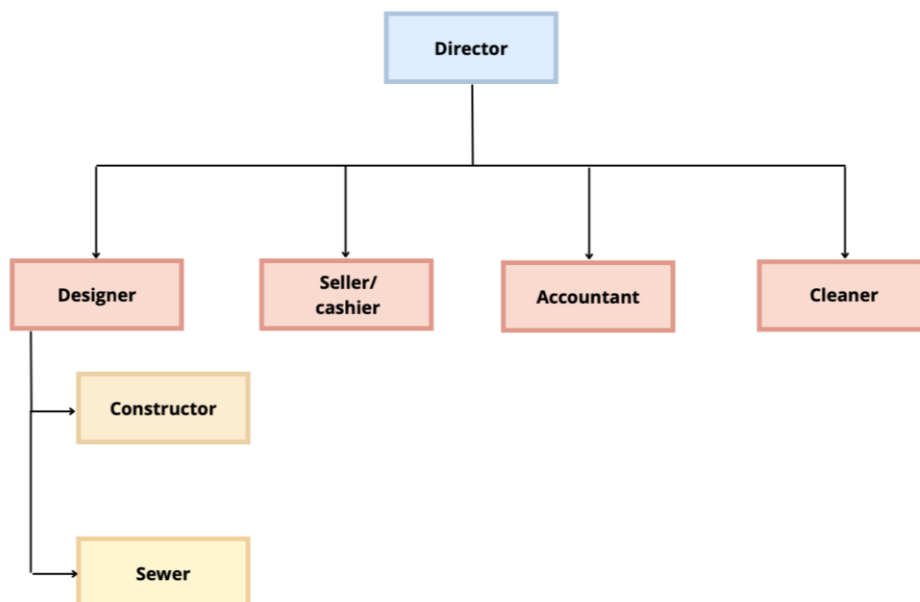


Diagram 9 Linear-functional structure of Lagol'm brand management
SOURCE: Own elaboration

The best option for renting premises for showroom Lagol'm, was found on the website Sreality.cz. This commercial space of 35 ² is located at Jaromírová Street, Prague 2 - Nusle on the first floor of a residential building. It has two separate entrances from the main street Jaromírová Image 4, large windows and lockable security shutters. The house and commercial premises have been fully renovated. Tram stop is a 1 minute walk to the shop and a short walk to B Karlovo náměstí metro station. The rent for the premises will be 19 000 + 2 037 CZK for utilities and water.

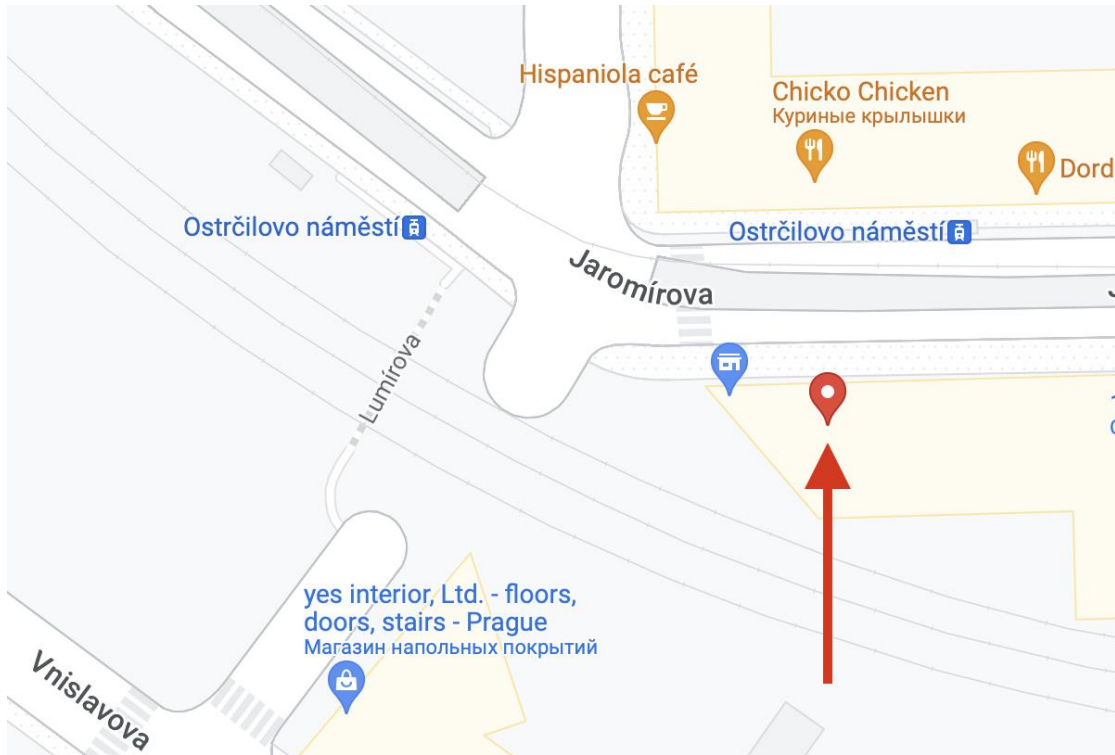


Image 3 Store location on the map

SOURCE: google map

The interior of the showroom will require furniture, cash register, dressing rooms, mannequins, staff room as well as a signboard with the brand name. Example of which is shown in Image 4.



Image 4. - Lagol'm brand signboard
SOURCE: Own elaboration

4.9 Marketing and sales strategy

To create a marketing and sales strategy was used marketing mix 4P (product, price, place, promotion), which is a set of tools to influence the demand for goods sold.

