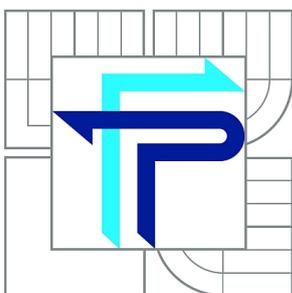


VYSOKÉ UČENÍ TECHNICKÉ V BRNĚ

BRNO UNIVERSITY OF TECHNOLOGY



**FAKULTA PODNIKATELSKÁ
ÚSTAV EKONOMIKY**

FACULTY OF BUSINESS AND MANAGEMENT
INSTITUTE OF ECONOMICS

DEVELOPMENT OF SERVICES IN FAMILY-OWNED COMPANY

ROZVOJ SLUŽEB V RODINNÉM PODNIKU

DIPLOMOVÁ PRÁCE

MASTER'S THESIS

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BRNO 2011

ZADÁNÍ DIPLOMOVÉ PRÁCE

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Ředitel ústavu Vám v souladu se zákonem č.111/1998 o vysokých školách, Studijním a zkušebním řádem VUT v Brně a Směrnicí děkana pro realizaci bakalářských a magisterských studijních programů zadává diplomovou práci s názvem:

Rozvoj služeb v rodinném podniku

v anglickém jazyce:

Development of Services in Family-owned Company

Pokyny pro vypracování:

Úvod

Vymezení problému, cíl diplomové práce

Teoretický přístup k řešení

Analýza

Návrh rozvoje služeb v rodinném podniku

Závěr

Literatura

Přílohy

Seznam odborné literatury:

KORÁB, V., MIHALISKO, M.: Založení a řízení společnosti. Společnost s ručením omezeným, komanditní společnost, veřejná obchodní společnost. Praha, Computer Press, 2005, 252 s. ISBN 80-251-0592-X.

MALACH, A., a kol.: Jak podnikat po vstupu do EU, Praha, Grada Publishing, 2005, 524 s. ISBN 80-247-0906-6.

SRPOVÁ, J., ŘEHOŘ, V. a kol.: Základy podnikání. Praha, Grada Publishing, 2010, 427s. ISBN 978-80-247-3339-5.

VEBER, J., SRPOVÁ, J. a kol.: Podnikání malé a střední firmy. Praha, Grada Publishing, 2005, 304s. ISBN 80-247-1069-2.

Vedoucí diplomové práce: prof. Ing. Vojtěch Koráb, Dr., MBA

Termín odevzdání diplomové práce je stanoven časovým plánem akademického roku 2010/2011.

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ABSTRACT

This thesis discusses the creation of new activities of existing family-owned company and preparation of the business plan necessary for determining whether it is economically beneficial to start to offer managing and maintenance of real estate. This work also carries out the necessary analyses and provides suggestions in form of marketing mix, organizational and financial plan. On the basis of projected financial statements it evaluates the profitability of the project.

ABSTRAKT

Tato diplomová práce pojednává o vytvoření nové činnosti existujícího rodinného podniku a nutného podnikatelského záměru s cílem zjistit, zda je ekonomicky výhodné začít s činností správy a údržby nemovitostí. Tato práce dále provádí potřebné analýzy a poskytuje návrhy ve formě marketingového mixu, organizačního a finančního plánu. Na základě předpokládaných finančních výkazů hodnotí výhodnost projektu.

KEY WORDS

Business plan, constructing, real estate, property management, family owned company, business strategy, business intent.

KLÍČOVÁ SLOVA

Podnikatelský plán, stavebnictví, nemovitosti, správa a údržba nemovitostí, rodinný podnik, podnikatelská strategie, podnikatelský záměr.

BIBLIOGRAPHIC REFERENCE

SUŠIL, Z. *Development of services in family-owned company*. Brno: Vysoké učení technické v Brně, Fakulta podnikatelská, 2011. 92 s. Vedoucí diplomové práce prof. Ing. Vojtěch Koráb, Dr., MBA.

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I declare that this master's thesis is original and has been written independently. I also declare that the list of references is complete and that I did not breach of copyright in the sense of Act No.121/200 Coll. on Copyright Law and Rights Related to Copyright and on the Amendment of Certain Legislative Acts.

In Brno, 27. August 2011

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Bc. Zbyněk Sušil

ACKNOWLEDGEMENT

I would like to thank my supervisor prof. Ing. Vojtěch Koráb, Dr., MBA. for his professional guidance and technical support he gave me during the compilation of this thesis.

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INTRODUCTION

To become independent, not dependent on employer, to be master of myself, lack of job offers in region or revealed market niche, these are probably the most common reasons, why some people choose to be in business. However, not all of them realize the huge risk they have to face. Everything is dependent on man themselves and they have no guarantee to have regular monthly paid wage. Regardless, some people abandon this certainty and start their own business. In the Czech Republic majorities believe that the term “entrepreneur” evokes prejudice of somebody who is financially and materially secured and does not miss anything. For someone it is hard to realize what a commitment it is to be responsible for itself and employees that are vital dependent and how difficult is to foresee and plan for several months, sometimes even years in advance. Sometimes just a good idea or revealing of the market niche is enough. However, it is usually not so simple. Hard work, ability to make decisions and planning at the right moment are always necessary for the success of the project.

Until recent time there was no public company managing property with exception the company Panorama that managed only real estate owning by an associations of owners. In 1997 the company Regio UB, s.r.o. was founded by privatization of state enterprise PBH (abr. of Podnik bytového hospodářství). From that year no specialized company have appeared near Uherský Brod. The only competitors to the aforementioned companies have become real estate agencies that don't really push to enter the market due to their other activities. This privileged position of these companies causes unreliability, expensiveness and inflexibility to meet the customers' needs. Complaints of the major investors and property owners confirm the convenience of this thesis.

First part of this thesis mentions the theoretical background needed for the understanding of the legal aspects of doing business in Czech Republic. Then the key definitions are highlighted followed by the section providing information about a family-owned company, plus and cons and finally its importance. Subsequently, the pitfalls of establishment of a new LLC and forms of business support are mentioned together with the life-cycle of a family-owned company. Later the information necessary for developing of the structure of business plan are given. This part also

includes the description of analytical tools used in this paper – PEST analysis, Porter’s five forces model and SWOT analysis.

Secondly, analytical part starts with the company introduction and description of its products. Then the new company intent is chosen and described. To be able to propose correct proposition the primary research, macro and micro environmental analysis have to be conducted with usage of theoretical frameworks mentioned in previous paragraph.

Following section includes decision of a business legal form and business strategy emerging from the SWOT analysis. After that the marketing mix, options of the business support and extract of the business plan are stated including organizational and financial plan.

Last part of this dissertation concludes the results of the analysis and proposed characteristics of this new strategic business unit (hereinafter NSBU) and answers the questions tasked in this chapter.

1 PROBLEM SPECIFICATION AND OBJECTIVES

This chapter clarifies the purpose why this work is developed then set the objectives that are further commented and evaluated in conclusion of the dissertation paper. Afterward, the methodologies used for the development of the business intent and business plan are described.

1.1 Thesis purpose

The purpose of this work is to extend the portfolio of the services of the company IS Projekt, s.r.o. and thereby increase the profit of the company. By the preparation of the business plan the author would like to find his future interest or help family to be not only financially successful.

1.2 Diploma thesis objectives

The main objective of this dissertation thesis is to find appropriate business activity. Another important objective is to prepare the business plan and answer the feasibility question of the offered service or product.

When considering all the aspects other supplementary goals revealed. Firstly, to collect enough quality data, analyze them, deduce, propose and evaluate the results of analyses. When appropriate service is chosen, the right business form has to be decided together with determining whether to established brand new company or extend the current one. Last but not least, the feasibility and business plan have to be evaluated.

1.3 Methodology

For development of this paper it is necessary to gather enough data to be able to conduct primary and secondary researches. Firstly the secondary research uses the adequate frameworks such as PEST analysis and Porter's five forces model for macro-environmental analysis and estimation of the market with future trends for micro-environmental analysis. The findings from the secondary data research are summarized in SWOT framework that suggests the business strategy for future.

Secondly, the primary research of qualitative data is made by using standardized interview. This interview is pretested on small sample, and then the final adjustments are done. After the interpretation the results are utilized in proposal part.

The problem of the project's feasibility is determined throughout forecasted accounting statements for the following 5 years (Cash Budget, Profit and Loss Account and Balance Sheet).

2 THEORETICAL APPROACH

Before the diploma thesis starts to analyze a current situation and gives the advices for the future development, it is necessary to clarify basic definitions and inspire from the reputable literature. Theoretical section identifies the appropriated definitions, highlights the legal aspects of doing business in Czech Republic, dedicates to family-owned company and its strengths and weaknesses and mentions the pitfalls of business startup and options of the business support. It further subscribes the particular sections of the business plan followed by clarification of used analyzing frameworks (PEST, Porter's five forces and SWOT).

2.1 Business and company definition

The basic legal regulations setting out the rules for doing business is the Commercial Code, which in a simplified way states that business/entrepreneurship is a systematic activity conducted independently by an entrepreneur on his own name and responsibility in order to make profit. For the purpose of this work it is possible to assume a company as an aggregate of tangible and intangible assets [53].

2.2 Legal framework for doing business in Czech Republic

To be able to speak about Czech business law it is essential to define all the legal forms of doing business in Czech Republic.

Sole traders

Sole trader is a person, who conducts business under a trade license, or other special regulations. Sole trader is liable for their obligations with all their assets but profit is not divided.

General Commercial Partnership

This company has to be established by at least two persons. Issued capital is not compulsorily determined. Persons are liable for their obligations with all their assets together.

Limited Partnership

Foundation of this company has to be made by two or more partners. There are two possibilities of partnership, limited or general partner. Issued capital is inserted only by limited partners in a minimum amount of 5 000 CZK. This company is lead by the general partners.

Limited Liability Company (hereinafter LLC)

Limited Liability Company or just Limited Company (Ltd) can be set by at least one natural or corporate person. Minimum issued capital is 200 000 CZK. The deposit of each partner is at minimally 5000 CZK. The company is liable for its obligations with its all assets but shareholder only up to the amount of unpaid contribution. The highest authority is the General Meeting and statutory body is an executive or more of them.

Joint Stock Company (hereinafter JSC)

JSC can be founded by only one corporate body or more founders. Issued capital corresponds to a certain number of shares with the nominal value. Minimum IC in Joint Stock Company with public offering of shares is 20 000 000 CZK or 2 000 000 CZK in JSC without public offering of shares. The liability is the same as for Limited Liability Company.

Cooperative

Cooperative can be founded by minimally 5 natural bodies or 2 commercial persons. It is an association of non-restricted number of people for the purpose of business or securing economic, social or other needs of its members. Minimum issued capital is 50 000 CZK. Cooperative guarantees with all its assets, members are not liable for the obligations of the cooperative. [53][18]

2.3 Family-owned company definition

This work speaks about family-owned company IS Projekt, s.r.o. For clarification, it is important to define what exactly is meant by the term family-owned company. According Koráb, et al. (2008), there is no uniform definition of family-owned (hereinafter FO) company. Different authors from different countries formulate their own definitions. Respected Swiss and Austrian authors Goehler and Vogler use many criteria for the defining of this term, such as ownership (percentage of business that family owns), number of generations / family members working in the company, company size, family's strategic management influence rate or an intention to maintain the family business for the next generation. For the purpose of this thesis the wide definition from Shanker and Astrachan can be accepted. That is: *“In the family-owned company the family has the strategic impact on the future orientation of the company (not necessary majority of shares) and there is an intention to keep the family in business”* [11, p. 20].

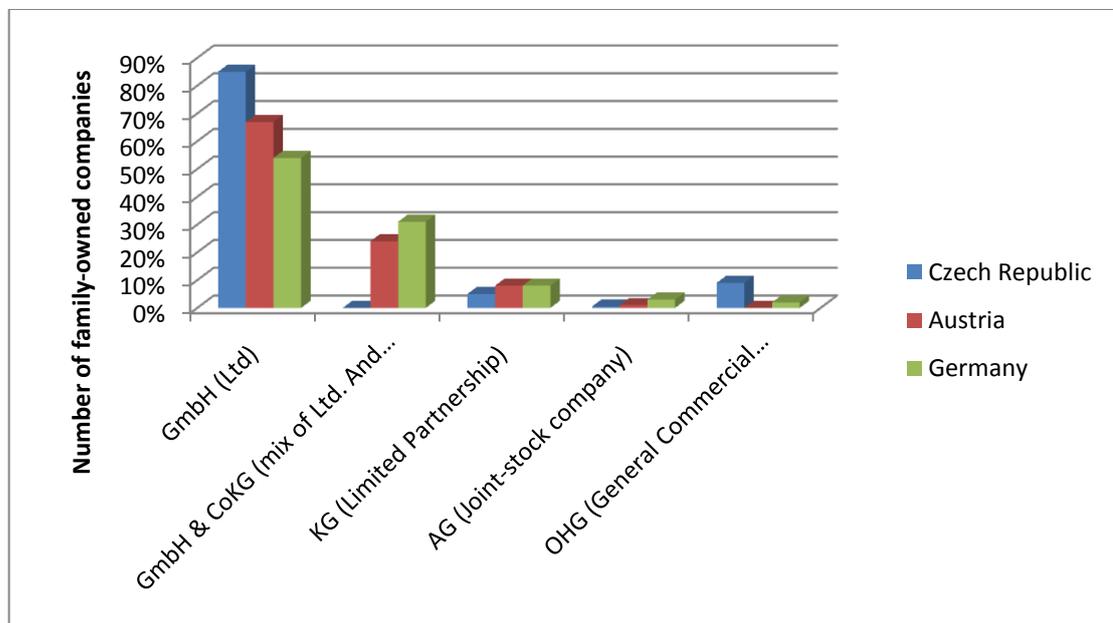
2.4 Importance of family-owned business

Family-owned companies often signify an engine of the European economies. Cappuyns et al., (2003) state that these companies form 85% of all registered businesses within the EU. In the U.S. even more than 95%. It follows that in developed market-oriented economies family-owned business represents a substantial economic force. It significantly contributes to GDP and employment. The proportion of family firms in total number of registered players, creation of GDP and employment in the country are shown in appendix 1. In the Czech Republic there is no official statistics of FO companies. However, authors estimate that 30% of all enterprises have the family character. Kenyon-Rouvinez, et al. (2005) state that FO businesses represent 50 to 90 percent of the Gross Domestic Product in all free market economies. [11][14]

2.5 Predominating legal form

The result of comparison of foreign studies shows that the most common start up business form is a sole trader. Later on there is a usual transformation into corporate body. According Leyherr (1999), mentioned in Koráb, et al. (2008), the predominant family-owned framework of doing business in Czech Republic, Austria and Germany is GmbH (Gesellschaft mit beschränkter Haftung) that is analogy of Limited Liability Company. Koráb, et al. (2008) state that the percentage is 85% of all Czech family-owned companies. Other forms are shown in the following graph.

Graph 1: Comparison of legal forms of family-owned companies in CZ, AUS and GER



Source: Koráb, et al., (2008, p. 41).

2.6 Strengths and weaknesses of family-owned company

The benefits that are specific for every family-owned business arise from the overlap and interaction of three different systems – family, business and ownership. If such a company can take benefit of this potential, it obtains a competitive advantage compared to companies that are not owned by family. However, Koráb, et al. (2008) refer to the research of Tagiuri and Davis (1996) that confirms that specific advantages can become disadvantages and vice versa (See appendix 2). It depends only on a specific company.

2.6.1 Strengths

The strengths of family-owned company are:

Mutual agreement between individuals

Trough this agreement, there are created respected authority and common interests among family members and owners of the company. This unity is achieved by the ability to transfer system of family values in the work environment.

Involvement

This strength means that all the stakeholders seek to achieve a common benefit including personal sacrifices. The family feels the greater responsibility and loyalty to the company. Furthermore, there are usually strong identification with the firm and loyal and fair treatment of employees.

Knowledge

Another advantage of the family-owned company can be knowledge of a special technology or business know-how. Moreover, if the company shares its know-how between the family members it significantly reduces the risk of abuse and disclosure.

