## 2. Internal Situation

**2.1 Company:** Whether you are starting a new business or taking an existing business in a new direction, a marketing plan and company description are essential parts of the process. They will help you focus on your company's goals, target markets, competitors and strategies for growth and development. As you write a marketing plan, work to target it to a specific audience to ensure that the resulting materials and activities will be more focused and effective.

The company description section of the business plan is the first section of the plan you will actually write. It describes what the company is like inside and tends to constrain decision making later when you evaluate alternatives. Crafting a great company description will help give a general direction of the business and show any potential lenders or partners what your business is all about.

It describes issues like the values and norms within the organization. It will describe dimensions of the organization that tell us how fast the organization can move and what the organization values.

- Develop a mission statement. The mission statement can be several sentences or only a few words that describe the company's number one focus.
- Write a vision statement of the company. The vision is a paragraph or two about the direction of the company. Address issues like growth and company ethics. The vision is a pivotal part of not only the company description but also the entire business plan. This small section will set up the rest of the business plan.
- To add visual appeal to the company description section, this is a good place to create a bulleted list.

Some sample questions to ask would include:
a. Can the organization move quickly to respond to changes in the environment or is it generally a slow moving bureaucracy?

b. Does our division have to fight for resources with other divisions or are we a single product organization?

c. Are we a marketing driven organization, or are we dominated by finance people, production people, or a research and development types?

d. Is our organization satisfied with long term prosperity or is there a desire to acquire short term profits?

e. Is there turmoil within the organization?

f. Are we change driven, constantly introducing new products, or are our profits driven primarily by more conservative mature products?

## 2.2 Production

It is important to determine the level of production necessary to meet sales forecasts. These plans will impact on your capital needs, equipment expenditures, personnel needs, and other business demands. When it comes time for production you must consider the costs. There are two cost associated with production.

Production planning is one of the planning functions that a firm needs to perform to meet the needs of its customers. It is a medium-range planning activity that follows long-range planning in P/OM (PROGRAM OBJECTIVE MEMORANDOM) such as process planning and strategic capacity planning. Firms need to have an aggregate planning or production planning strategy to ensure that there is sufficient capacity to meet the demand forecast and to determine the best plan to meet this demand.

A carefully developed production plan will allow your company to meet the following objectives:

- Minimize costs / maximize profits
- Maximize customer service
- Minimize inventory investment
- Minimize changes in production rates
- Minimize changes in work-force levels
- Maximize the utilization of plant and equipment

**Production costs:** A company must be able to estimate the cost of producing a certain product in order to determine a budget and to plan effectively. Calculating production costs is a matter of accounting for direct and indirect costs that pertain to the production process. Once production costs are calculated, a business can figure out the amount of profit potential related to the production process.

Production costs include labor costs and material costs. Labor costs are those costs associated with the time spent making the product. You must include your time as part of the labor costs. Material costs are those costs directly associated with raw materials used in production of the product. These would include any value-added costs associated with the product.

**Non-production costs**: Non-production costs include overhead expenses, marketing expenses, and the profit margin required by the business to cover total costs and provide a reasonable return on investment to you.

**Overhead expenses** include rent, utilities, postage, telephone, supplies, etc. These expenses are incurred by the business but are not directly related to the production of the product.

**Marketing expenses** include sales commissions, advertising, packaging, promotional materials, trade shows, business travel, etc

## 2.3 Finance

Your marketing plan is a detailed road map that shows how you want to present your company and products to the marketplace, according to the Entrepreneur website. It provides a framework for a unified company message, and it also helps you reach many of your company's financial objectives. Before creating an effective marketing plan, it's necessary to know what financial objectives the plan addresses.

Financial planning provides a structure to the way finances are handled within the organization or company. Financial planning manages the flow of cash in and out of the business. Essentially, it’s impossible for an organization to function and be financially stable without financial planning.

Financial planning entails the analysis of financial reports. Without analysis, it’s difficult or impossible to make plans. When the business examines its financial records, it’s able to see the growth and present condition of the business. Financial planning helps to compare different situations and allows for a thorough understanding of how cash is earned and expended in the business.

The financial resources section is intended to give an indication of how much financial muscle the organization has available to it. This section of the plan details the financial size of the organization, makes judgments regarding the absolute and relative financial size of the organization and draws conclusions for strategy based on these judgments. This is where you lay-out in detail how much money the company can spend toward the production of the product/service, the promotion of the product/service and all expenses associated to operate the company and produce a profit. It is in the section where you establish your proposed budget.

## 2.4 Distribution Policies

A company formulates and implements a product distribution strategy to make more money and ensure that clients have timely access to goods. The business also draws up the outline to quell or limit rivals' commercial aspirations. A product distribution plan is integral to the marketing strategy an organization sets to manufacture top-quality items that clients relish and can afford.

Distribution policies cover various conduits and tools an organization uses to convey its products from corporate warehouses to retail centers and wholesale platforms. These include neighborhood plazas, shopping malls and department stores.

These policies touch on how a business limits money it pays in product distribution, how it selects the best and quickest intermediaries, whether it uses exclusive or non-selective distribution models, and how it prevents goods decay and equipment obsolescence throughout the distribution spectrum. The whole idea is not to give competitors a free pass and let them get a leg up against the business in terms of logistical superiority and quickness in goods distribution.

Distribution or sales, policy concerns the channels selected to transfer and transport a product from its producer to its consumer. It refers to the methods used to deliver products to the consumer. It is important to evaluate which method of distribution is used most successfully within the industry. (Don’t re-invent the wheel) You must also determine if new channels or methods of distribution are emerging.

To implement product strategies and distribution tactics, corporate personnel heed such factors as nature of goods, client preferences, geography and regulatory compliance -- all of which figure in the policy book of supply chain management (SCM) specialists.

These professionals help a company facilitate the shipping and maintenance of materials to distribution centers or other temporary -- or permanent -- storage facilities. The nature of goods involved in SCM processes is essential.

For example, perishable goods mandate that a logistics company deliver them as early as possible or set proper conservation procedures to prevent outright decay or gradual putrefaction. Geography -- in other words, distance -- may bring more shipping costs into the distribution equation.

Regulatory compliance often is cardinal in distribution strategy implementation, because a shipping business may need to adopt specific procedures to conform to government directives. For example, the transportation of hazardous materials