- **Product**

The brand's calling card is a modular jacket with removable sleeves (sketches are presented in Appendix 2). The jacket is a universal and always an actual thing, as it can be worn in any combinations and in any style. The mission of the brand is for the customer to feel like a designer by embodying his individuality through the functionality and beauty of modular clothing.

Defining a brand through individuality is the main value that our designers translate in their work.

The assortment of clothes can be divided into several groups: jackets, coats, pants dresses. Size range will be presented from XXS to L (32-44). High quality products (each item is carefully checked before shipment), we use only the highest quality materials, purchased from Czech suppliers. Also there will be separate collections sewn only from natural fabrics. Lagol'm will be loved for the recognizable aesthetics, modularity in clothing and style of the brand - a simple sophisticated cut and calm natural shades, as well as for the presence of modular elements in clothing. We offer ready to wear looks: the models are easy to combine with one another gradually updating the closet with 1-2 new things. The clothes will be available in limited editions and loyal customers can subscribe to the most desirable models in advance. The brand logo will have the letter O divided diagonally into two equal parts (Image 5). This detail symbolizes the brand message: "Enjoy what you have. Desire not more, not less, but exactly what you consciously want."



LAGØL'M

Image 5 Brand logo

SOURCE: Own elaboration

The modular qualities of Lagol'm ensure that when a customer buys several items from the collection, they can connect with each other and create new ways of wearing them at different times of the year.

- **Price**

Cover all costs and make a profit with a well-calculated markup. Our goal is to set a retail price that covers all fixed and variable costs and is as high as possible given the ability of our customers to pay.

The goal of the first year is to establish ourselves in the market, build customer base, increase brand awareness and reach a break-even point.

In the store there will be special promotions with a direct benefit to increase sales, such as "Surrender old clothes and get a discount," "Tell about Lagol'm in social networks and get a chance to get any item from the collection as a gift. One of the promotions Lagol'm - for each item sold we will guarantee the buyer to plant a tree on behalf of our customers to reduce the carbon footprint and contribute to the fight against climate change. Margins will gradually increase as our customer base and their loyalty to the brand grows.

- **Place**

The store will be located close to existing places of mass gathering of potential customers: theatre Divadlo Na Fidlovačce, private higher vocational school, restaurant Výdejna Horská Výdejna on the floor of the building of the Faculty of Transport of CTU, Supermarket Lidl.

Also store Lagol'm easily accessible to customers, near streetcar stop in 1 minute walk, and 5 minutes walk from the subway station B Karlovo náměstí. Nearby there is no competing stores selling similar products. The store was located on the first floor. It is proved that retail outlets located on the second floor lose 50% of possible traffic, in the basement or underground floor - 15 - 20% (Valery Malakhov, 2011). Showroom has two separate entrances from the main street, attractive signage (see Image 3) and large windows overlooking the main street. We can conclude that Lagol'm store is in an absolutely profitable place for selling clothes.

Also informal marketing will be used to promote the brand - monthly participation in the activities of public and professional organizations, public speaking or participation in conferences.

The design of the store should be attractive to a wide range of people and the style of the product offered. Also, the showcase is a business card, it depends on its design whether it will look at the client or run past. Stylish and unusual compositions captured by glass attract attention, fascinate and arouse interest in consumption. Particular attention should be paid to the training of staff to work with customers. After all, people do not just buy goods, but try to make purchases only in those trade enterprises where they will be truly welcome, and they will know that they will be served efficiently and quickly. Any buyer wants to be

pleased to communicate with the seller, so that he gets his benefit, gets the joy of the process, and only then he wants to return to the trading enterprise again.

- **Promotion**

According to Statista, the number of social media users in the Czech Republic is increasing every year. Therefore, special attention in the promotion strategy will be paid to the development of Lagol'm website and digital platforms, such as Facebook and Instagram.

Social media will be regularly conducted according to a pre-designed content plan that encourages increased sales and brand awareness. More attention will be paid to brand promotion on Instagram, as this platform provides many convenient tools that will help to increase sales, interest and awareness of the brand. Among the main most important tools of the platform, which the Lagol'm brand will be used regularly, are the following:

- **Access to statistics.** Built-in Instagram analytics provides information on reach, impressions, engagement with publications, demographic data (gender, age, country, city, and time online) and marks the best publications (those that generated the most interest from users).
- The ability to **set up targeted ads**, that is, to show ads strictly to the target audience. This is done by setting specific parameters of users who might be interested in their product.
- **Communication** with the audience of potential clients: tell them about the company's work, show the assortment, collect feedback and feedback. This will help effectively retain a new audience and move "cold" subscribers to the lower stages of the sales funnel, when potential customers turn into actual buyers.
- The publication of visual content, gives the opportunity to draw the attention of the audience, and accordingly, gives more chances for customers to better present the company's products.
- The ability to **transfer audience traffic** from Instagram to other platforms: YouTube, Instagram, FaceBook.
- To increase visits to the brand's web page and, accordingly, conversion actions, website SEO-optimization will be used - a set of measures aimed at increasing its position in the search results of Google and other systems for specially selected queries. Once the user enters the site, email addresses will be collected for future mailings. Mailings will have different content: news about the brand, information about collections, discounts, promotions and bonuses.