Flexibility in work, time and money

The family members are able to devote all their time to successfully develop the company. They usually even submit their personal financial needs, especially if there is

opportunity to invest. This flexibility represents a significant advantage in terms of competitiveness. Family-owned company is able to quickly and easily adapt to changes because it doesn't suffer from a variety of hierarchical and bureaucratic rigidity. This leads to faster decision making process and easier integration of new technologies.

Long-term plan

Long-term plans allow reducing a risk and help to handle unforeseen circumstances. Family businesses usually have a long-term vision of its business goals. These intents of FO companies tend to be more efficient. Such companies seek to ensure the profitability of their projects and investments. Long-term plan is also the reason for the greater willingness to invest.

Stable culture

The overall culture of the FO business is usually stable. Executives typically hold their positions for a long time. This fact means better working conditions.

Decisions acceptance

In such a company the speed of decision-making process is higher. This is due to clearly defined individual responsibilities.

Local markets' proximity

The FO companies are more flexible in capturing trends in consumption and make decisions according to them. It follows the possibility to better adapt to the needs of customers.

Pride and confidence

Fixed principles and engagement of members within a family business are expressed to customers. They are treated with greater attention and higher level of service. This fact is an effective tool for marketing.

Efficiency

Compared with other types of business FO companies have higher efficiency and profitability (especially in the tertiary sector) which is determined by the intensity of capital per employee.

Productivity

The higher productivity is achieved by two reasons: smaller divergence of goals and effective way of spending resources to ensure maximum return.

Creators of jobs

These companies usually show greater ability to create new jobs. This is probably related to their high sense of social responsibility.

Quality orientation

Continuous monitoring of the quality is one of the basic principles of FO company. The diligence and identification with the products are required.

Socially responsible behavior

FO companies are economical drivers of regional progress. They invest in the development of the local community, sponsor local civil activities, tend to ecological behavior, care well of their employees, etc. [11]

2.6.2 Weaknesses of family-owned company

Weaknesses of the FO business can be divided into internal and external.

Internal weaknesses include emotional and corporate pressures. Koráb et, al. (2008) mention that the most significant internal weaknesses can be enmity between parents and children, rivalry between siblings and marginally some others. Corporate pressures are linked with the process of planning, changes in organizational structure, inappropriate management and controlling process.

External weaknesses or pressures are the matters that the company doesn't have a direct control. These pressures negatively affect its competitive position. Among the main possible weaknesses can be included a public opinion, attitude of financial institutions and state tax issues. [11][12]

2.7 Setting up a new LLC

In order to function, every Czech company must obtain a commercial license through the Companies Registrar. However before the company is eligible for registration the founders must adopt a company charter for JSC, or a document proving the association for LLC, functioning as a guideline for the structure, role, capital and purpose of their activities (other forms of doing business are not important for the purpose of this work). These documents have to include founder's names, addresses, occupation within the company and amount or value of their contributions. The trade name of the company has to be unique and confirmed by a certificate. The next step includes opening of bank account with the notarize confirmation, along with the clean criminal record and an affidavit from the company managers. Following that the founder or founders must apply for registration at the Business Registry of the Regional Commercial Court. If the founders present all the necessities the company is incorporated. From this time the founders have 15 days to register for taxes in the Czech Republic (income tax, withholding tax, payroll tax and VAT). In conformity with the Czech law every registered company must be also registered for social security and health insurance. The deadline is 8 days after the first employee is hired. If nothing unexpected happens, the new company can be established within 17 days. [24][25][18]

2.8 Business support

Business support for small and medium enterprises can be divided into six groups according to their purpose and resort destination: ministerial programs, grants, incubators, innovation centers, Czech invest and finally bank programs.

Before we start to characterize the support of small and medium enterprises it is necessary to precisely define the characteristics of these businesses. Ministry of Industry and Trade identifies with the Support program of small and medium enterprises (for term 2007-2013) small and medium enterprises as follows:

- An entrepreneur is considered to be a **micro, small and medium enterprise** (SME) if: a) employs less than 250 employees; b) the assets/property does not exceed 43 million EUR or the turnover/income is not more than 50 million EUR.
- An entrepreneur is considered to be a **small business** if: a) employs less than 50 employees; b) its assets/property or turnover/income does not exceed 10 million EUR.
- An entrepreneur is considered to be a **micro business** if: a) employs less than 10 employees and b) its assets/property or turnover/income does not exceed 2 million EUR. [50]

2.8.1 Program of the Ministry of Industry and Trade

Operational program Business and Innovations 2007-2013 is the fundamental framework for providing support to Czech enterprises from EU structural funds. It is based on the Lisbon strategy, which focuses on increasing economic growth and employment in respect of the conditions for sustainable development.

National business support programs for small and medium-sized enterprises respond to current development needs of small and medium enterprises in Czech Republic. These programs support small and medium entrepreneurs by the form of guarantees for bank loans and interest free loans for start-ups in the capital city of Prague as well as allowances and subsidies for businesses throughout the Czech Republic. The programs are as follows: Market, Certification, Design, Alliance and Research. [23]

Ministry of Regional Development

Regional programs of the Ministry of Regional Development are primarily focused on establishing the conditions for new jobs creation, infrastructure support of small and medium enterprises and increase tourism in economically weak regions. For example: Supporting the development of economically weak and structural affected regions, Support for Rural Renewal, Supporting the development of northwest Bohemia and Moravia-Silesia region, etc. [42]

Ministry of Agriculture

Two the most important programs of the Ministry of Agriculture include the program of Rural and multifunctional agriculture Development and Rural Development Program of Czech Republic. The proposed measures generally include promotion of agricultural enterprises and their activities. [43]

Ministry of Transport and Communications

The Ministry has prepared a basic document of business support for small and medium enterprises the Operating program of infrastructure. The global objective of this program is to protect and improve the environment and the development and improvement of transport infrastructure while respecting the principles of sustainable development with emphasis on meeting the standards of the European Community. [43]

2.8.2 Other forms of support

Business Innovation Centers

In the Czech Republic there is network of 5 Business Innovation Centers (hereinafter BIC) that also ensure the function of the European network of local consulting companies, the BC-Net (Business Cooperation Network). This network of local institutions provides complex range of services focusing on innovation in industry and services. Through this network, the entrepreneur may obtain information about the companies that they could cooperate with. BIC also provides consulting services and information for SMEs (e.g. searching of business premises on favorable pricing terms). BIC often provides support for start-ups through business incubators (that are mentioned above) organize training for entrepreneurs, support implementation of business plans and helps to create conditions for companies' prosperity.

Business Incubators

This is an environment (building or small area) for startups that can, according predetermined conditions, benefit from a preferential rent and services provided by the operator of the incubator. The companies that are mostly being helped have a good idea and lack of funds for its implementation. Rental prices and related services are funded from state aid programs for SMEs. Business incubators often provide the following services: advantageous rental prices, discounted consulting services, lectures for entrepreneurs, training, access to information database, etc. [51]

Support from the trade agency Czech Trade

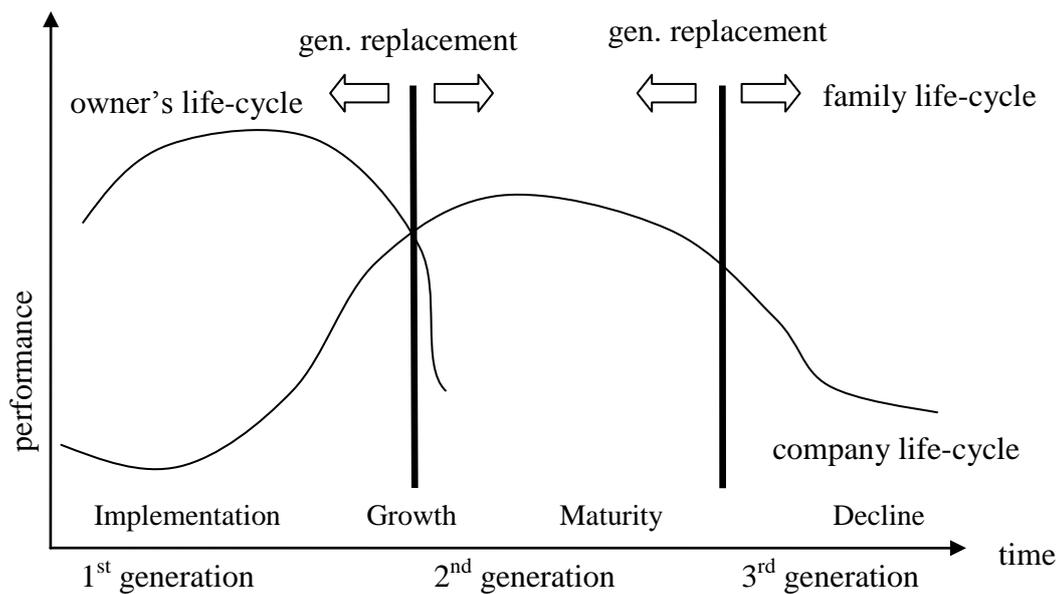
This agency was established by the Ministry of Industry and Trade. Its mission is to promote export and increase competitiveness of Czech companies and entrepreneurs abroad. This organization provides services that can be divided into three basic groups: export counseling, individual support abroad and export training. [35]

2.9 Life-cycle of a family-owned company

The generational replacement in family-owned company is the phenomenon investigated by many foreign authors: Goehler, Gersick and Rosenbauer. Based on the research Rosenbauer (1994) formed life-cycle model. This model is based on the different stages of the marketing product life-cycle (implementation, growth, maturity and decline stage). [7]

The implementation stage is usually the most critical. In this phase entrepreneurs may fail to meet their business goals resulting in the closure of the company. At this stage it is usually not possible to determine if the company is family-owned or not. If an entrepreneur discovers a new market potential and uses it to fulfill the business plan the company develops and the phase of business growth begins. At the end of the implementation phase there is usually time of the first investment.

Image 1: Rosenbauer's life-cycle model



Adapted from Koráb, et al. (2008, p. 25).

The growth stage is connected with costs downsizing and company starts to create values. However, prosperity of the company can attract competitors and company has to struggle with them. The founder of the company deals with the increasing number of customers. This leads to hiring new staff, problem of organization structure and managing structure. At the same time the information system has to be developed to

allow information access in stage of growth. As shown in figure 2, this phase is attended with the first generation replacement.

Another critical period is maturity, when the company is already managed by second generation. The firm begins to stagnate and loses its competitive advantage. Its growth opportunities are limited. Therefore, it is necessary to deal with such an unfavorable situation. Koráb, et al. (2008) point out three possible solutions. The first one is costs leadership (Kostenführerschaft) throughout the whole market. Secondly, the company can apply the strategy of differentiation. This strategy may attract new customers and thus evoke the growth again. Third outlined solution is specialization or focusing on specific areas. This strategy can be understood as finding and exploiting of niche. This solution is usually effective in cases when company has to deal with the stronger competitor. The big companies are not interested in small segments of market with smaller capacity. To sum it up, in the period of maturity the company has to find and develop its major vision to survive. At the end of this stage there is usually the next generation replacement (See figure 1). [7][11][22]

2.10 Business plan

A business plan is a document describing the basic meaning of company's existence, long term goals and the way how to achieve them. Its task is to clarify business objectives, competition and the need for funds. It also allows you to compare plans with reality and identify if they differ how and why. Press spokesman of the Ministry of Industry and Trade Bartovský says: *“Developing a business plan is important because it helps emerging entrepreneurs to orient in conditions of business start up and to present their aims when dealing with banks and other institutions in order to apply for loan or public support.”* Koráb, et al. (2007), Veber and Srpová (2005) add that business plan can be developed for the internal purpose. Regard to conception of this work it can be summarized that business plan can be crucial tool for the owners when they want the company to expand (among other purposes). [52][9]

There is no exact prescription of emendation or what should business plan contain. *“The business plan is not regulated or even mentioned in the Trade Licensing Act or the Commercial Code. In legal terms, development of the business plan is not a prerequisite for the company establishment”* confirms Dolezelová from the Trade Licensing Office in Brno. [52] It follows that entrepreneurs can handle it according their wishes. However, many authors agree that a well-worked out plans include the following structure:

Cover page and table of content

The cover page should be kept as simple as possible and should include the business name and the purpose of your report, complete address (phone, fax, e-mail), contact person, the date that the plan was completed and picture or graphic which displays the product or service.

Executive summary

This chapter is usually written after the whole business plan development. The purpose of this chapter is to stimulate investors’ interest. Investors usually read this part first and then decide whether read the whole business plan or not. Executive summary is an extract that highlights the most important aspects – main idea of business plan, strengths, expectations, the resources required to start business and brief tables from financial plan. It should be two or three pages.

Market analysis

This section must convince the reader that author understands the market and is able to identify the main competitors with their strengths and weaknesses and deal with the problems resulting from market constrains. Furthermore, it is necessary to analyze the possible future trends based on historical development. The forecasts issued within the industry or by government should be introduced. Finally, the target group should be identified based on customers’ analysis.

Company profile

In this part a general description of the “new” company and the environment which the company will be operating. It should include products or services, placement and extent of the company, personnel overview / organizational and functional structure, all office and other equipment and entrepreneur’s grounding (knowledge, prior experience or references).

Operational plan

Operational plan highlights the whole production process. In case of non-manufacturing company this part is entitled as a commercial plan. It includes information about purchasing and selling of goods and services, warehousing etc. The services-offering company describes the process of service delivery, outsourcer linkages and evaluation of chosen partners. Generally, this plan should describe how the business functions and how it provides good customer service.

Marketing plan

This chapter explains the distribution, appraisal and promotion of the products or services. It also includes estimates of the production volume and therefore derived profitability of the company. Marketing plan is often considered the most important part of ensuring success.

Organizational plan

Organizational plan describes the ownership of the new company. It is often recommended to give more details about management and ownership shares. In this section the key employees are listed with their education and experience. Working hierarchy is shown in the organizational structure.

Risk evaluation

There is a need to describe the greatest risks that may result from the competitors’ reaction, weaknesses of marketing, production, management team or technological development. These threats should be analyzed and alternative strategies proposed.

Financial plan

This plan identifies the necessity of investment and economical feasibility of the whole business plan. Financial plan can be divided into the three most important parts:

- The assumption of the incomes and expenses for at least 3 years. It includes the expected revenues and calculated costs.
- Development of cash-flow in following three years.
- Estimated balance sheet.

Appendices

The business plan can contain informative materials that are included in text (correspondence with suppliers, customers, information from primary research, records from Commercial Register, images, etc.). These are appendices. However, there should be a reference between appendix and text. [10][48]

2.11 Strategical analysis

Preparation of a business plan is based on results of the analysis. For clarity, the whole analysis can be divided into examination of internal and external conditions. It is recommended to use structured analytical tools (SLEPT, SWOT, Porter's 5 forces, etc.).

2.11.1 PEST analysis

Or sometimes SLEPT analysis is the tool of the external or macro analysis which is often used to determine and examine external factors. The title of this framework corresponds with the first letters of the individual areas:

Political and legislative area

- Stability of the municipal government institutions, political trends and attitudes to entrepreneurship, laws, their applicability and interpretability, court work including registrations courts, etc.

Economical area

- Macro-economical indicators and assumptions, direct and indirect taxes, market trends, restrictions, state support, etc.