For users who have already made purchases of useful materials, personal discounts and offers will also be sent, which will increase brand loyalty. The following tools will also be used to increase brand loyalty:

- Bonus/accumulative system. Introduce a system of accumulative bonuses or discounts;
- Cashback;
- Club cards. Cards that allow customers to be special, to enjoy privileged offers;

- Club card. A card that will allow customers to be special, to enjoy privileged offers;
- Drawing. We will periodically make drawings and giveaways will be not too expensive, but useful and enjoyable for customers;
- Gifts. Sometimes give a small gift for the purchase;
- Limited edition collections. Release limited edition products or provide services with privileges to first-time customers.

It is important to note that the brand recognition will be increased by unusual lookbook photos, which clearly differ from the presentation of products in classic catalogs. Lagol'm lookbooks add the image of the model with which the target audience associates itself, the photographer's vision, and the location. This way the brand not just shows the things, but tells a story, conveys the mood, the outlook on the world and the atmosphere of Lagol'm.

The package will have a clear design and valuable information/interesting facts for acquaintance with the product, helping people to recognize the brand at a glance and understand its philosophy. Depending on the item the customer purchased, the packaging will include a flyer with outlook ideas and instructions on how the item purchased can be combined with other items offered in the Lagol'm store. You can see the packaging of the item in Image 6.



Image 6 Illustration of Lagol'm business card

Source: Own elaboration

Each customer will be given a business card as a sign of respect, trust and esteem, and its presentation almost always means a desire for long-term cooperation. After all, it contains key information about the type of activity and direction of the brand. An example of a business card is provided in Image 7.



Image 7 - Illustration of Lagol'm brand packaging

SOURCE: Own elaboration

Also informal marketing will be used to promote the brand - monthly participation in the activities of public and professional organizations, public speaking or participation in conferences.

4.10 Implementation plan

This section contains a list of events planned for the period from May to September 9 (5 months and 9 days). During this period of time the new collection will be prepared, the opening of the store and the event dedicated to the opening of the Lagol'm brand.

Task name	2022								
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
1 <input type="checkbox"/> Registration as an individual entrepreneur	Registration as an individual entrepreneur 02/05/2022 - 16/05/2022								
1.1 Registration as an individual entrepreneur	Re...								
2 <input type="checkbox"/> Obtaining funding	Obtaining funding 17/05/2022 - 30/06/2022								
2.1 Obtaining funding from investors		Obtaining...							
2.2 Obtaining a bank loan		Obtaining...							
3 <input type="checkbox"/> Hiring employees	Hiring employees 02/05/2022 - 18/05/2022								
4 <input type="checkbox"/> Creating a collection	Creating a collection 19/05/2022 - 13/07/2022								
4.1 Design development		De...							
4.2 Purchase of fabrics and accessories		Pu...							
4.3 Creating a pattern			Cr...						
4.4 Sewing the collection				Se...					
5 <input type="checkbox"/> Signing store rental documents	Signing store rental documents 22/06/2022 - 24/06/2022								
6 <input type="checkbox"/> Store decoration	Store decoration 24/06/2022 - 19/08/2022								
6.1 Purchasing furniture				Purchasing furni...					
6.2 Showcase decoration									
6.3 Laying out clothes on racks									
7 <input type="checkbox"/> Preparing for promotion	Preparing for promotion 01/07/2022 - 10/08/2022								
7.1 Creation of brand attributes (flyers, busi...				Creation o...					
7.2 Website creation				Website cr...					
7.3 Collection photo shoot									
7.4 Filling social media with content									
8 <input type="checkbox"/> Creating a store opening show	Creating a store opening show 28/07/2022 - 09/09/2022								
8.1 Run ads				Run ads					
8.2 Prepare a fashion show									
8.3 Searching for sponsors					Se...				
8.4 Organize a banquet									

Table 9 - Project Implementation Plan

Source: Own elaboration

This project will be managed by Popova Natalia. In the future, it is planned that all work will be based on Agile methodology to focus the team's work on the needs and values of our customers. This allows to bring the task to the maximum quality at each stage. A humanistic approach to each employee opens up opportunities to be heard and the freedom to be creative.

4.11 Main success assumptions and risks of the project

Two tools were used to assess the success of the project: SWOT analysis, which helps to make important business decisions: for example, changing the vector of company development, rebranding or increased emphasis on a certain product category. Strengths and weaknesses can reflect the internal state of the company: reputation, product quality, team effectiveness, and so on.

	Strengths	Weaknesses
Internal Influence	Modular clothing - a new and amazing concept on the market	Sales Inventory
	Furnishings of the outlet: cleanliness, interior design	Growing market
	Excellent workforce and qualified staff	Ability to deliver to other cities/countries
	Technological orientation	Modern service technologies
	Strong marketing	Brand awareness and trust in the store
	The production of clothing with an emphasis on sustainability	Brand recognition
	Returns guarantee and after-sales service	
	A tendency toward an increased emphasis on individuality	
	Opportunities	Threats
External influences	Reaching out to the Internet audience (as one of the ways to attract new customers)	Changes in consumer preferences, changes in fashion, new interests (as a consequence of new requirements for the range of the store)
	Expansion of assortment groups	Decrease of the target audience's income as a consequence of an economic recession or instability in the economy.
	Increase of purchase volume per customer (by means of actions, special offers, active sales)	Occurrence of competitors selling comparable or cheaper substitute products
	Searching and tracking of ways to reduce the cost of rent	Changes in legal and tax regulation of the industry
	Point of sale advertising	Growth of prices for tailoring materials
	Prices and availability of special price promotions on top products	

Table 10 SWOT analysis for brand Lagol'm

SOURCE: Own elaboration

From the above SWOT analysis it can be concluded that the business has a high potential for success. Over time, brand recognition and trust of customers will increase, which will give an opportunity to gradually reduce the weaknesses of the store. The threat of changing consumer preferences can be easily avoided, as modular clothing will quickly adapt to the new preferences of customers, without the strong costs of production.