Social area

- Labor market, demographic indicators, the influence of trade unions, degree of corruption, local customs, etc.,

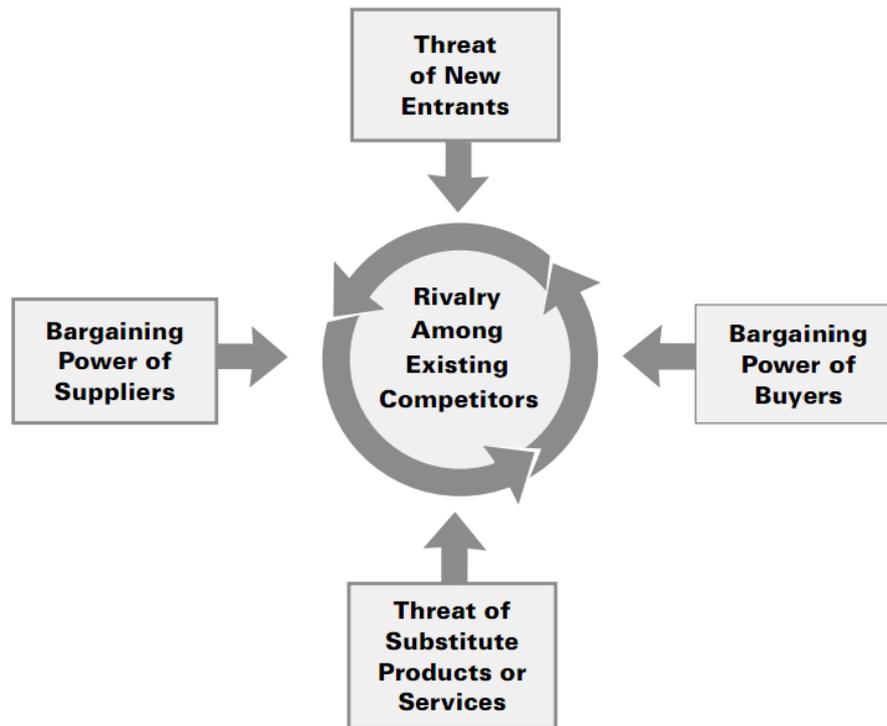
Technological area

- Technological trends, support technologies, their application and availability, etc. [10][17]

2.11.2 Porter's 5 forces

American industrial economist Porter created a theory that attempts to explain behavior through the development of a competitive market situation. Porter's model explains how behavior affects business profitability and market activity. With increasing competition, the company becomes less profitable, and vice versa. With decreasing one, profitability grows. Porter understands every development that affects company's profitability as the competition factor. American economist identifies five competitive forces (See image 2).

Image 2: The five forces That Shape Industry Competition



Source: Porter (2006).

2.11.2.1 Competitive rivalry

is competition between companies that operate in the same market sector. Its range is influenced the following factors:

- **Degree of concentration** refers to the number or market share of manufacturers, in this case, companies that offer the same service. The greater the degree of concentration, the sharper competition. The actions of one manufacturer will cause immediate reaction in the competition. In such a situation firms conclude agreements to prevent unwanted competition.
- **Product differentiation.** Competition is higher if products are less differentiated in quality, shape or features. This fact often leads to a preference of a particular brand.

- **Change of the market size.** Increase of the market quickly weakens competition. On the other hand, stabilization of the market causes an excess of production and therefore more intense competition.
- **Cost structure.** High suppliers' fixed-costs in a shrinking market mean competition in product price.
- **Increasing production capacity.** If the market grows slower than production capacity, there is a fierce competition.
- **Withdraw barrier.** If it is difficult for supplier to get out of a shrinking market (due to penalty sealed contractual obligations), competition increases.

2.11.2.2 Threat of new entrants

The possibility of entering new competitors increases with growing profitability and accessibility of this segment. In such a situation, there are two barriers restricting entry into the market:

- **Strategic barrier** – current manufacturers do everything to make their market unattractive for newcomers. They can maintain their spare capacity which will be used immediately to start a price war. They wait with the development of new advanced technologies until newcomers enter. Manufacturers can keep prices and profits so low to make market not interesting for a third party.
- **Structural barriers.** Market investments which are necessary for competitor to establish and become known. Production capacity required for reasonable cost price. Lack of experience and access to distribution channels.

2.11.2.3 Threat of substitute

Substitution (products that can functionally replace each other) is always a threat for existing suppliers which is enhanced when relative relationship of quality and price of substitute products is better, customers are more flexible, customers do not have to invest much to abandon the products for substitute.

2.11.2.4 Bargaining power of buyers

Companies that are part of the production chain add their activities to a specific value of the product. Customers perceive this value in connection with purchase price as a ratio of the values and spent resources. At various suppliers it can be perceived differently. Because of this fact there is a selection and potential change of existing relationships. The relative power of customers depends on the following five factors:

- **Number of customers.** Customers have more influence if they are less in particular market.
- **Degree of concentration.** If a small number of customers buy a relatively large proportion of total production, their negotiating position on price and terms of delivery is better. This is called a high degree of concentration.
- **Danger of reverse integration** in the industrial chain caused by customers often leads to the fact that the price and profitability of middle-producer decreases.
- **Degree of product differentiation.** A customer who is very dependent on the specific product (the product is manufactured according specific requirements) has little power to negotiate.
- **Sensitivity to product quality.** If the quality of product (part) is important for customer, the supplier has a great power. If not, the customer has more bargaining power and competition between different suppliers increases.

2.11.2.5 Bargaining power of suppliers

The same conditions apply both to customers and to suppliers. Their power increases when:

- the degree of concentration increases,
- forward integration becomes easier,
- they offer unique (differentiated) products,
- they offer crucial for the final product,
- they implement the measures that force customers to invest in order to change supplier.

However, customers can integrate measures or create purchasing cooperatives to face too much power held by suppliers. [1][2]

2.11.3 SWOT

Adapted to this work, this analytical framework, firstly, provides information about strengths and weaknesses of the considered company. And secondly, about opportunities and threats that mentioned company will face. Strengths and weaknesses are essentially internal factors that are more or less suggestible. Opportunities and threats are external impacts that cannot be directly influenced. Individual points are recorded in a transparent diagram from which it is possible to deduce the strategies. The combination of key potential opportunities and threats with the expected strengths and weaknesses concludes four different situations that may become guidance for a strategic option choosing. [10][4]

Image 3: Diagram of SWOT analysis



Source: Sedláčková (2000).

In the first, the most favorable quadrant, a company has several opportunities and offers a number of strengths. The result of this fact should be aggressive strategy called “max – max” strategy, the target of the most companies. In the second quadrant are the strengths followed by adversity surroundings. This diversification strategy (“min – max”) assumes that the maximization of the strengths conflicts with the threats and reduce them. This strategy is usually applied by small and medium enterprises that are not allowed to access market due to limited financial resources. The companies usually develop additional service that is not offered by their competition (e.g. delivery, non-stop service, etc.). The third sector represents the “max – min” strategy which uses its market opportunities to eliminate the weaknesses. It is usually called the turnaround strategy. The fourth quadrant is the least favorable and represents strategy “min – min” that is focused on the suppression of the threats and minimization of the weaknesses. It means compromises concluding and abandonment of positions. This strategy is known as a defensive strategy. [17]

The aim of a SWOT analysis is to reveal competitive advantages, prepare for problems. Although this tool is so popular some authors accuse it limited for its inefficiency, subjectivity or inadequate interpretation. [5]

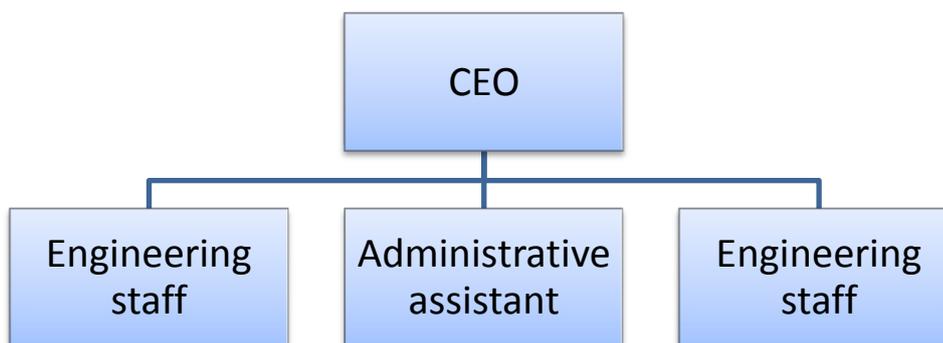
3 ANALYTICAL PART

Analytical part consists of a company introduction and competitors' analysis that helps to decide which new service the firm should adopt and which not, followed by macro and micro environment analysis. After that the primary research is conducted and, finally, the whole analytical part is summarized in SWOT analysis and business strategy is revealed.

3.1 Company characteristics

The company IS Projekt, s.r.o. is a current producer of managerial, technical, economical and engineering services that comprehensively support planning, designing, organizing, controlling and managing of business activities in the field of constructing and public contracts. The owner and founder of the company is Ing. Ivana Sušilová. The company is located in town Uherský Brod and operates mainly in Zlín Region. The company is involved in the construction or reconstruction of the private and public buildings and properties. However, the company accepts any contracts relating to constructing industry (e.g. turnkey projects). Organizational structure is shown in figure 1.

Figure 1: Existing organizational structure of company IS Projekt, s.r.o.



Source: Internal data of the company IS Projekt, s.r.o.

The current organizational structure consists of two technical staff, one administrative assistant and the owner (managing director and engineering staff at the same time). From the discussion with staff revealed that this structure is unsuitable for the proposed activity. Only one of the employees would be willing to engage in activities associated with real estate management.

The company IS Projekt, s.r.o. is held by the first generation, therefore, only two phases can be considered (according chapter 2.9) – implementation and growth. Since the generation replacement is not planned and investment opportunities are considered the company is at the end of the implementation stage. Thus, according image 1 the economic growth can be expected.

Also for this reason the proposed service should be offered within the existing company. Another reason is relief from the problems related to the new company founding, mentioned in chapter 2.7. And last but not least is the fact that it is a family owned business which provides a competitive advantage to this startup business unit. Advantages but also disadvantages of this connection are shown in chapter 2.6.

3.1.1 Products of company IS Projekt, s.r.o.

Even if the company is now offering “comprehensive services in construction” the most often realized services can be distinguished as follows:

- Preparation of investment plans,
- Selection process of private and public contracts,
- Engineering activities (authorial, technical and construction supervision),
- Project management,
- Health and safety coordinator, etc.

Through the long-lasting performance the company has built a good reputation and market position. A byproduct of this business is a large number of valuable contacts. Most of the satisfied customers are private investors of regional significance. Almost all of them already own or plan to build specific immovable estate. These assets are necessary to be managed. Therefore the importance of proposed service is obvious. However, this fact has to be supported by primary research (See chapter 3.6).

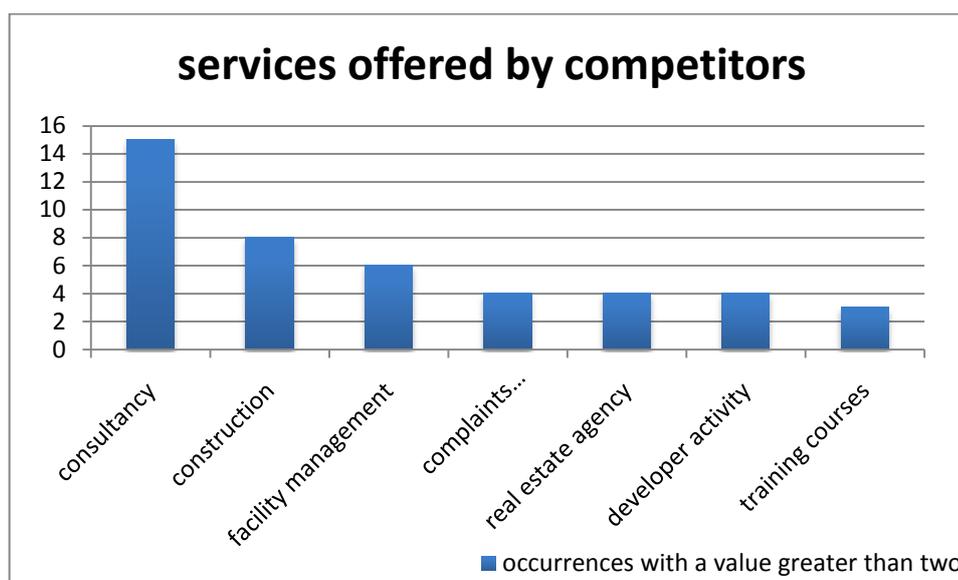
3.2 New product selection

As Veber and Srpová (2005, p. 64) state: “*At the beginning of every business there should be a good idea.*” If a man is out of ideas, he or she can help themselves by watching the competitors or finding a market niche. This thesis is inspired by the firstly mentioned method. Therefore, the current competitors are enlisted in appendix 3 and analyzed. The examined sample is chosen by online catalogues, registers and browsers (Firmy.cz, Katalogfirem.cz, Firmy-sluzby.info, google.com, seznam.cz, etc.). Due to quantity of data there are limitations primarily for the Zlín Region and the main countrywide competitors. The first limitation is related to the operation only in the particular market and the second one is included because of an expected wider portfolio of services.

The first searched phrase is “construction supervision” (38 units). The second phrase is “health and safety coordinator” with 14 responds. Then “selection process” in constructing with 6, “preparation and construction management” with 23 and, finally, “public contracts” with 7 records. The results have to be reduced to only 97 companies or sole traders. Some of them appear in more than one category. However, the duplicity is removed during further analysis.

Another step in the analysis is to explore the internet presentations of individual entities. The result of cataloging activity is the list that contains more than 30 records. For clarity, the individual activities with the occurrence of more than 2 are shown in graph 2.

Graph 2: Analysis of competitors' services



Source: Competitor's web pages (See appendix 3).

3.2.1 Why property management

From the graph 2 it is evident that the most of the competitors offers consultancy (in constructing and real estate). After the consultation with the owner of the company this service was rejected due to lack of profitability. The company IS Projekt, s.r.o. is willing to give advices to the strategic partners and investors but according Sušilová: "It is not cost-effective to solve the neighborhood problems." That is way this is not included in web presentation. Second the most frequent activity is construction. The consultation highlights the new motto of the company which is "comprehensive services in construction". In addition, the owner of the company argued that much better for the company is to deal with such orders by outsourcing. Therefore, this activity is not an option. Third service is facility or property management. From the consultation with the owner and her husband it follows that this service could perfectly correspond with existing intentions and direction of the company. And the last considered option was developer activity. According the owner, the company IS Projekt has started with the preparation of investment projects. However, due to strategic reasons these intentions are not open to public. Thus, this activity doesn't have to be considered.

3.3 Macro-environmental Analysis

Macro-environmental analysis targets the company's general environment. The objective is to draw up conclusions how the current macro-environment influences the company and how the company can benefit from the opportunities arising from the external environment.

3.3.1 PEST analysis

The results of this analysis are shown in figure 2.

3.3.1.1 Political and legislative factors

The main political factor which can influence development of the company is EU membership. Through the process of unification and standardization of European laws, the Czech Republic is pressured to adopt new codes of law. Even though the government rejects the draft of the new Civil Codes, the company should keep up to date information regarding ownership rights and responsibilities. [33][45]

Other important political factors are legislative impact and reforms started by the non-partisan government in May 2010 and followed by actual one. Regarding the business interest, the main issue is law on deregulation of rents in force from 1st January 2011 influencing bank charges. [46][40][41]

3.3.1.2 Economic

The industry, property management, is directly dependent on development of real estate market and construction industry. On the basis of macroeconomic indicators it is possible to predict future trends. The first of these indicators is GDP and the share of the constructing industry. According to the assumption that the Czech economy continues to grow (see appendix 4) it is able to expect that supply and prices on the real estate market will grow (due to investments). [47][34][19] The second indicator is the inflation. According Skalický (2009): *“For the owners of commercial estate the inflation plays an important role in estimation, prediction and planning”*. Therefore, the higher inflation means higher demand for property management. Above mentioned main macroeconomic factors are not the only ones influencing the real estate market.

There are other factors such as change in VAT rates, interest rates, price regulation, trends in housing, etc. [19][27]

The offer of new real estate on assets' market is given by the activity of the construction sector that depends on the relative price of the property in proportion to the costs. Demand is determined mostly by the number of entities who wish to own a house or flat (even as an investment). The development of real estate prices can be inferred that demand for residential and commercial property management will grow (See appendices 6-8). [19]

Another point of view is development of average wages. Sharp increase in wages could endanger the prices of services and therefore the profitability of the company. Gross nominal average wage has increased in the fourth quarter of last year by 0.9%, but adjusted for inflation, real wages fell by 1.2% (caused by government cuts). However, from the long-term view it can be predicted that nominal wages continue to rise (See appendix 9). [36]

Last but not least economic factor is national and European business support and development (see chapter 2.8).

3.3.1.3 Social

One of the upper social factors is population trend. According appendix 10, the number of people in Czech Republic is rising. Thus, it is expected that demand for housing and services will increase. Varad'ová (from Uherský Brod Municipality – population register) and Krumpholzová (2011) maintain that young people move to larger cities to seek for better job. This can be one of the threats for chosen business in Uherský Brod. Appendix 9 confirms that living standard in Czech Republic is growing and thus again verifies the increasing demand. Another social factor is unemployment rate. From appendix 11 it is evident that even if the unemployment is falling there are still enough people to hire. On the other hand, declining unemployment may lead to higher salaries required.

Interesting is comparison with the market overview (chapter 3.4.1), whether the aggregate values and trends correspond to the local ones.

3.3.1.4 Technologic

Direct dependence on technology for this kind of business is not so noticeable. Cheaper communication lead to cost saving. Another factor can be from banking sector. Faster transactions and easier access would easier the company's work. The company uses computers and other hardware. Technological development, generally, accelerates processing of data, ensures security and saves costs.

The above mentioned four macroeconomic influences are the same for all competitors; therefore, they have little effect on competitive advantage of the company.

Figure 2: PESTE Analysis overview

Political	Economic
+ change of the Civil Code + government reforms	+ activity of construction sector +supply and prices of real estate -demand for real estate -wages
Social	Technologic
+population -living standard -unemployment	-telecommunication prices -faster transaction -processing of data
+/- representation of importance, bold factors are the most important.	

Source: Own research.

The results of PEST analysis are summarized and evaluated in figure 2. The single units are sorted by its importance, +/- represent importance and bold factors are the most important. Knowledge gain from this analysis is processed by SWOT framework at the end of analytical part.

3.3.2 Porter's 5 forces

This analysis may help to evaluate the risk or potential competition threats. The chapter 3.2 analyzes competitors' environment of the company and its present services. This section focuses on the five main forces that may influence the new interest of the company – property management. Analysed objects are companies and individuals active in the constrained market of Uherský Brod.

3.3.2.1 Competitive rivalry

In Uherský Brod and surroundings the main companies managing real estate are Regio UB, s.r.o. and PANORAMA, Housing association (hereinafter Regio and Panorama). The third competitor is real estate agencies with insignificant market share. The greatest advantage of the company Regio is the only one owner town Uherský Brod who put into more than 80 million CZK (according Business Reister). Product range is more less the same with exception. Regio also manages distribution systems of heat and boiler houses in region that means the competitive advantage of the company. In this market there is expected gradual development therefore quick market changes shouldn't influence internal competition. Both the above mentioned companies state in their mandated contracts notice period of about six months which is the only one withdraw barrier. To sum up, the internal competition is due to dominant position of Regio strong.

3.3.2.2 Threat of new entrants

This industry is not investment-intensive and town-owned companies are not even being pushed toward effectiveness and profitability. The only strategic barrier is an unwritten agreement with the city for support and recommendation. However, dissatisfaction with Regio may be opportunity for new-coming company. On the other hand structural barriers present very important aspect. For business unit without experience and goodwill is very hard annex part of the market. Another point of view is size of the market. Uherský Brod is not attractive enough to invite bigger and experienced companies from neighboring towns and cities. Even if the initial investments are not very high, due to privileged position of Regio, the threat of new entrants (in particular segment) is not of the highest.

3.3.2.3 Threat of substitute

Property management practically doesn't have any substitute.

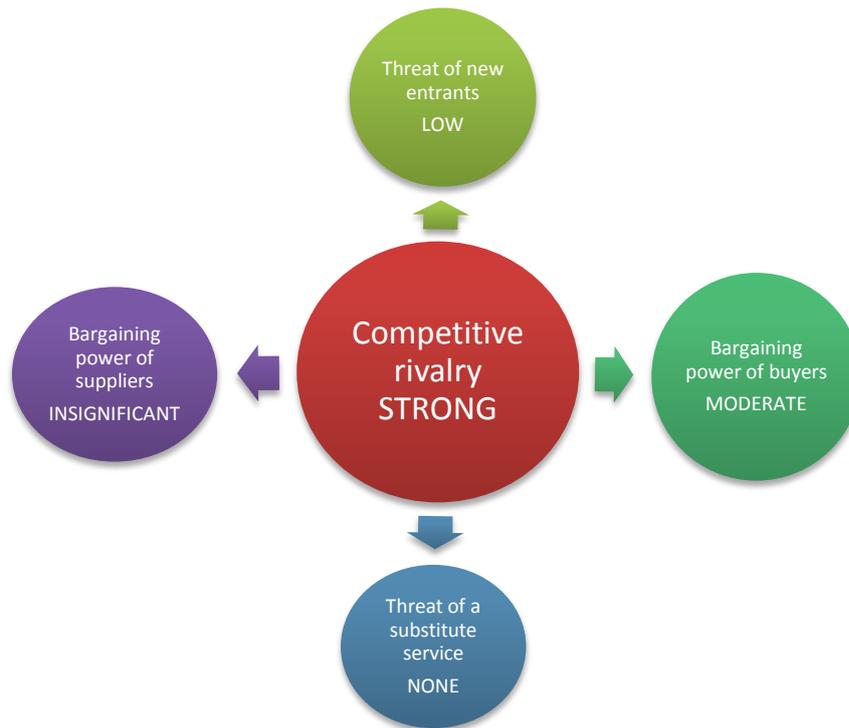
3.3.2.4 Bargaining power of buyers

Market research in chapter 3.4.1 shows that only in Uherský Brod (with its cadastres) is the number of potential customers' notable high. Decision on the degree of concentration is not clear at all. On one hand there are residents of apartments or other types of buildings who are able to conclude limited number of contracts. And on the other hand there are experienced developers who are searching for new investments. Unfortunately, the property management is very comprehensive but every supplier offers "full service". Thus, there is no product differentiation. Customers obviously expect the best service but they are not directly dependent on quality. According stated arguments the bargaining power of customers can be pronounced moderate.

3.3.2.5 Bargaining power of suppliers

There is no need for strategic partnership with suppliers, only in a limited extent, for delivery of hardware, software, office supplies and other things associated with transportation, communication and legal advices. They don't offer differentiated products, there is a high concentration of them and they don't force customers to invest in order to change supplier. By and large, bargaining power of suppliers is insignificant.

Figure 3: Results of Porter's 5 forces analysis



Source: Own research of property management industry.

Figure 3 describes the results of the analysis of competitors' environment. Individual forces are rated by words from none to strong. The competitive rivalry was identified as the most important. The result of this analysis is also processed in SWOT analysis at the end of analytical part.

3.4 Micro-environmental Analysis

In micro-environmental analysis belong market overview and description of future trends. This analysis may help to select the target customers and consequently to predict future revenues and costs.

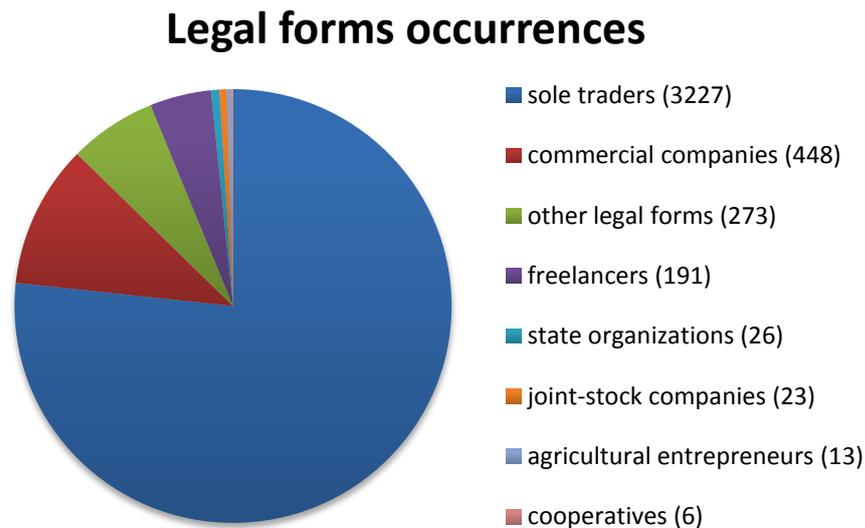
3.4.1 Market overview

This chapter tries to outline some details about selected market Uherský Brod and its surroundings. This information is provided for comparison with aggregate values in Section 3.3.1 and to help determine the number of potential customers and future trends and development.

3.4.1.1 Size of the market

Uherský Brod is part of Zlín Region and its adjacent cadastres covers an area of 5 206 hectares. According Population Register the current population number is 16 898 (30.6. 2011). Out of this number are 4 282 business entities. Spreading of individual business legal forms is given in graph 3.

Graph 3: Legal forms occurrences in Uherský Brod (31. 12. 2010)



Source: ČSÚ (2010).

According to past experience of the owner, the services of company IS Projekt, s.r.o. (given the scope of contracts) are mainly exploited by commercial companies, state organizations, joint stock companies and very rarely by cooperatives. From the beginning, the same customers spread of the new division can be expected. This fact is supported by the possibility of personal recommendations in the implementation of construction contracts.

Another way how to estimate the scope of the newly established division is to explore the number of real estate. In Uherský Brod there are 15 910 buildings and 28 850 parcels. Some of them are presented in figure 4. The third column symbolizes high importance for the company. Because not only newly created properties are necessary to manage. Some of them are already watched by the competitors mentioned in chapter 3.3.2.1 and others are administrated by the owners themselves.

Figure 4: Types and frequency of real estate in Uherský Brod (24. 6. 2011)

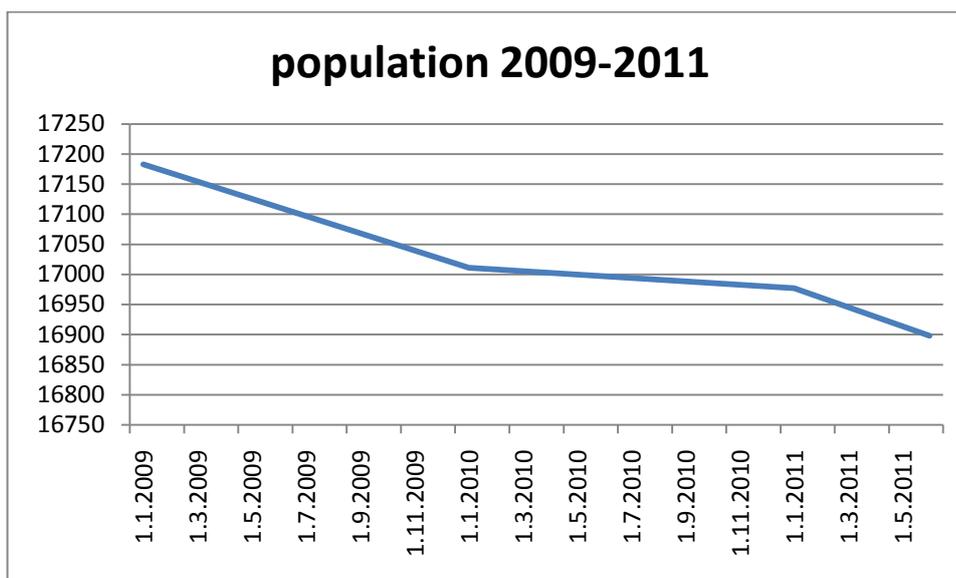
building type	units	*
family houses	2771	
family recreation buildings	358	
other buildings	254	
technical facilities	220	!
residential houses	219	!
buildings of civic amenities	213	
agriculture buildings	173	
manufacturing buildings and stock	149	
commercial buildings	29	!
administration buildings	6	
multi-purpose buildings	6	
objects of civic amenities	3	
buildings for meeting numerous people	2	
accommodation buildings	2	
industrial objects	1	

Source: Cadastral authority of the Zlín Region, Cadastral Office Uherský Brod.

3.4.2 Future trends

To keep the strategy up to date it is necessary to foresee the future trends. This topic has been mentioned in PEST analysis in chapter 3.3.1. However the analysis was focused on macro-economical point of view. This prediction is focused only on a limited market. Appendix 10 shows that population in Czech Republic is growing but, according graph 4; the development in Uherský Brod is opposite. Varaďová (Population Register in Uherský Brod) explains that this trend is caused by tendency of young people to seek for better job in larger cities. She mentions another explanation: “A significant part of middle-aged population moves into the surrounding villages for reasons of cheaper land.” This trend might be taken into account for future. Thus, migration of the population can be described as a threat of the company.

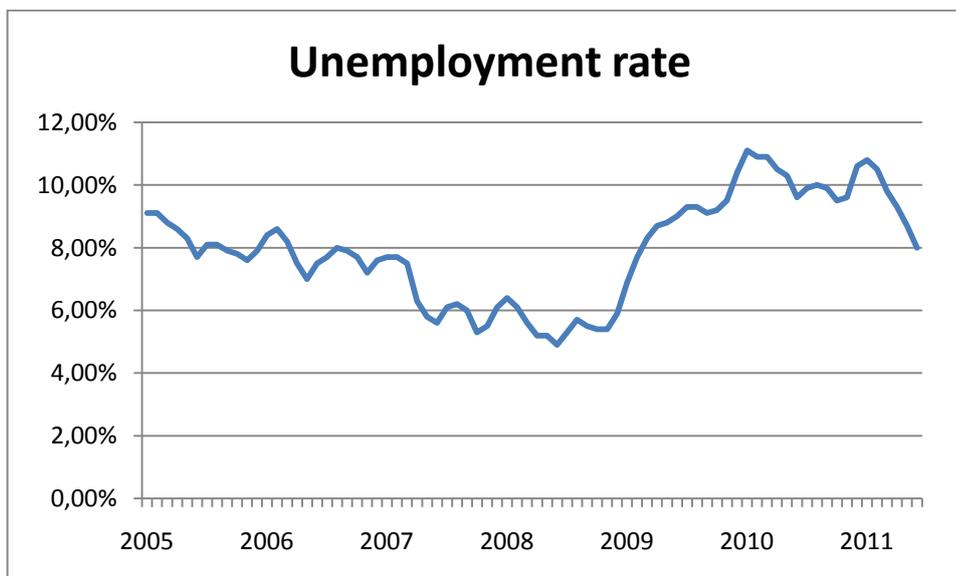
Graph 4: Development of population in Uherský Brod



Source: Varařová (from Uherský Brod Municipality – Population Register).

In Uherský Brod the development of unemployment is as same as national one. That is why the conclusions from chapter 3.3.1.3 are confirmed. The company IS Projekt may not be worried about lack of staff. However, their education and experience is already another question.

Graph 5: Unemployment rate in Uherský Brod 1.1.2005 - 1.7.2011



Source: Own research, data adapted from Kadlecová, et. al. (2011).

3.5 Primary research

Because of unfamiliarity with the market and its customers, and problem of determining the price it is important to conduct the primary research. The selected framework is standardized interview. The main goal of this research is to determine whether investors operating with real estate are interested in the selected service. The partial reason of this research is to discover the possible niche and help to set an adequate price policy. If it is decided that the project will be realized additional information obtained from these interviews will serve as comparative advantage for new player in the market (especially services that investors still miss).

3.5.1 Standardized interview

This type of research was chosen because of an interview unification and simpler recording of answers. The first part of the interview is introduction of the research. In this part the interviewee is informed about purpose of the research and time frame. The emphasis is laid on anonymity. There is no connection between interviewee and answers. The second part is focused on particular questions. These ones can be divided into 5 main parts: Who? What? How much? How often? How? The first category identifies if the interviewee is appropriately chosen. The second one analyses the question of property and management of that. Third bank of questions helps to set the pricing policy and location of market. The last but one part is focused on recurring of business opportunity. Finally, the last section studies the niche of the service, marketing and way of offering (package or single services).

Important information is that this framework is used only for the guidance of the interviews.

3.5.2 Pre research

This interview has been tested on two interviewees. During the pre-test the time required to answer all the questions was examined. When asking the questions, the pitfalls associated with explaining appeared. These problems are suppressed by the more general questions and better oral explanation. The second problem is with the ownership of real estate. If the interviewee does not own any real estate, the questions

are asked in the sense “what if they owned any property” and “if they selected the company to manage their real estate,...”, etc. The resulting time of the pre-test is 20 minutes plus 30 minutes for further findings about the topic.

After the pre-test the following hypotheses were set:

Hypothesis 1: People who own real estate (used for rent) utilize companies to manage their property instead of doing it themselves.

Hypothesis 2: The above mentioned people are satisfied with the services, but they miss certain activities in companies offer.

Hypothesis 3: These investors are willing to pay 8CZK per m² for commercial property.