Risk analysis.

To analyze the risks we used a risk assessment matrix, which helps to get an idea of the visualization of risk assessment data.

For the analysis, 6 risks have been identified, which may occur in the project and in the future work. A risk matrix (Table 11) was used for the analysis, which helps to get an idea of the visualization of the assessment data and determine the level of risk.

Likelihood	Very low 0,05	Low 0,2	Medium 0,4	High 0,6	Very high 0,8
Very high 0,8	0,04	0,16	0,32	0,48	0,64
High 0,6	0,03	0,12	0,24	0,36	0,48
Medium 0,4	0,02	0,08	0,16	0,24	0,32
Low 0,2	0,01	0,04	0,08	0,12	0,16
Very low 0,05	0	0,01	0,02	0,03	0,04

Table 11 Risk Matrix

SOURCE: Brilliant Project Management, 2012

Risk Factor	Risk assessment	What's the risk	Opportunities to overcome
Rent increase	0,16	Decrease in the level of profitability from the store activity or an increase in the cost of goods for customers, which reduces sales volumes	Conclusion of a long-term agreement with the landlord with a fixed amount of rent and a critical point of attendance at which the cost is reviewed
Opening of direct competitors nearby	0,36	Uneven flow of visitors between similar stores, decrease in sales	Development of a unique conceptual idea of the store, original merchandise, additional promotions and discounts
Low level of professionalism of sales staff	0,08	Visitor dissatisfaction, low sales volume, negative reputation	Pre-sales training and lectures on merchandise, dimensional grids, fabrics and care, financial and non-financial motivation
Irrelevance of the goods, changes in fashion trends	0,12	Retention of merchandise items, decrease of their purchase value, decrease of business profitability	Monitoring tabloids and media, anticipating purchases, regular sales to wash out all items
Defects in goods	0,16	Decreased customer loyalty to the brand. Negative reputation	Preparation of documents, formation of quality standards for the model and preparation of a library of rejects for a particular assortment
Increasing the cost of production	0,36	Higher product prices, lower revenue, lower customer loyalty.	Carefully drawing up an agreement with a supplier. Work out the agreement, defining the nuances of changing the cost of goods

SOURCE: Brilliant Project Management, 2012

4.12 Financial plan

The project will be financed from its own funds, which will amount to CZK 600,000. The financial analysis is planned in terms of three scenarios: realistic scenario, optimistic scenario and pessimistic scenario. Each of the scenarios will describe the assumptions on which estimates of revenue and expenditures or kindergarten occupancy are based. The project will also be evaluated with IRR, NPV, PP calculations.

4.12.1 Calculation of staff salary costs

There will be two full-time employees: a seamstress and a salesperson/cashier. The salaries of all employees were based on average Czech salaries. The sales clerk receives a monthly salary of 30 000 CZK, the designer receives 28 000 CZK and the seamstress receives CZK 29 000. The janitor, designer and pattern designer will be hired on a DPP contract as they will not work more than 300 hours cumulatively/year. Accounting services will be outsourced to an outside agency at a cost of CZK 1 250. Cleaning services will cost CZK 150 per hour. Designer services will be CZK 8 000 - 2 000, depending on the complexity of the model performed. The designer will create 4-6 new patterns per month at an average cost of CZK 6 000 for all patterns. The designer's services will be CZK 11 200 per month, depending on the complexity of the model to be made.

Table 12 Labor costs

Working positions	Gross salary (CZK)	SP cost 24.8% (CZK)	ZP cost 9 % (CZK)	Cost to the company (CZK)
Seamstress	28 000	6 950	2 520	37 470
Salesman/Cashier	30 000	7 440	2 700	40 140
Designers make templates	6 000	-	-	6 000
Cleaner	2 400	-	-	2 400
Designer	11 200	-	-	11 200
Accountant	1 250	-	-	1 250
Sum				98 460

SOURCE: Own elaboration

The monthly wage costs to operate Lagol,m have been estimated at 98 460 CZK. An approximate list of attributes, their cost and number is presented in Table 12.

4.12.2 Calculation of the cost of purchasing attributes for interest

Approximate list of attributes necessary for the operation of the store, as well as their number and cost are shown in Table 13. The business will be subject to VAT, which will further be reflected in the financial calculations.

Table 13 List of attributes and their costs

Interior equipment	Quantity in units	Price without VAT, CZK	Price with VAT	Total cost without VAT, CZK	Total price including VAT, CZK
Sofa	1	5 925	7 500	5 925	7 500
Mirror	6	1 572	1 990	9 432	11 940
Cash register	1	5 505	6 969	5 505	6 969
Dressing room	4	3 160	4 000	9 480	12 000
Manikin	5	1 548	1 960	7 742	9 800
Shelf	2	948	1 200	1 896	2 400
Checkout counter	1	1 500	1 900	1 500	1 900
Product display equipment	3	3 397	4 300	10 191	12 900
Chair	3	948	1 200	2 844	3 600
Table	1	1 027	1 300	1 027	1 300
Coffee machine	1	1 738	2 200	1 738	2 200
Lamp	10	616	780	6 616	7 800
Decorative items	-	7 900	10 000	7 900	10 000
Clothes hanger	6	510	650	3 081	3 900
Printer	1	6 320	8 000	6 320	8 000
Store sign	1	7 584	9 600	7 584	9 600
Sum	45	50 203	63 549	8 8243	111 700

SOURCE: Own elaboration

The one-time cost of purchasing attributes for the interior of the Lagol'm store was estimated at 11 700 CZK.