3.5.3 Tested sample

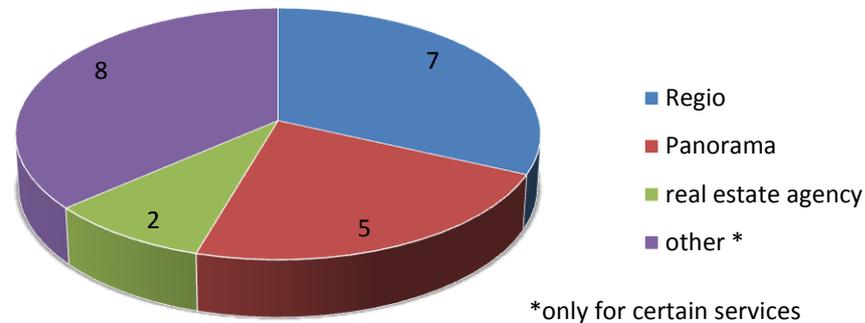
For the time reasons, it is not possible to question all the potential customers. Therefore, the research is limited to only 20 major businessmen operating in Uherský Brod. These interviewees include owners of the constructing, engineering and furniture enterprises, developers, public prosecutor, etc. From the twenty three respondents only twenty were willing to participate in research. Unfortunately, this sample contains only one representative of the public sphere.

3.5.4 Results

The vast majority of those surveyed are CEOs. Even when their activities are not directly linked with the creation of real estate, all of them own some property and of course they consider buying or building new ones. All the respondents agree that these properties require managing. Only 6 of them manage it themselves. However, for reasons of distrust and own enthusiasm. The rest, i.e. 14 out of 20 firms, uses different companies for these purposes. Relative market coverage is shown in graph 6.

Graph 6: Relative market coverage of property administrators

Occurrence of administrators



Source: Own research.

From the graph 6 it is evident that one firm may use the services of more companies. Although the greatest frequency is by category “other”, it may not be emphasized. Because in this category are specialized firms such as plumbers, electricians, etc. Their importance as competitors is insignificant. More important is the fact that the dominant role is played by Regio. Real estate agencies are usually used for non-commercial buildings (obtaining tenants).

The respondents are rather satisfied (71%) with the above mentioned companies. However, they lack the certain features and services: complexity (4 times), electronic information (3 times), availability (2 times), independent repairs (2 times), legal service (once), better economic advisory (once) and availability of meeting room (once), etc. Following that, they all would appreciate a comprehensive package of service.

When the question “How often the respondents solve the property management problems?” was asked, the explanation was necessary. First interpretation is when they searched for the company offering management and the second when they last dealt with even a small problem associated with owning a real estate. The most of the responds are previous from 1 to 3 years and they have to solve little problems every day.

67% of the potential customer would like to have price per unit and 33% per m² in the form of commission. But in all the cases it depends on the type of cooperation. For example, when renting warehouse space the price per m² would be comparatively smaller than in the office rental. That is why the price per unit would be better in this case. When estimating the adequate price answers were very different. 10 out of 14 people identify the price not the most important aspect when choosing administrator. Nevertheless, the majority (64%) of the people agree that adequate price is in range 7-9 CZK per m² for office space. When commenting prices of residential buildings 2 respondents agreed that the prices are about 2,5% out of the rent. But the three businessmen were unable to answer this question.

Regarding the marketing issue, how to propagate the company, the best appears to be personal contact, recommendations of satisfied customers and Internet.

3.5.5 Evaluation of hypotheses

Hypothesis 1: According this research, it can be assumed that 70% (14/20) of businessmen from Uherský Brod use specialized companies to manage their property. Therefore, this hypothesis is not 100% truth but it can be said that majority of owners utilize the managing companies to watch their property.

Hypothesis 2: This prediction is true. Even interviewees are satisfied with the current companies; they would appreciate better service in the following aspects: complexity, electronic information, availability, independent repairs, legal service, better economic advisory and availability of meeting room.

Hypothesis 3: This hypothesis cannot be clearly confirmed or refused because of ambiguity in the answers. However, the answers will help in determining pricing policy and reveals the pitfalls linked with this problem.

3.6 SWOT analysis

SWOT analysis summarizes previous analyses and adds some not mentioned evidences, that follow from dialogue with the owner of the company and from own experience.

Figure 5: SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • S1: Linking in other services • S2: Business contacts • S3: Low start up costs • S4: Vision and ambitions • S5: Perfect location 	<ul style="list-style-type: none"> • W1: Experience in industry • W2: Lack of knowledge • W3: Personal limitations
Opportunities	Threats
<ul style="list-style-type: none"> • O1: Growing market • O2: Business support • O3: Labor resources 	<ul style="list-style-type: none"> • T1: Dominant companies • T2: Legal responsibility • T3: Negative market development • T4: Entry of new firms • T5: Moving of people
<p>*entries are sorted by importance, the most important records are bold</p>	

Source: Own research.

Because the management and maintenance of real estate include, among others, repairs and reconstruction, the previous experience and knowledge in this field can be considered as the main strength of the company IS Projekt, s.r.o. Another key aspect is that already existing company has developed system of accounting, information management and the company is well equipped. Thus, to operate such a service the company doesn't have to spent high costs (See Financial plan in chapter 4.5.3), which is reflected in prices. As the company works daily with investors not only from the constructing industry it already disposes of valuable business contacts. That is why the offer of the further cooperation is strength in the company's portfolio.

The main weaknesses of the company are the lack of experience in industry and knowledge. The only experience that company respectively employees have is the customer's experience. However, these weaknesses can be easily suppressed by

operating, learning and development. Another important problem is personal limitations. This aspect depends on the development of orders (See Organizational plan in chapter 4.5.2).

Even though it is period of economic recession, investors constantly reconstruct or build new real estates. Together with unsatisfied competitors' customers are these groups the most important opportunities for the company IS Projekt, s.r.o. In case of receiving larger number of orders the company can hire laborers from the large number of applicants (according to previous recruitment experience). Another strategic opportunity is to draw business subsidies (See chapter 2.8).

The most significant threat for the company entering new market is the dominant position, experience and goodwill of the traditional companies. By signing of contract the company IS Projekt, s.r.o. undertakes the responsibilities of real estates' owners. In case of misconduct the binding company can be find guilty. Furthermore, the changes of the market factors (political regulations, increase of VAT, etc.) can influence the survival of the company.

From the figure 5 it is evident that strengths outweigh weaknesses as well as threats over opportunities. Consequently, the company should choose **diversification strategy** (see figure 5). The adjusted strategy is further identified in chapter 4.2.

4 OWN PROPOSALS FOR SOLUTION

This chapter considers the theoretical knowledge. It is based on the results of the analyses. The aim of this part is to decide on how to accomplish the business intent. The following sections are: Decision of business legal form, Business strategy, Marketing mix, Business support and, finally, Business plan.

4.1 Decision of business legal form

In order to be able to lawfully offer services to its customers, it is necessary to solve all legal aspects of doing business in Czech Republic. For the activity management and maintenance of properties only two options can be under consideration, limited liability company (LLC) and general commercial partnership (GCP). The specifics of both types are given in chapter 2.2. Since this business challenges the legal responsibilities of working with expensive real estate, there is a great risk (see SWOT analysis in chapter 3.6. That is why the form of LLC is better. When serious problems appear the owners' property would not be endangered.

Second question is whether to start a new company or expand an existing one. Chapter 2.7 describes the pitfalls of establishing a new LLC. Such a new company entails a minimum 17 days to go around the appropriate authorities, dealing with permits and CZK 200 000 only for the nominal capital plus other fees. Not to mention, the purchasing of a new information system, office equipment, cars, cell phones, etc. Therefore, it is easier to use current equipment, facilities and office space. The second reason of being under control of current company is the family-owned character of the firm. Advantages and disadvantages of family-owned company are shown in chapter 2.6. Thus, any future separation won't be any problem since the good relations within the family endure.

Another problem of the startup a new business unit of the existing company is modification of the Commercial Register record. For each new activity it is obliged to apply for a change. In this case, the company IS Projekt, s.r.o. is a proposer. According the Commercial Code (Act n. 513/1991 Sb.), the proposals should include activities corresponding with business licenses. For this new business unit it means:

Construction, modification and removal of buildings and Production, trade and services not listed in Annexes 1 to 3 of Licensing Act.

To sum it up, the proposed form of doing business is a new strategy business unit of LLC company IS Projekt.

4.2 Business strategy

The SWOT analysis shows that the best attitude for this startup is the diversification strategy. This strategy is theoretically described in chapter 2.11.3. For clarity, the company tries to distinguish the product as well as penetrate new markets. However, the secondly mentioned aim can be identified as a second step.

4.2.1 First step - Concentric and horizontal diversification

New strategic business unit offers wider range of interconnected services. Ensuring all activities relating to purchasing, financing, building, reconstruction, demolition of real estate (See chapter 3.1.1), administration and maintenance (listed in section 4.4.1.1) and other activities as needed (outsourcing). The company provides electronic data about accounting and administration operations as often as necessary. Managing director is non-stop ready to solve any problem. In case of busy the deputy is set, whether a family member or new employee (further information in chapter 4.4.3). Independent repairs are controlled by experts from the industry. The best possible economic advisory is ensured by adequate training. The company strives to build a new headquarters, which will offer sufficient space, which will be available for mentioned meetings.

Most of the above-mentioned differences are based on results of primary research. Any further changes depend on customers' satisfaction. [1]

4.2.2 Second step – New market penetration

After gaining experience, the company will seek to penetrate the other markets. However, this is problem of another business plan.

4.3 Business support

The first possible business support is the bridging contribution output by the Ministry of Labor and Social Affairs. This form of support can be provided by the Labor bureau to any self-employed person who has ceased to be a candidate for a job and who has created a socially benefit job. It means that this support can be exploited only if the new business is established by person registered in Labor bureau register for at least 3 months. This fact collides with the chosen form of business (See chapter 4.1). Therefore it cannot be taken into account.

Secondly, the Contribution to the establishment or reservation of a new socially benefit job by employer provided by the same ministry. This contribution can be achieved by an existing employer. Therefore, the company IS Projekt, s.r.o. can apply for this contribution right after the hiring new staff, in this case project manager of NSBU. This business support is paid out in form of partial or full reimbursement of labor costs linked with the new position, in this case 13 400CZK per month (See figure 9).

Since it has been decided that the new strategic business unit is part of the existing company (See chapter 4.1) the possibility to access the support package START from the Ministry of the Industry and Trade is rejected. However, this ministry calls out another program for the existing companies, called PROGRESS, in concrete time periods. It is predicted that another wave of grants takes place in mid-2011. However, it depends on political situation. Therefore, the company should prepare all the necessary documents control actual information on proper websites.

4.4 Business plan

This business plan is prepared to develop another business interest of the company IS Projekt, s.r.o. through the new strategic business unit. The main goals, why this plan is prepared, are to answer question of feasibility, clarify the difficulties linked with business start up. The main mission of the company is to keep the good name with adequate profitability. Other partial missions are satisfaction of customers, suppliers and employees and an increase of the company's value.

To have this business plan prepared for every possible development it is elaborated for three situations: pessimistic, realistic and optimistic. These conditions correspond to the contracts development.

4.4.1 Marketing plan

This part of the whole business plan is usually described by marketing mix that describes the company and its interest from the four main marketing points of view: product, price, promotion and placement.

4.4.1.1 Product

The way of doing business of this new strategic unit is management and maintenance of entrusted properties, in other words, administration of real estate. By signing a mandatory contract the company guarantees to assume the obligations of the property owner in return for payment or commission. The comprehensive offer includes the following duties:

- Administration of (advance) rents for the use of property,
- Cost accounting for all services provided to tenants (heat, water, gas, cleaning, waste, light, etc.),
- Assurance of reviews and inspections (fire hydrants, lighting conductor, etc.),
- Elimination of failures and accidents which prevent the smooth and unimpeded use of the property,
- Ensuring of implementation of disinfection, disinsectization and deratization, according to the needs,
- Ensuring the operation of heat, water, gas, electricity, etc.
- Evidence of the technical condition, maintenance and repairs,
- Inform, propose and estimate the cost and extent of repairs,
- Submit applications of assessment of a real estate to the client with own expression,
- Forecast repairs and detect faults,
- Provide continuous emergency service,
- Submit proposals for the financial plan,

- Keep accounts showing the assets management,
- Archiving and shredding of the documents and
- Submit financial statements at the end of the year.

4.4.1.2 Price

The prices of individual products vary according to the demand of managing, range of service, size of the order, risk and placement. The final price is individually discussed and set. Below mentioned prices are indicative and they are only shown for purposes of calculating the financial plan.

- Commission from the apartment management is CZK 180 + VAT, equivalent to 2,5% of the average rent (see Chapter 3.6.4),
- Commission from the garage management is CZK 25 + VAT,
- Price for the non-residential area is about CZK 8 + VAT per m².
- Price for cleaning of m² is CZK 6 + VAT.

However, all the prices are adjusted according to the needs of owners. Mainly the prices for the commercial areas can be in form of percentage, price per m² or per unit. The mentioned numbers are inspired by competitors and primary research in chapter 3.5.

4.4.1.3 Promotion

The most important way of promoting this new unit is communication during exploiting different services offered by company IS Projekt. This advantage is more discussed in SWOT analysis (see chapter 3.6). Other parts of the company's presentation are websites, promotional emails, leaflets and mainly personal contact. The last-mentioned marketing form is the most important and very often used in this business sector.

4.4.1.4 Placement

This part talks mostly about distribution of products or services. Since, the service of this company is not a physical good, neither physical distribution is needed. However, the importance of distribution channels is indisputable. The orders can be made via telephone, email or personally in office or outside (plenary meetings, clients' office, etc.).

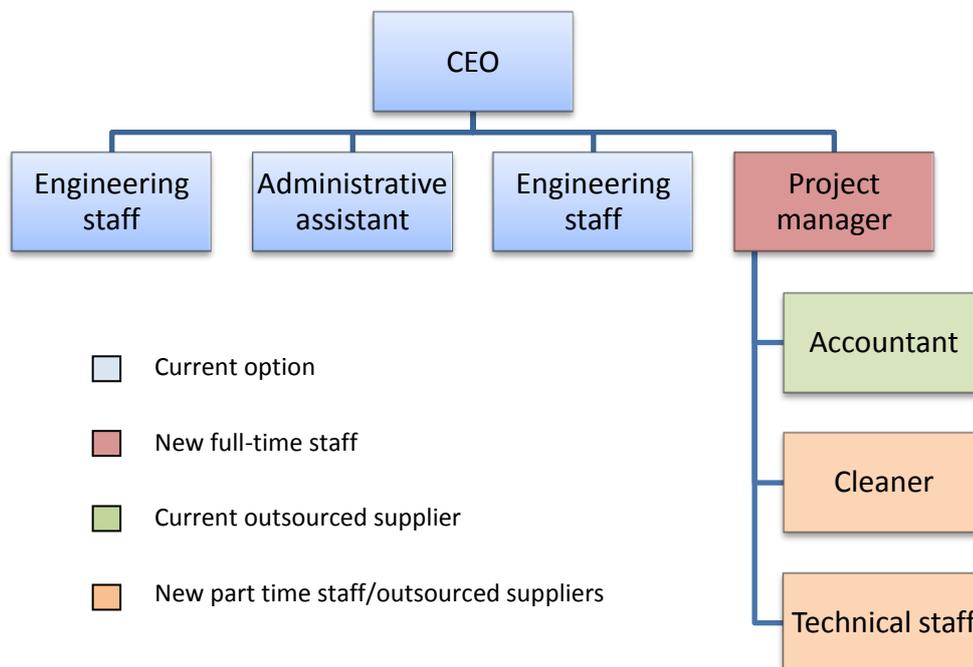
4.4.2 Estimation of managed units

This section helps to predict the organizational and financial plan.

According market analysis (See chapter 3.4.1.), in Uherský Brod, there are 448 commercial companies that are together with residential houses the target group. Even that primary research showed that all of the respondents own some property; we cannot take this fact into account. Because the chosen sample includes the most successful entrepreneurs in Uherský Brod. Another way how to estimate customers is through the real estate. According Cadastral office, in initiate market there are 220 technical facilities, 29 commercial and 219 residential buildings. After an interview with real estate agents it can be estimated that 20% of technical facilities and almost 100% of commercial buildings are rented. From the own experience almost all the 219 residential houses are necessary to be administrated by property management company. Counted up, it is about 300 units.