4.12.3 Approximate marketing costs

Table 14 Calculation of the monthly cost of brand promotion

Promotion method	Cost per month
Advertising on Instagram and Facebook	The goal is to gain at least 10 000 followers in 6 months. The average price per subscriber on the Czech market is 10-15 CZK. This estimate is based on my own experiment with targeting advertising in Facebook. Approximate monthly advertising costs will be 25 000 CZK.
SEO services	3 000 CZK
Plastic branded cards	20 units - 400 CZK
Branded packaging bags	80 units - 500 CZK
Flyer printing	150 units - 360 CZK
Sum	29 260 CZK

SOURCE: Own elaboration

Regular events and photo shoots will be held on a partnership basis or on the basis of funds available to the company. Monthly marketing costs for Lagol,m were estimated at CZK 29 260 CZK.

4.12.4 The calculation of the average price for each group of clothing assortment

Table 15 Material calculation for each assortment group

Approximate cost of materials, fittings, CZK	Jacket	Pants	Coat	Dress
Fabric	1250	650	1500	900
Accessories (thread, buttons, zippers, etc.)	40	30	70	40
Contingencies (fabric, accessories, decorations)	130	80	250	90
Other	80	60	140	60
Consumption for 1 item	2 220	1 120	2 760	1590
Average material consumption per unit				1 260
Маржа	350%	250%	350%	250%
Average unit price of the assortment for 2022 (including VAT)	6 300	2 240	9 660	4 000
Approximate unit price for the entire assortment (including VAT)				5 550

SOURCE: Own elaboration

The monthly unit cost of Lagol'm products was estimated at 1 260 CZK. The average price for the whole assortment is 4 000 CZK. Material consumption per unit of production is 1 260 CZK. The approximate unit price of the assortment was CZK 5 550.

The cost of inventory is calculated on the basis of Table 15, that the average price per unit will be 1 420 CZK. It is assumed that in the following years, the average unit price will decrease, for 2023 the price will be 1 250 CZK due to the purchase of more meters of fabric and cooperation with suppliers. For 2024 the price will be 1 000 CZK.

4.12.5 One-time and monthly expenses

Table 16 One-time expenses

One-time expenses	Sum, CZK
Business license	1 000
Criminal records	100
Website Creation	32 600
Expenses for the purchase of interior paraphernalia	111 700
Sum, CZK	145 400

Table 17 Monthly expenses

Monthly expenses	Sum, CZK
Salary	98 460
Marketing	29 260*
Purchasing of material for sewing	50 400*
Rent + utilities and water	21 400
Phone and internet	700
Sum, CZK	200 220

SOURCE: Own elaboration

*These Images will increase in future years.

4.12.6 Cost and revenue estimation

For the purposes of this business plan three scenarios were built: realistic, optimistic and pessimistic, depending on the demand for the product. For the purposes of the business plan provided, three scenarios are presented: realistic, positive and pessimistic, depending on the demand for the product.

The cost of inventory is calculated on the basis of Table 6, that the average price per unit will be 1 420 CZK. It is assumed that in the following years, the average unit price will decrease, for 2023 the price will be 1 250 CZK due to the purchase of more meters of fabric and cooperation with suppliers. For 2024 the price will be 1,000 CZK. This will help keep the price at the same level as in 2021, which will show greater customer loyalty.

The annual inflation rate is 3.8%, which affects the prices of most resources, so for simplicity it is assumed that the output prices will increase to about 8%, taking inflation into account, the real increase will be about 7% each year. The initial average price is 5 540 CZK, year 2022. Prices for the following years: 5 930 CZK, 6 400 CZK.

The initial balance consists of: a contribution of 600 000 CZK from the author of the idea.

The planned amount of goods to be sold each month based on different scenarios is shown in Table 18.

Table 18 Sales forecast, units

Scenario/year	2022	2023	2024
Realistic	21	38	60
Optimistic	28	45	80
Pessimistic	17	22	32
Number of months	4	12	12

SOURCE: Own elaboration

Depending on the number of expected sales, different costs are calculated based on different scenarios in each year, which are presented in Table 19.

Table 19 Cost and revenue estimates

Rok 2022	Cost per month (CZK)	Cost per year (CZK)	Sales per month (CZK)	Sales per year (CZK)
Realistic	179 640	718 560	116 340	465 360
Optimistic	189 820	758 320	155 120	620 480
Pessimistic	173 360	695 840	94 180	376 720
Rok 2023				
Realistic	196 180	2 345 160	225 340	2 704 080
Optimistic	204 720	2 456 640	266 850	3 202 200
Pessimistic	176 660	2 119 920	130 460	1 565 520
Rok 2024				
Realistic	250 000	2 649 840	384 000	4 608 000
Optimistic	270 000	3 240 000	512 000	6 114 000
Pessimistic	220 000	2 313 840	204 800	2 457 600

SOURCE: Own elaboration

4.12.7 Profit and loss statement

Table 20: Realistic Scenario - Income Statement

Realistic		2022	2023	2024
Total revenue		465 360	2 704 080	4 608 000
Total expense	-	718 560	2 345 160	2 649 840
Depreciation	-	0	0	0
EBIT		- 253 200	358 920	1 958 160
Tax 15%	-	37 980	53 838	293 724
EAT		- 281 180	305 082	1 664 436

SOURCE: Own elaboration

Table 21 Optimistic Scenario - Income Statement

Optimistic		2022	2023	2024
Total revenue		620 480	3 202 200	6 114 000
Total expense	-	758 320	2 456 640	3 240 000
Depreciation	-	0	0	0
EBIT		- 137 840	745 650	2 874 000
Tax 15%	-	20 676	111 834	431 100
EAT		- 158 516	633 816	2 442 900

SOURCE: Own elaboration

Table 22 Pessimistic Scenario - Income Statement

Pessimistic		2022	2023	2024
Total revenue		376 720	1 565 520	2 457 600
Total expense	-	695 840	2 119 920	2 313 840
Depreciation	-	0	0	0
EBIT		- 319 120	- 554 400	143 760
Tax 15%	-	47 868	83 160	21 564
EAT		-366 988	- 471 240	122 196

SOURCE: Own elaboration

5.13 Project evaluation

This final chapter decides whether or not to proceed with the project. For this reason, this chapter can be considered one of the most important.

5.13.1 Net Present Value (NPV)

The following Tables 23, 24, 25 calculate the net present value (NPV) for all three project scenarios. Cash flow values and a discount rate of 12% were used for the calculation.

Table 23 Realistic Scenario - Net Present Value

NPV - Realistic	2022	2023	2024
Investments	- 600 000		
EAT+Deductions	- 281 180	305 082	1 664 436
CF	- 281 180	305 082	1 664 436
Discounted CF	- 251 053	243 209	1 184 712
Cumulative CF	-851 053	-607 844	576 868
NPV	576 868		

SOURCE: Own elaboration

Table 24 Optimistic Scenario - Net Present Value

NPV - Optimistic	2022	2023	2024
Investments	- 600 000		
EAT+Deductions	- 158 516	633 816	2 442 900
CF	- 158 516	633 816	2 442 900
Discounted CF	- 141 532	505 274	1 738 807
Cumulative CF	- 758 516	253 242	1 992 049
NPV	1 992 049		

SOURCE: Own elaboration

Table 25 Pessimistic Scenario - Net Present Value

NPV - Pessimistic	2022	2023	2024
Investments	- 600 000		
EAT+Deductions	-366 988	- 471 240	122 196
CF	-366 988	- 471 240	122 196
Discounted CF	-327 667	-375 669	86 976
Cumulative CF	-927 667	-1 303 336	-1 216 360
NPV			

SOURCE: Own elaboration

5.13.2 Internal rate of return (IRR)

The IRR calculation is based on the discounted values of the cash flows and the discount rate, which in this case is 12%. The IRR shows the discount rate at which the net present value is zero. Table 26 below shows the internal rate of return for the three project scenarios.

The IRR analysis represents the overall profitability of the project from inception through 2024. The IRR was calculated in MS excel using the rate of return function. The table below shows the results for the realistic and optimistic options for comparison. The internal rate of return for the pessimistic option is not calculated due to negative values.

Table 26 IRR calculation

Internal Rate of Return (IRR)	
Realistic	37%
Optimistic	72%
Pessimistic	-79%

SOURCE: Own elaboration

The table above shows that the internal rate of return or IRR for this project for 2 years and 4 months was 37% for the realistic and optimistic scenario, 72% is a positive result and, therefore, favorable, as the indicator is greater than the discount rate. In the case of the pessimistic scenario, the IRR is -79% however it can be seen from Table 55898 that the CF becomes positive over time, which indicates that the IRR for this scenario will become positive over time.

5.13.3 Payback period (PP)

The payback period is the time it takes to return the funds invested in a project. The discounted payback period was used to calculate the payback period, which works with cumulative and discounted cash flows. The following three tables present estimated payback periods for all three scenarios.

In the realistic scenario, the investment pays for itself in the third year. According to the results of the optimistic scenario, invested in the project, will pay off in the second year. In the pessimistic scenario, investments in 3 years will not pay off. However, the communicative CF gradually begins to tend to a positive value.

Table 27 Realistic scenario - Payback period

Realistic	Discounted CF	Cumulative CF
1	- 251 053	-851 053
2	243 209	-607 844
3	1 184 712	576 868

SOURCE: Own elaboration

Table 28 Optimistic scenario - Payback period

Optimistic	Discounted CF	Cumulative CF
1	- 141 532	- 758 516
2	505 274	253 242
3	1 738 807	1 992 049

SOURCE: Own elaboration

Table 29 Pessimistic scenario - Payback period

Pessimistic	Discounted CF	Cumulative CF
1	-327 667	-927 667
2	-375 669	-1 303 336
3	86 976	-1 216 360

SOURCE: Own elaboration

7. Funding from external sources

The need to attract external financing sooner or later is faced by any company active in the market. This process is considered quite natural, it does not necessarily indicate that the company has financial difficulties. On the contrary, the attraction of financing is an indicator of the company's development and its good prospects.

The necessity of attracting external financing can arise at any stage of the company's development. Especially often it happens at the initial level, when the attraction of financing is necessary to implement a new business project and bring it to the market.

In this chapter several financing options will be selected. The use of external sources of financing for this business plan is necessary for several reasons:

- Lack of equity capital;
- Increase the stability of the firm by quickly attracting the right amount of money;
- Allow easy decisions about business development and control the implementation of new ideas.

7.1 Bank loan

This source of financing is quite difficult for a novice entrepreneur to obtain. The banks consider entrepreneurs and business owners as clients much less reliable than employees of organizations for hire. When asked about the reasons for this situation, the refrain in the answers of bank specialists is a reference to the need for a complex analysis of the activities of entrepreneurs and business owners. And there is also a suggestion that when such loans are issued, there is always doubt about the purpose of their use.