4.4.3 Organizational plan

Image 4: Proposed organizational structure



Source: Own propose.

From the beginning of the new strategic business unit (hereinafter NSBU) there is only one person in charge. This position, project manager, can be substituted by the CEO and one of the engineering staff. The company has been exploiting the services of external accountant, who agrees to manage accounting of the whole company even the company expands. The additional reward is estimated to be 3000 CZK. Since the company offers within its comprehensive package among others cleaning of real estate, there is a personal difficulty. Until the company reaches enough contracts, this problem is solved by contracts for work and outsourcing. The price of cleaning is about 4 CZK per m². However, the price of offered service is set to 6 CZK, therefore, the commission gives 2 CZK per m² and it is excluded from the managing tax. Technical administration is provided by third party and it is invoiced apart from managing of property. This charge is not taken into account in financial plan.

4.4.4 Financial plan

This financial plan consists of five parts corresponding with the process of estimation: Assumed amount of sales, Assumed costs, Cash Budget, Profit and Loss account and Balance Sheet.

4.4.4.1 Assumed amount of sales

Expected sales are derived from the planned development of managed properties. The number of real estate and construction of new ones are reflected in given table.

Figure 6: Expected development of managed real estate

year	residential			technical			commercial			other *		
	pess	real	opti	pess	real	opti	pess	real	opti	pess	real	opti
2012	1	2	3	1	1	2	1	1	2	1	2	3
2013	2	4	6	1	2	4	1	2	4	2	4	5
2014	3	6	7	2	3	5	2	3	5	3	6	7
2015	4	7	8	2	4	6	2	4	5	4	7	9
2016	5	7	9	3	4	8	3	5	6	5	8	10

* Garages, family houses, cottages, etc.

Source: Own prediction.

To convert the values from figure 6 into revenues, it is needed to estimate other additional values, such as the average number of apartments in a residential house (20), average size of the common area in residential house (100m²), average size of an office

(20 m²), average number of offices in commercial building (4), average size of a technical facility (100 m²), average size of other building (100 m²) and number of cleanings per month (3). With regard to prices provided in chapter 4.4.1.2, the revenues are calculated in figure 7 (for management and cleaning together).

Figure 7: Assumed revenues for managing and cleaning together (in CZK)

year	Revenues		
	pess	real	opti
2012	143 760	231 360	375 120
2013	231 360	462 720	727 440
2014	375 120	694 080	894 000
2015	462 720	837 840	1 035 600
2016	606 480	885 600	1 210 560

Source: Own prediction.

In all three variants the loss of customers is taken into account, but this fact is compensated by hunting for new ones from the same and different market. Thus, the upward trend is expected.

4.4.4.2 Assumed costs

The relevant costs can be divided into three main parts – initial, direct and operational costs. The first of these represent funds spent only once at the start of operation (See figure 8). Direct costs are directly connected with the number of contracts. In this case outsourcing of cleaning signifies the only truly variable cost (increase in orders by one unit evokes increase in direct costs by one unit). The SWOT analysis (in chapter 3.6) has mentioned that the company IS Projekt has sufficient information system that includes hardware and software. For the mobility there is a necessary of notebook. For this case the existing one can be used with purchase of proper software (MS Office).

Figure 8: Initial costs (in CZK)

item	Costs		
	pess	real	opti
necessary establishment spending:			
business license (2 records)	2 100	2 100	2 100
technical equipage:			
notebook (existing)	0	0	0
software	3 000	3 000	3 000
VOIP phone + new tel. number	0	3 200	3 200
office equipment	10 000	10 000	10 000
office supply	4 000	4 000	4 000
printer (existing)	0	0	0
cell phone (under contract)	1	1	1
cars (existing or own)	0	0	0
Total	19 101	22 301	22 301

Source: Own prediction.

The third are operating costs these are necessary for the running of the business. Even they grow dependently on the growth of orders, these are fixed (indirect) costs. Because it increases abruptly. For traveling the current car can be used that is way the only transportation cost is fuel. Other linked costs are already included in current accounting statements.

Figure 9: Operating costs for one month (in CZK)

Item	cost		
	pess	real	opti
accounting services	3 000	3 000	3 000
internet (existing)	0	0	0
cell phones	2 100	2 100	2 100
bank fees	100	100	100
office rental (existing)	0	0	0
vehicle costs	700	700	700
other costs	2 000	2 000	2 000
gross wage			
project manager	10 000	10 000	10 000
social insurance 25%	2 500	2 500	2 500
health insurance 9%	900	900	900
subtotal (labor costs)	13 400	13 400	13 400
Total	21 300	21 300	21 300

Source: Own estimation.

From the estimated revenues and costs the future statements are calculated (Fractional cash budget, Fractional Profit and Loss Account and Fractional Balance Sheet). **All these documents are only part of the entire company's documents and describe only the change of individual statements if the new strategic business unit starts to offer its services.** As well as the revenues and costs, the following figures are shown in three possible options (pessimistic, realistic and optimistic) and they are calculated for the time period of 1st January 2012 to 31st December 2016.

Figure 10: Fractional Cash Budget at the end of 2012-2016 (in thousands CZK)

	2012			2013			2014			2015			2016		
	pess	real	opti	pess	real	opti	pess	real	opti	pess	real	opti	pess	real	opti
Sales:															
Managing	62	106	168	106	212	334	168	318	397	212	380	452	274	389	524
Cleaning	82	125	207	125	251	393	207	376	497	251	458	583	333	497	687
Total receipts	144	231	375	231	463	727	375	694	894	463	838	1 036	606	886	1 211
Costs of services:															
Cleaners	55	84	138	84	167	262	138	251	331	167	305	389	222	331	458
Total costs of services	55	84	138	84	167	262	138	251	331	167	305	389	222	331	458
Payments:															
Initial equipage	19	22	22	0	0	0	0	0	0	0	0	0	0	0	0
Operating expenses	237	237	237	256	256	256	256	256	256	256	256	256	256	256	256
Tax payment	0	0	0	0	0	0	0	8	40	0	36	58	8	53	74
Total payments	256	259	259	256	256	256	256	263	295	256	291	314	263	308	330
Previous CF	0	0	0	-167	-111	-22	-275	-71	187	-294	109	455	-253	350	788
Cumulated CF	-167	-111	-22	-275	-71	187	-294	109	455	-253	350	788	-132	596	1 210

Source: Own calculation.

Figure 11: Maximal shortage (in CZK)

pessimistic	-293 541
realistic	-111 461
optimistic	-22 421

Source: Own calculation.

4.4.4.3 Cash Budget

This statement represents real cash movements (cash flows). The only inflow is from the selling of services, namely management and cleaning. All these services are paid through advances, that is why there are no receivables. Outsourced cleaners are paid right after every operation, thus, this value does not cause any payables. Operational costs are paid in month following the generation with exception vehicle and other costs. The last outflow of cash is an income tax, usually paid before the annual statements are hand in (31st March). Therefore the income tax is the payable.

From the calculated cash budget it is evident that in pessimistic option of the year 2014 the company has to face the financial shortage of almost 294 thousands CZK. According the interview with CEO of the company, this shortage can be covered by positive CF resulted from other business activities. However, the red numbers in pessimistic option are alarming (See figure 10).

4.4.4.4 Profit and Loss Account

The second important document is Profit and Loss Account (Statement of comprehensive income). This paper records the financial movements in time when they are invoiced no matter when they are really paid. The receivables and payables signify the difference between P&L and CF (See figure 12).

For the clarity the development of P&L account is shown in graph 7.

4.4.4.5 Balance Sheet

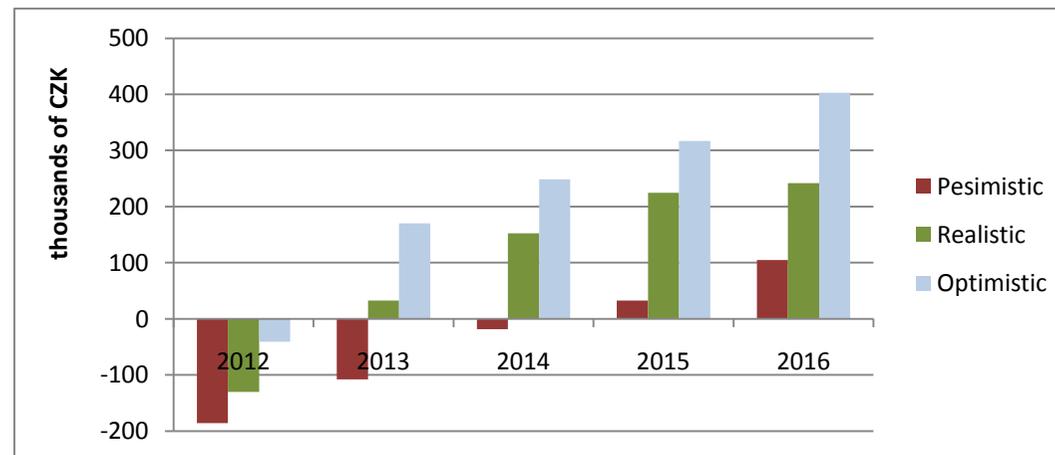
The third paper is Balance Sheet (Statement of financial position) that connects the results of cash budget, P&L, payables and receivables. It is evident that NSBU doesn't need any other assets for the operating. All the equipage of office is accounted as an expense because of depreciation problem (less than 40 000CZK). Individual values are given in figure 13.

Figure 12: Fractional Profit and Loss account at the end of years 2012-2016 (in thousands CZK)

year	2012			2013			2014			2015			2016		
Managing	62	106	168	106	212	334	168	318	397	212	380	452	274	389	524
Cleaning	82	125	207	125	251	393	207	376	497	251	458	583	333	497	687
Direct costs (cleaning)	55	84	138	84	167	262	138	251	331	167	305	389	222	331	458
Gross profit	89	147	237	147	296	465	237	443	563	296	533	646	385	555	753
Initial expenses	19	22	22	0	0	0	0	0	0	0	0	0	0	0	0
Operational expenses	256	256	256	256	256	256	256	256	256	256	256	256	256	256	256
Expenses Total	275	278	278	256	256	256	256	256	256	256	256	256	256	256	256
Profit/loss before taxation	-186	-131	-41	-109	40	209	-19	187	307	40	277	390	129	299	497
Tax	0	0	0	0	8	40	0	36	58	8	53	74	25	57	94
Net profit/loss	-186	-130	-41	-108	32	170	-19	152	249	32	224	317	105	242	403

Source: Own calculation.

Graph 7: Development of net profit of NSBU in 2012-2016



Source: Own calculation.

Figure 13: Fractional Balance Sheet at the end of years 2012-2016 (in thousands CZK)

	2012			2013			2014			2015			2016		
	pess	real	opti	pess	real	opti	pess	real	opti	pess	real	opti	pess	real	opti
Non-current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Assets															
Cash and cash equivalent	-167	-111	-22	-275	-71	187	-294	109	455	-253	350	788	-132	596	1210
TOTAL Assets	-167	-111	-22	-275	-71	187	-294	109	455	-253	350	788	-132	596	1210
Non-current Liabilities															
profit	-186	-130	-41	-108	32	170	-19	152	249	32	224	317	105	242	403
retained profit	-186	-130	-41	-293	-98	129	-312	55	378	-280	279	695	-175	521	1097
Current liabilities															
Creditors	19	19	19	19	26	58	19	54	77	26	71	93	43	75	113
TOTAL Liabilities	-167	-111	-22	-275	-71	187	-294	109	455	-253	350	788	-132	596	1210

Source: Own calculation.

CONCLUSION

This diploma thesis was seeking to find appropriate business activity, develop the associated business plan and look through the feasibility of the project. During fulfillment of main objectives other supplementary goals have emerged.

Theoretical part described underlying theory of family-owned business, including legal aspects, strengths and weaknesses. The structure of a business plan was mentioned as well. Then the analytical tools used in researches were highlighted and further clarified. First part of the analytical part was dedicated to finding of the required business intent. For that reason the competitors' analysis was conducted. Following chapters conducted researches of primary and secondary data. Collection of primary qualitative data was reached by standardized interview that had to be pre tested on small sample. The analysis of notes taken during interviews named the results that the most of the real estate owners prefer to delegate somebody to administrate their property and the key player in chosen market plays company Regio. Further research outlines dissatisfaction, problems and lack of some services of mentioned competitors. Besides that the prices were examined. These valuable information were exploited in development of business strategy and plan. PEST analysis exposed political, economic, social and technological aspects that may influence the growth of the future business unit. The change of legislation and economical situation were pointed out as the most important characteristics. Porter's five forces model confirmed that the most important competitive force is competitive rivalry within chosen market and evaluates the advantageous position of two market leaders Panorama and Regio. Micro-environmental analysis provided information necessary for the development of the business plan (size of the market, future trends) and specified some of the aggregate data. Whole analysis was summarized in SWOT matrix that determined the proposal of the diversification business strategy. This strategy is based on interconnection of all offered services connected with construction and administration. Primary research data helped to prepare tailored complex package of services. After the specification of the business strategy the marketing mix highlighted the offered portfolio of services together with its pricing policy, way of promoting and placement. In order to be aware all the possibilities the organizational and financial parts of the business plan were

necessary to prepare in three options. It is proper to remark that all three options are set very strictly and tough. Organizational plan suggested the new organizational structure that is extended by the position of the project manager, who is responsible for the NSBU. Hiring and outsourcing of other staff is dependent on number of orders. Their wages are included in financial plan. The comparison of revenues and wage costs the necessity of outsourcing at least at the beginning of the NSBU. For the preparation of the three main statements of the financial plan the partial calculation and estimations had to be done. Firstly, from the development of orders the revenues and direct costs were figured. Secondly, considering the operation of NSBU the initial and operating costs were estimated. The fact that company IS Projekt, s.r.o. has already own almost all the necessary equipment was the greatest relief for a financial burden. Analysis of the costs showed that the greatest cost item is the wage of the project manager even it is 13 400CZK per month. Cash budget revealed the big difference between the three options. The pessimistic option did not get from the red numbers during examined period (5 years). While real option cumulated the positive values in third and optimistic in second year of operation. Another important fact pointed out from the cash budget is necessity of further financial sources, in realistic option 111 461CZK. According interview, it can be maintained that this problem of shortage may be covered by funds collected from other activities of the company. Calculated Profit and Loss statement and balance sheet outlined that NSBU can produce profit already in second year only in realistic and optimistic options. Therefore this business can be determined as a highly dependent on number if managed units. It follows that this business is feasible, nevertheless, the profitability corresponding with the amount of production, in this case number of orders. However, when reaching the required customers this project can be recommended for execution.

This work has achieved the main goals, the business intent (property management) has been found, the feasibility question has been answered and business plan has been developed, even in limited extent.

The limitation of this work consists in lack of experience and knowledge of the industry. Even the three options has been prepared, the possibility of different situation

is still high. Therefore, reliable results can be achieved only when project is executed and tested by reality.