Table 30 Terms of lending at different banks

Bank	Maximum loan, CZK	Interest rate	Repayment period	Other conditions
Zonky.cz	900 000	4,07 %	10 years	<ul style="list-style-type: none"> - Extensive loan options from 20,000 to 900,000 and repayments of 12 to 120 months; - Zonky loans are also available to people on probation and fixed-term employment, subject to individual assessment; - If a person has gone through bankruptcy or foreclosure proceedings, their own debts must be repaid, and after bankruptcy, proof of financial functioning for 2 years is required.
Equa	600 000	4,90 %	10 years	<ul style="list-style-type: none"> - EQUA bank loans come with virtually the lowest interest rate among bank loans; - EQUA is less stringent than large conservative banks when approving a loan.
mBank	600 000	7,11 %	8 years	<ul style="list-style-type: none"> - Loan consolidation can reduce the monthly payment on many loans. - Refinancing will reduce fees and interest on your current loans; - Free origination and administration, repayment date of your choice; - Low approval rate; - Sufficient proof of income required; - Failure to repay a loan on time may result in being placed on the delinquent registry.
KB	2 500 000	6,72 %	10 years	<ul style="list-style-type: none"> - High credit limit up to 2.5 million CZK; - Low interest rate; - Free contract amendment, loan administration, discharge and early repayment; - Proof of sufficient and regular income and sufficient creditworthiness is required; - No need to be in the debtor's registry.

SOURCE: Banky.cz

For Lagol'm brand a loan from Zonky.cz bank is the most suitable, because:

- You do not have to pay any extra management fees;
- Early repayment is always free of charge;
- Zonky loans are also available for people on probation and fixed-term work, with individual assessment;
- High speed of loan processing and disbursement;
- Zonky has accounts at all banks and pays online.

Also, the Lagol'm brand has a high chance of getting a loan on several key company metrics:

- If you are an ideal customer, the interest rate will be lower than if you get a loan from a bank. A simple and straightforward Zonky application form tells you your personal and family information, income level, repayment options, and describes your occupation and hobbies. It should also include a business plan.
- Lagol'm brand business plan is well thought out, has good financial images, is engaging to fully read the document, and most importantly includes a brand new idea in the Czech market.
- The amount of interest depends on the risk level of the applicant and his ability to repay the loan. The risks of this business plan can be avoided by following the project plan and responding to threats in a timely manner.
- The uniqueness of the Zonky loan lies in the speed of processing and disbursement of the loan.

7.2 Long-term partner, sponsor

The main condition for providing sponsorship support is the attractiveness of the project directly to the target audience. We can say that Lagol'm brand has this characteristic.

It is important to note that entrepreneur Natalia Popova has the right to decide whether to accept the sponsor's terms of cooperation or not. Perhaps they will be monetary dividends, or advertising of the brand of the company that is the investor.

The following stakeholders can act as sponsors:

- Fabric suppliers;
- Modeling agencies that can provide models for photo shoots and shows;
- Furniture stores, whose products will be directly in the brand's store.
- Interior and window designers whose work will be displayed in Lagol'm store.
- It is profitable to enter into partnerships with fashion correspondents, magazines, TV channels or certain TV shows about fashion and style.

Such partnerships significantly reduce not so much the lack of funding, but the scope of PR and advertising, which is especially significant for the organization at the initial stage.

7.3 Potential investors

Today there are many different types of investors, each with their own approach to investing and their own motivation for doing so.

For this project are the first two investors from the family circle. Their investment will be CZK 400,000 in exchange for the investment they will receive a percentage share in the company equal to the share of the total share capital of the company established for the purpose of the project. They will not try to negotiate strict terms and conditions and will be willing to give up a profit share in the first two years.

Crowdfunding platforms will also be used to find an investor. This will help raise investment for the company without unnecessary obligations to banks or investors. It's also a safe and relatively risk-free solution. With a well-thought-out crowdfunding campaign, you can increase brand awareness, get feedback, get cooperation offers and new partners.

Business angels can be considered as an investor, they can invest in a company at a very early stage, when the product still exists only as an idea. An important aspect is that angels are open to discussing details and can give you advice when you are in business. The most important aspect of angels is that they are open to discussing the details of the business and offering advice on how to run it. Often the expectations of angels are limited to getting a share in the capital.

After assessing the possible ways to finance this project, it was decided that the main potential sources were:

- Coming out of the family;
- Business angels;
- Crowdfunding platform investors.
- The total amount of equity capital is CZK 600,000.

CONCLUSION

The aim of this thesis was to develop a comprehensive business plan for the launch of a new fashion brand in the Czech market and to check its viability in a competitive environment. The diploma consists of three parts: theoretical, methodological and practical.

The first part describes the basic principles of writing a competent business plan. This section specifies the types of business plan, what tasks it solves and to whom it can be useful.

The methodological part reflects the relevance of the business idea and research of this industry in the world and in the Czech market. For the detailed research qualitative and quantitative data were obtained. For the qualitative analysis, I interviewed two young designers in Prague to share their experiences and give advice to aspiring entrepreneurs in the fashion industry. I also organized a focus group of 7 people of different professions and ages. From the conversation it was concluded that the concept of Lagol'm covers the main need of the target audience - "self-expression", "originality", "attracting attention". Women were interested in the idea and were ready to become potential customers of Lagol'm brand.

The practical part contains a comprehensive business plan in accordance with the structure described in the theoretical part.

The object of the business plan is Lagol'm brand. The business plan is made primarily for the author of the idea, who plans to implement the project, as well as to convince potential partners that it is an interesting project in terms of investment, which will pay back the money and efforts invested.

In the practical part, the market was analyzed, a marketing plan was made and competitors were analyzed. It is worth noting that the company will have a strong marketing, for the implementation of which a significant amount of finances will be invested. The SWOT analysis helped to determine the strengths and weaknesses of the business. It helped ensure that the Lagol'm brand has a high potential for success. Opportunities and threats to the business were also identified. For threats, options were presented to address them.

The plan was made without outside funding. The store is scheduled to open on 09.09.2022.

The internal rate of return in the realistic scenario is 37% during the three years of the project. The condition for accepting the project is that the IRR is higher than the discount rate, which in this project is set at 12%, so the condition is fulfilled, and the project is suitable for acceptance.

In the optimistic scenario, the net present value also has a positive value in the third year of business, which is 1 992 049 CZK, which also meets the condition for project acceptance,

as the NPV is greater than zero. The internal rate of return in the realistic scenario is 72% over the three-year life of the project. In this respect, the project also meets the condition of investment acceptance, since the IRR is higher than the discount rate, which is set at 12% in this project.

The values of the pessimistic scenario are negative. However, over time, the values gradually tend to be positive.

At this stage, the design of the first model has already been developed. Further steps will be strictly according to the project implementation plan.

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List of abbreviations used

NPV / NPV - Net Present Value
IRR / IRP - Internal Rate of Return
ROI - Return on Investment
PP - Payback Period
VAT - Value Added Tax
HPP - Principal employment relationship
DPP - Agreement to perform work

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1. What's your age?

Response options	Number of responses	Ratios in %
18-22 years old	3	2.83
23-26 years old	57	60.42
27-31 years old	26	24.53
32-35 years old	18	16.98

2. What does buying clothes mean to you?

Response options	Number of responses	Ratios in %
A pleasant pastime	27	24,5
Need	61	55,5
Relieving stress	14	12,7
Waste of time	6	5,5
Other	2	1,8

3. Are you planning to buy clothes?

Response options	Number of responses	Ratios in %
I only buy what I have planned	45	2,68
I try to plan, but I can buy something impulsively	22	19,64
I buy spontaneously, what I like	37	33.04
Other	8	7,14

4. Where do you most often buy clothes?

Response options	Number of responses	Ratios in %
Neighborhood stores	8	6,84
At well-known chain stores	37	31,62
Online	57	48,72
At the market	12	10,26
Other	3	2,56

5. Does the decision to buy clothes depend on the degree of brand awareness?

Response options	Number of responses	Ratios in %
Yes, I buy only well-known brands	23	19,33
I buy variously, both branded things and completely unknown manufacturers	45	37,82
I don't pay attention to brands	38	31,93
Other	13	10,92

6. Is price an important factor in the purchase decision?

Response options	Number of responses	Ratios in %
Yes, I only buy things within my idea of the average market price.	59	59,68
No, I buy only the most expensive things, as the price is a guarantee of quality	8	7,14
I try to buy clothes based on rational combination of price and quality, but sometimes I can please myself with a very expensive novelty	45	40,18

7. How often do you buy clothes on sale?

Response options	Number of responses	Ratios in %
Constantly, because at the beginning of the season clothes are clearly overpriced	35	31,82
Never, because the sales are mostly low-quality things	23	20,91
Sometimes, if by the sale period is something interesting in my size	45	40,91
Other	7	31,82

8. What style of clothing do you prefer?

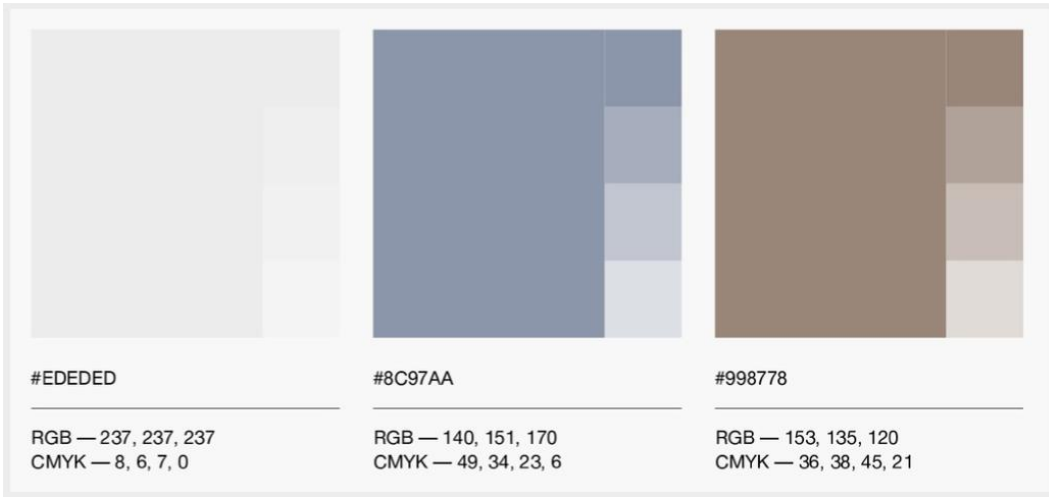
Response options	Number of responses	Ratios in %
Sports	12	11,21
Classic	27	25,23
Avant-garde	17	15,89
Casual	33	30,84
Romantic	12	11,21
Other	6	5,61

Attachment 1 Results of consumer surveys

SOURCE: Own elaboration



Attachment 2 Results of consumer surveys
SOURCE: Own elaboration



Attachment 3 Brand colors

SOURCE: Own elaboration

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