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APPENDICES

Appendix 1: Percentage of family-owned companies in the total number of registered players, creation of GDP and employment in individual countries

Country	Source of Data	FB definition*	Quality of data**	% of FB	GNP	Employment FBs	1-100	100-500	> 500
North & South America and Canada.									
Argentina	Perkins, ***	Broad	ES	65%			90%	70%	40%
Brazil	Bernhoeft Consulting Group, 2002	Middle	ES	90%	65%		95%	90%	50%
Chile	Martinez, 1994	Broad	ES	75%	50-70%				
Canada	Deloitte & Touche, 1999	Broad	ES	45%					
USA	Shanker; Astrachan 1996	Broad	NRS	96%	40%	60%			
EUROPE									
Belgium	Crijns, 2001***	Narrow	NRS	70%	55%		70%	45%	35%
Cyprus	Poutziouris, 2002***	Broad	NRS	80%					
Denmark	Sorenson, ***	??	ES		45%				
Finland	Veaceslav & Lehtinen, 2001	Narrow	RS	80%	40-45%		90%	55%	35%
France	ASMEP/GEEF	Broad	NRS	>60%	>60%	45%			
Germany	Klein 2000	Middle	RS	60%	55%	58%			
Germany	Klein forthcoming	Middle	RS	84%					
Iceland	National Economic Institute, 2001	Broad	ES		47%		99%	1%	
Ireland	Sunday Business Post, April 9, 1995	??	ES			40-50%			
Italy	Gnan; Montemerlo, 2001 & 2002	Narrow	RS	< 85%		< 82 %	82%	18%	0,1%
Netherlands	Flören, 1998	Narrow	NRS	74%	54%	43%	77%	47%	
Poland	Niedbala, 2002 ***	Broad	ES	50-80%	35%		25-45%	15-25%	10%
Portugal	Reojo, 1997	Broad	NRS	70%	60%				
Spain	Gallo; Cappuyns & Estapé, 1995	Narrow	NRS	75%	65%				
Sweden	Emling, 2000	Narrow	RS	79%			54%	48%	26%
UK	Poutziouris,	Middle	NRS	70%		>50%			
AUSTRALIA									
Australia	Smrnijs; Romano & Tanewski, 1997	Narrow	RS	75%	50%	50%			
ASIA									
India	CMIE; National Income Statistics , 2000	Broad	ES		65%	75%			
Indonesia	Faustine, 2001	Broad	RS		82%				
AFRICA									
No data available									
* Broad (B), middle (M) or narrow (N) definitions									
***These are estimates and/or extrapolations, by the person, who answers the questionnaire.									
But there is no reference about whether or not publications that mention these numbers.									
**Estimates (ES), extrapolations(EP), non representative samples (NRS) , Representative samples (RS).									

Adapted from: Cappuyns, et al. (2003, p. 3).

Appendix 2: Bivalent attributes of family-owned companies

Disadvantages for FO company (-)	Characteristic (attribute)	Advantages for FO company (+)
<ul style="list-style-type: none"> -Confusion in corporate governance -Improper mixing of family affairs, business and property - Lack of business objectivity 	Duplicate (or overlapping) roles	<ul style="list-style-type: none"> -Increased loyalty to the firm -Quick and effective decision making
<ul style="list-style-type: none"> -Limitation as a result of too close personal relationship -Threat of alienation from family and company 	Shared identity	<ul style="list-style-type: none"> -Increased loyalty to the firm -Strong sense of mission -Objective decision-making in corporate matters
<ul style="list-style-type: none"> - Family members can each point to their weaknesses - Disappointment in childhood can lead to a lack of confidence in the subsequent working relationships 	Lifelong common history of the family members	<ul style="list-style-type: none"> -Relatives can build on the strengths and compensate potential weaknesses of each other -Strong relationships can help overcome barriers
<ul style="list-style-type: none"> -Lack of objectivity in communication -Resistance or feelings of guilt can complicate labor relations -There could be a hidden hatred 	Emotional engagement and ambivalence	<ul style="list-style-type: none"> -Expression of positive emotion promotes loyalty and trust
<ul style="list-style-type: none"> -May trigger reactions that damage the sensitive communication and create conditions for the emergence of personal conflicts 	Private language	<ul style="list-style-type: none"> -Enables more efficient communication and greater confidentiality
<ul style="list-style-type: none"> -Relatives may feel too observed and “jailed” in business 	Knowledge of private life	<ul style="list-style-type: none"> -Better communication a business decisions that support company, owners and family
<ul style="list-style-type: none"> -Unequal treatment may arise conflicts between family members 	Meaning attributed to the FO company	<ul style="list-style-type: none"> -Corporate symbolism can develop in employees a strong sense of mission

Adapted from: Koráb, et al. (2008, p. 61).

Appendix 3: List of the analyzed competitors

name	company	web	place
Construction supervision			
Ivan Pecl	Moravan develop s.r.o.	www.moravandvelop.cz	Brno
Martin Škornička	Stavební dozory	www.stavebnidozory.cz	Brno
Milan Kratochvíla	Imikra spol. s r.o.	www.imikra.cz	Brno
	PoPoS CZ spol s r.o.	www.poposcb.cz	České Budějovice
Jindřich Kunc	STAVINVEST JK s.r.o.	www.stavinvestjk.cz	Český Krumlov
Zdeněk Pavelec	Pavelec	www.dozorystaveb.cz	Český Krumlov
Milan Zelinka	Ludmila Zelinková	milan.zelinka@seznam.cz	Dolní Němčí
Jaroslav Javůrek	Jaroslav Javůrek	www.stavbyjavurek.cz	Heřmanice v Podještědí
Jiří Cikhart	Jiří Cikhart	www.technicky-dozor-stavby.cz	Hřebeč
Ladislav Procházka	Prochstav	www.prochstav.cz	Ostrava
Lukáš Chovaneček	Chovaneček - stavební dozor	www.dozorujemestavby.cz	Ostrava
Pavel Žurek	Pavel Žurek	www.stavebnidozor.unas.cz	Ostrava
Tomáš Tichý	Tomáš Tichý	www.stavebnidozor-plzen.cz	Plzeň
Libor Tkáč	Libor Tkáč	www.libortkac.cz	Pozlovice
David Kopp	Urbia, s.r.o.	www.urbia.cz	Praha
Jiří Švejda	Prima dozor	www.primadozor.cz	Praha
Karel Janda, Petr Alexander	Austis stavební s.r.o.	www.austis-stavebni.cz	Praha
Martin Beran, Josef Chlumský	Remin spol. s r.o.	www.remin.cz	Praha
Vladimír Schwarz	Stavební dozor	www.stavebni-dozor.cz	Praha
Miroslav Chrástěcký	entrét ing a.s.	www.entree-ing.cz	Praha, Liberec, Zlín
Evžen Geyer	Stavex	www.stavebnidozor-stavex.cz	Přezletice
Jan Marek	Struktis s.r.o.	www.struktis.cz	Šestajovice
Zdeněk Křiva	Zdeněk Křiva	zkřiva@quick.cz	Uherské Hradiště
Petr Jegla	Petr Jegla	petr.jegla@seznam.cz	Uherský Brod
Martin Smolík	Noctadesign	www.noctadesign.cz	Veselí nad lužnicí
Ladislav Kratochvíl	LK inženýring	www.lki.cz	Vidovice
František Dorazil	Dorazil s.r.o.	www.dorazil.cz	Zlín
Ivan Paník	Ivan Paník	ivan.panik@seznam.cz	Zlín
Jiří Šilhavík	Jiří Šilhavík	www.jirisilhavik.ic.cz	Zlín
Josef Pivoda	Josef Pivoda	www.pivodazlin.cz	Zlín
Karel Zubalík	Karel Zubalík	www.zualik.cz	Zlín
Miroslav Petřík	MP Rentax s.r.o.	www.mprentax.cz	Zlín
Pavel Rozsypal	Proda s.r.o.	www.proda.cz	Zlín
Radomír Novotný	Radomír Novotný	rnovas@avonet.cz	Zlín
SIC-L spol. s r.o.	Petr Langr	www.sic-l.com	Zlín
	Formica s.r.o.	www.formicazlin.cz	Zlín
	S-projekt plus a.s.	www.s-projekt.cz	Zlín
	AF Akcent spol. s r.o.	af.akcent@raz-dva.cz	Žďár nad Sázavou
Karel Pelikán, Petr Kunc	pk. Servin s.r.o.	www.pkservin.cz	Žebrák, Hořovice
Milan Šimčík	Šimčík a Havelka	www.123astavime.cz	Žeranovice

name	company	web	place
Health and safety coordinator			
	Erbes s.r.o.	www.erbes.cz	Praha
Evžen Geyer	Stavex	www.stavebnidozor-stavex.cz	Přezletice
Zdeněk Pavelec	Pavelec	www.dozorystaveb.cz	Český Krumlov
Martin Smolík	Noctadesign	www.noctadesign.cz	Veselí nad Lužnicí
Martin Škornička	Stavební dozory	www.stavebnidozory.cz	Brno
Karel Pelikán, Petr Kunc	pk. Servin s.r.o.	www.pkservin.cz	Žebrák, Hořovice
Ladislav Procházka	Prochstav	www.prochstav.cz	Ostrava
Jaroslav Vítovec, Jan Bělohav, Jana Vítovcová	Stavební poradna spol. s r.o.	www.stav-poradna.cz	České Budějovice
František Dorazil	Dorazil s.r.o.	www.dorazil.cz	Zlín
Libor Tkáč	Libor Tkáč	www.libortkac.cz	Pozlovice
Josef Pivoda	Josef Pivoda	www.pivodazlin.cz	Zlín
Miroslav Petřík	MP Rentax s.r.o.	www.mprentax.cz	Zlín
SIC-L spol. s r.o.	Petr Langr	www.sic-l.com	Zlín
Milan Kratochvíla	Imikra spol. s r.o.	www.imikra.cz	Brno
Karel Janda, Petr Alexander	Austis stavební s.r.o.	www.austis-stavebni.cz	Praha

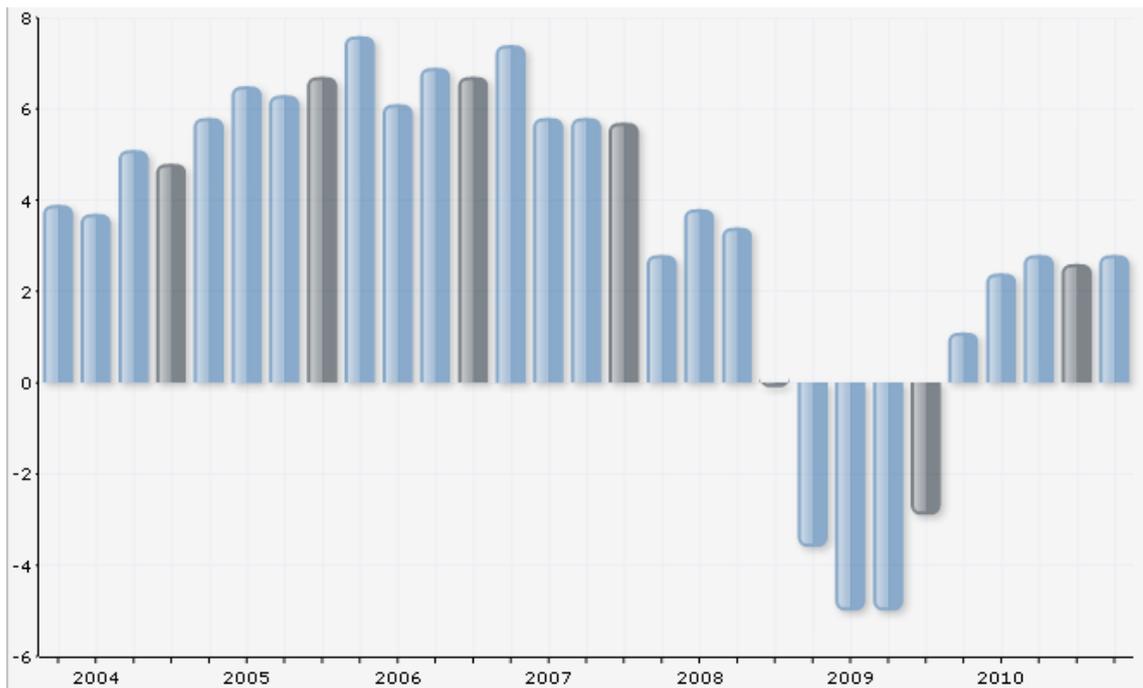
name	company	web	place
selection process			
Ivan Pecl	Moravan develop s.r.o.	www.moravandvelop.cz	Brno
Ladislav Kratochvíl	LK inženýring	www.lki.cz	Vidovice
Jaroslav Vítovec, Jan Bělohav, Jana Vítovcová	Stavební poradna spol. s r.o.	www.stav-poradna.cz	České Budějovice
Tomáš Tichý	Tomáš Tichý	www.stavebnidozor-plzen.cz	Plzeň
	AF Akcent spol. s r.o.	af.akcent@raz-dva.cz	Žďár nad Sázavou
Petr Jegla	Petr Jegla	petr.jegla@seznam.cz	Uherský Brod
Karel Hozík	Karel Hozík	karel@hozik.eu	Zlín - Kudlov

name	company	web	place
public contracts			
	RTS, a.s.	www.rts.cz	Brno
	Otidea, a.s.	www.otidea.cz	Praha
	MCI servis	www.mciservis.eu	Zlín
	Investa UH	www.investauh.cz	Uherské Hradiště
	Pro Engineering, s.r.o.	www.proengin.cz	Praha
	Compet consult	www.competconsult.cz	Liberec
	Tendr CZ, s.r.o.	www.tendr-cz.cz	Praha

name	company	web	place
preparation and construction management			
Richard Turna, Ivo Gajdošík	Ateliér 91, spol. s r.o.	www.atelier91.cz	Zlín
	Formica s.r.o.	www.formicazlin.cz	Zlín
Karel Šaur, Jiří Dohnal, Josef Mazáč	Garant	www.ateliergarant.cz	Otrokovice
Helena Válková	Helena Válková	jvalek.stones@gmail.com	Zlín
Lukáš Chovaneček	Chovaneček - stavební dozor	www.dozorujemestavby.cz	Ostrava
Jiří Šilhavík	Jiří Šilhavík	www.jirisilhavik.ic.cz	Zlín
Karel Hozík	Karel Hozík	karel@hozik.eu	Zlín - Kudlov
Karel Zubalík	Karel Zubalík	www.zualik.cz	Zlín
Libor Tkáč	Libor Tkáč	www.libortkac.cz	Pozlovice
Ladislav Kratochvíl	LK inženýring	www.lki.cz	Vidovice
Miroslav Petřík	MP Rentax s.r.o.	www.mprentax.cz	Zlín
Martin Smolík	Noctadesign	www.noctadesign.cz	Veselí nad lužnicí
Pavel Žurek	Pavel Žurek	www.stavebnidozor.unas.cz	Ostrava
Karel Pelikán, Petr Kunc	pk. Servin s.r.o.	www.pkservin.cz	Žebrák, Hořovice
Jiří Švejda	Prima dozor	www.primadozor.cz	Praha
Pavel Rozsypal	Proda s.r.o.	www.proda.cz	Zlín
Ladislav Procházk	Prochstav	www.prochstav.cz	Ostrava
Martin Beran, Josef Chlumský	Remin spol. s r.o.	www.remin.cz	Praha
	S-projekt plus a.s.	www.s-projekt.cz	Zlín
Jaroslav Vítovec, Jan Bělohav, Jana Vítovcová	Stavební poradna spol. s r.o.	www.stav-poradna.cz	České Budějovice
Jindřich Kunc	STAVINVEST JK s.r.o.	www.stavinvestjk.cz	Český Krumlov
Jan Marek	Struktis s.r.o.	www.struktis.cz	Šestajovice
Tomáš Tichý	Tomáš Tichý	www.stavebnidozor-plzen.cz	Plzeň
Antoš Alexander, Miloslav Jelínek, Jan Košák	Zlínconsult inženýring a.s.	www.zlinconsult.cz	Zlín
David Kopp	Urbia, s.r.o.	www.urbia.cz	Praha

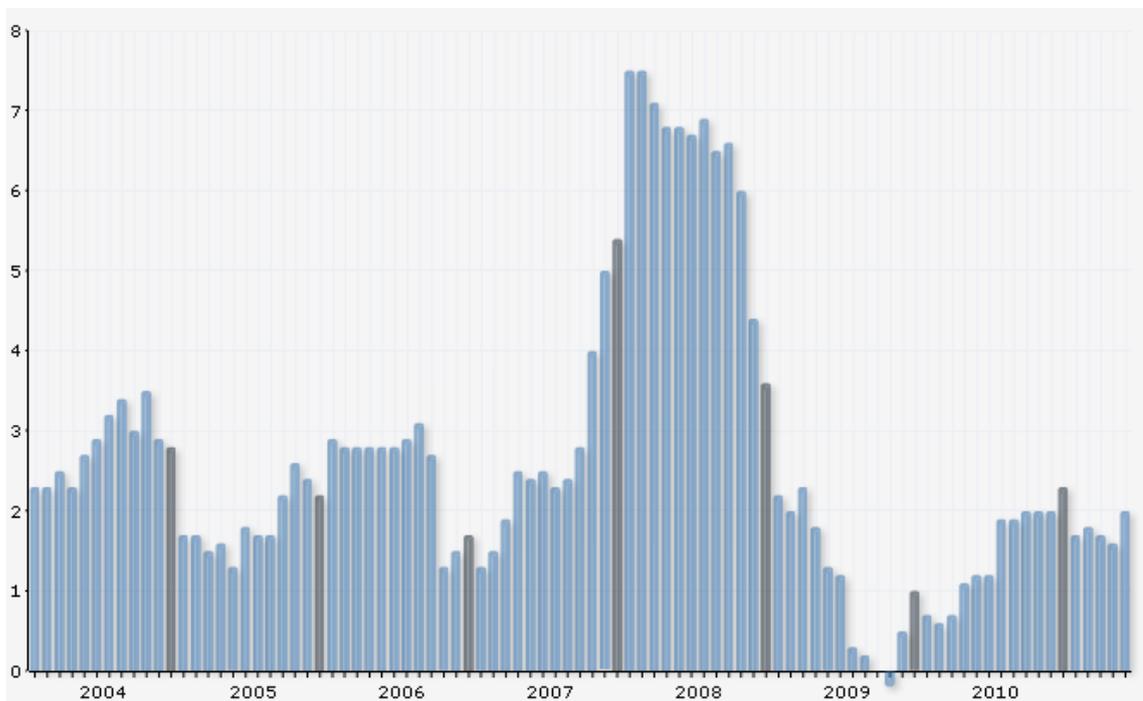
Source: Google.cz

Appendix 4: Development of GDP in Czech Republic



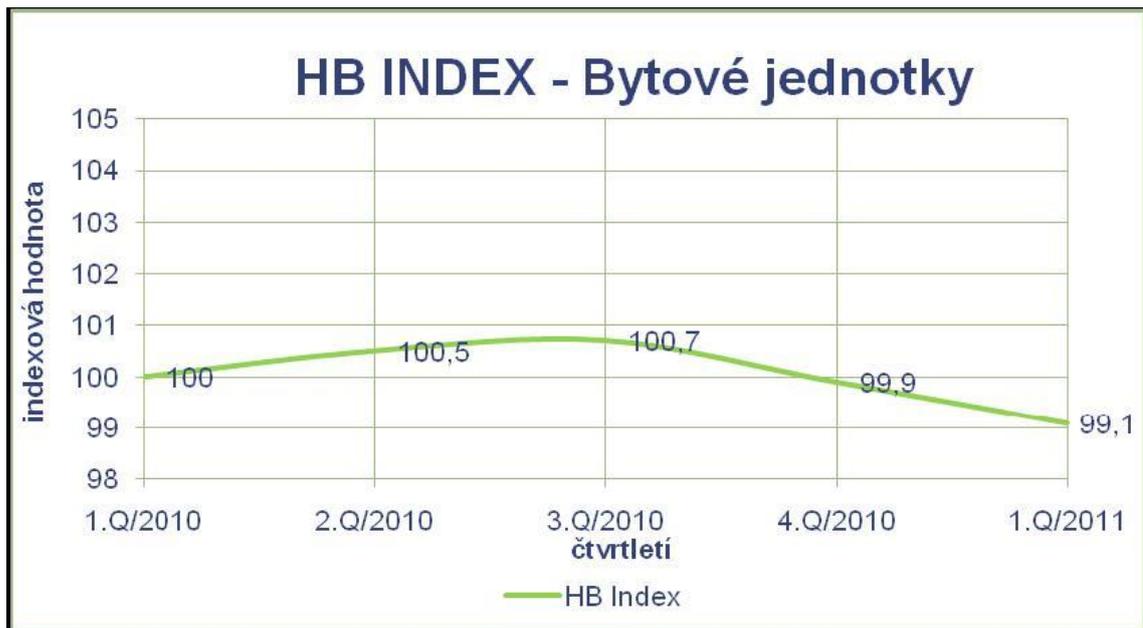
Source: (ČSÚ, 2011).

Appendix 5: Development of inflation in CZ (in percentage)



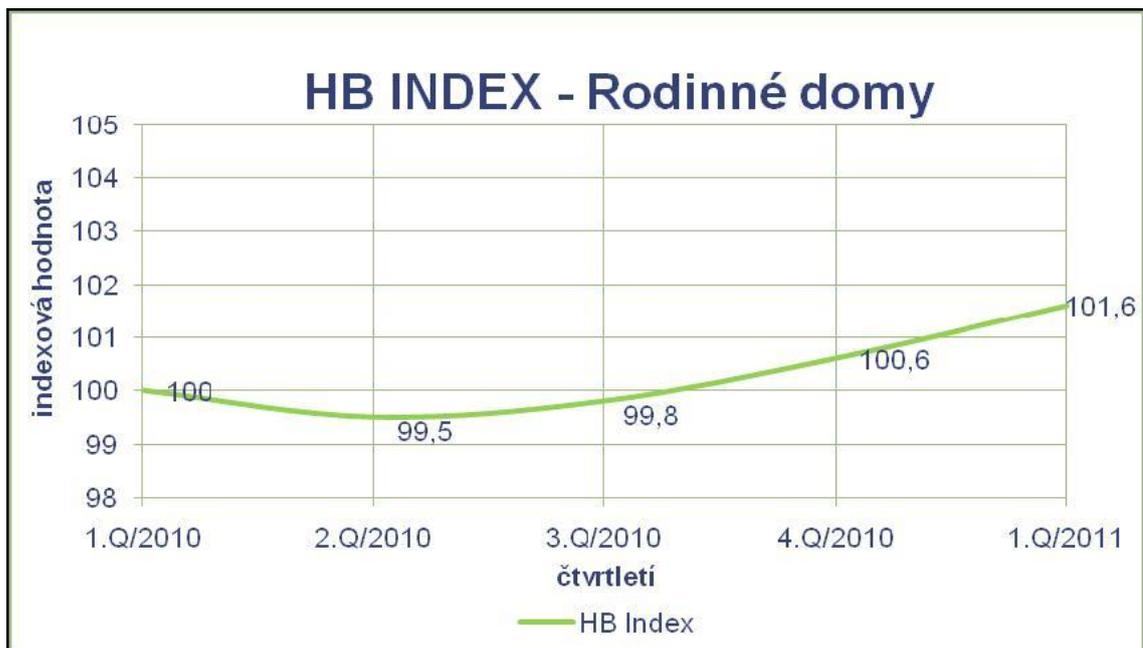
Source: (ČSÚ, 2011).

Appendix 6: Prices of residential units



Source: (Hypoteční banka, 2011).

Appendix 7: Prices of houses



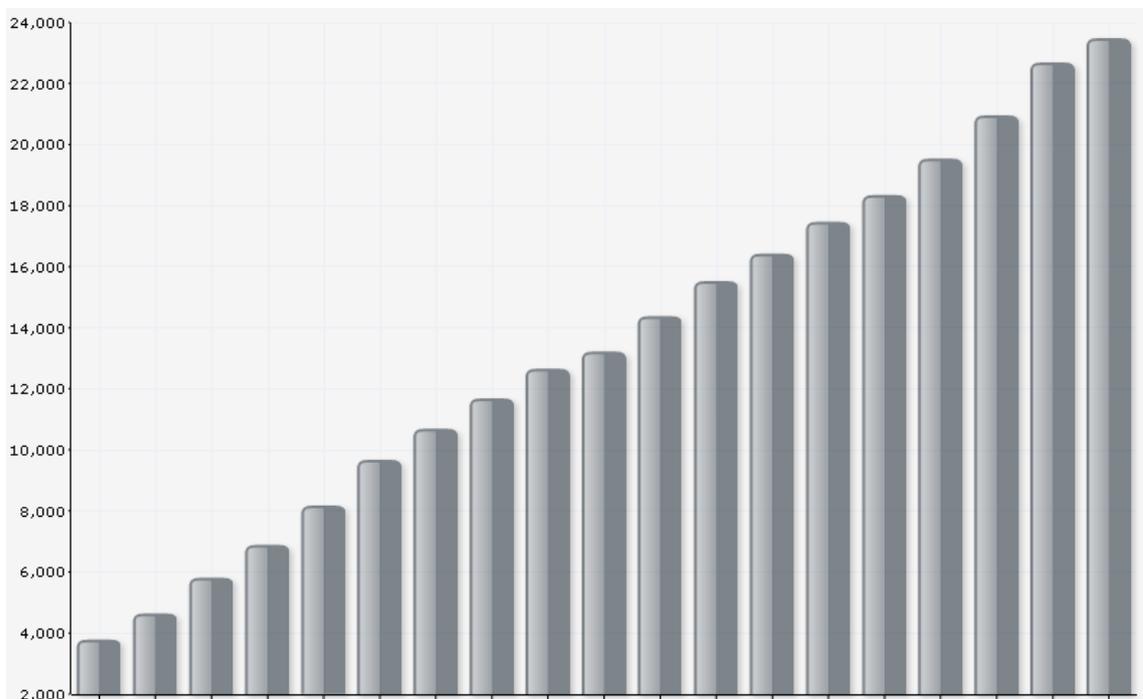
Source: (Hypoteční banka, 2011).

Appendix 8: Prices of landed estates



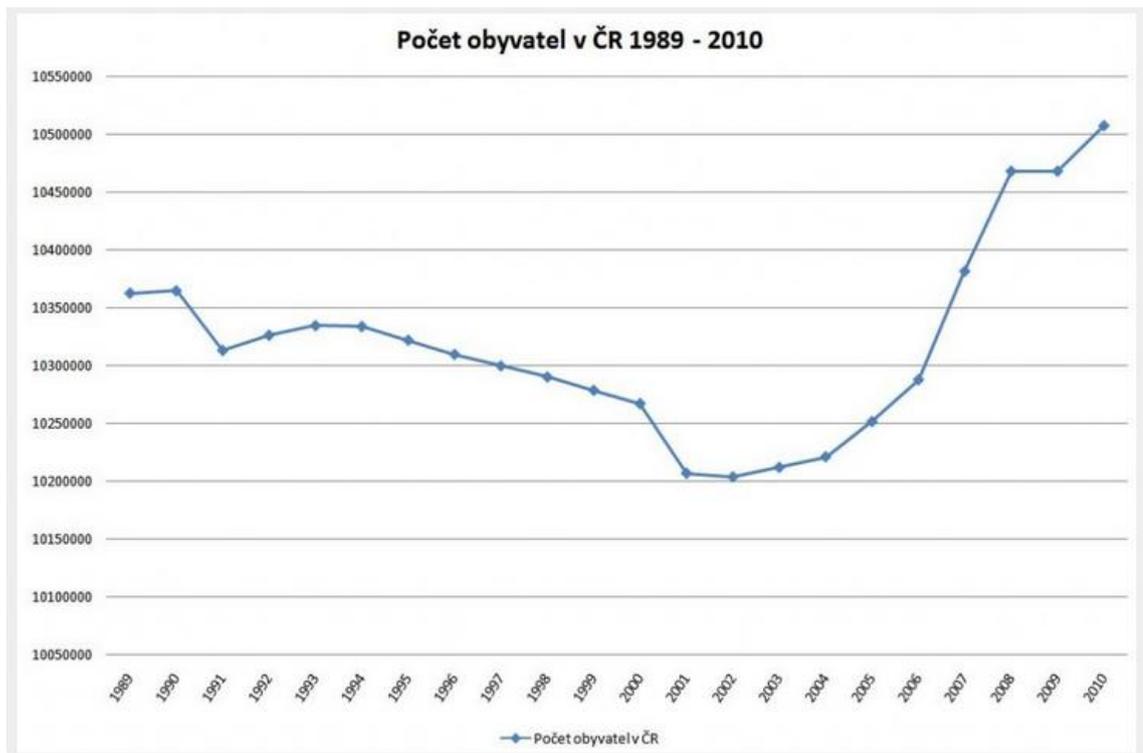
Source: (Hypoteční banka, 2011).

Appendix 9: Development of average wages



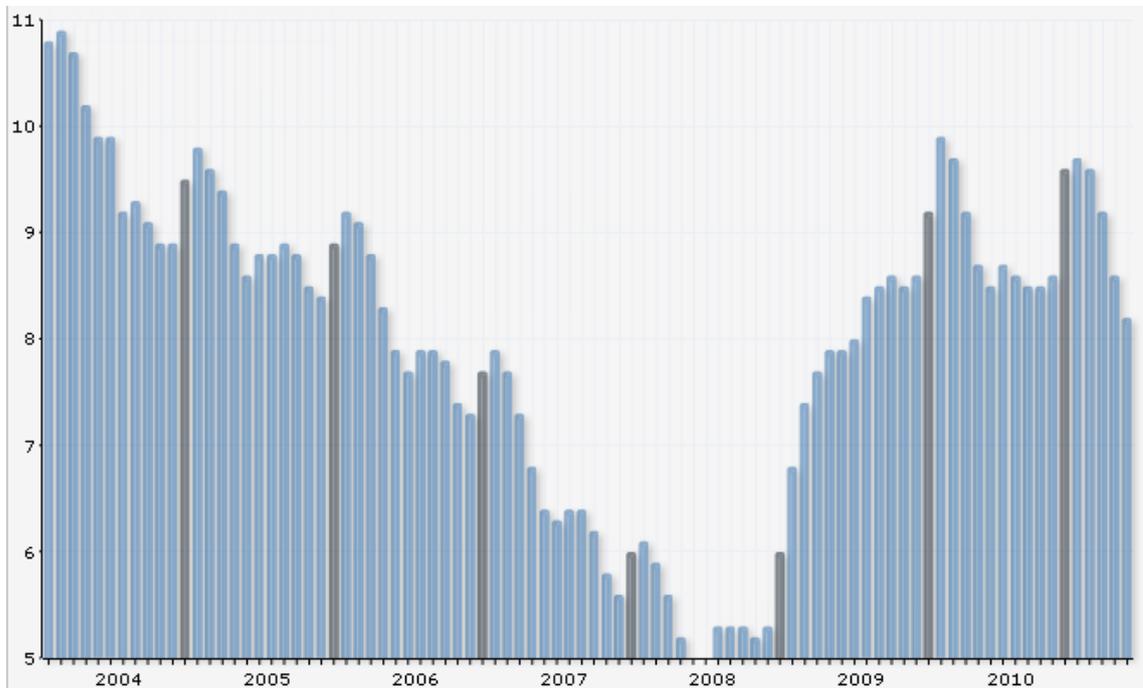
Source: (ČSÚ, 2011).

Appendix 10: Population in Czech Republic 1989 - 2010



Source: (Novák, 2010).

Appendix 11: Unemployment rate in Czech Republic



Source: (ČSÚ, 2011).

Appendix 12: Standardized interview

Kvalitativní výzkum (Standardizovaný rozhovor)

Tento rozhovor slouží pro akademické účely. Výsledky všech rozhovorů budou zveřejněny v diplomové práci na téma Rozšiřování služeb rodinného podniku. Rozhovor je anonymní a žádné spojení s dotazovaným nebude v diplomové práci uvedeno.

Souhlasíte se záznamem vašich odpovědí? ano x ne

Jaké je vaše postavení ve firmě? -----

Podnikáte v oboru, který se týká nemovitostí? ano x ne

Vlastníte nějakou nemovitost? ano x ne

Uvažujete o koupi či postavení nějaké nemovitosti? ano x ne

Vyžaduje taková (é) nemovitost (i) správu? ano x ne

Provádíte správu samy? ano x ne

Využíváte služeb firmy (em), která zprostředkovává takovou činnost? ano x ne

Které? (nepovinné)

Jak jste s jejich prací spokojeni? spokojeni
spíš spokojeni
ani spokojeni ani
spíš nespokojeni
nespokojeni

Jaké faktory u vás rozhodují při výběru firmy?

Jste spokojeni s cenou, kterou platíte za dané služby? ano x ne

Pokud se jedná o nebytové prostory, vyhovovala by Vám více cena za m² nebo cena za jednotku?

Jaká cena za m² nebytových prostor Vám připadá adekvátní? (bez DPH) méně než 5Kč

5-7Kč

7-9Kč

9-11Kč

11-13Kč

více než 13 Kč

Záleží u ceny na lokalitě?

ano x ne

Kdy naposledy jste řešili problém správy nemovitosti?

Ocenili byste spíše komplexní balíček služeb (úklid, správa fondu oprav, dohled na revitalizaci, technické zabezpečení, atd.) nebo základní správa nemovitostí?

Jaká činnost vám chybí u poskytovatelů?

Jak jste na danou firmu narazili?

Source: Compiled by the author.