**Internal and External Factors**

**Internal factors**

A businesses costs can be effected by choices made about the running of the business.

**Effective Planning**

|  |  |
| --- | --- |
| **Method** | **Reason** |
| **Choosing when orders can be taken.** |  |
| **Ensuring stock is checked regularly – not having enough stock.** |  |
| **Ensuring stock is checked regularly – not having enough stock.** |  |

**Effective financing**

|  |  |
| --- | --- |
| **Method** | **Reason** |
| **Consider staff wages and salary.**  |  |
| **Consider marketing and advertising costs.**  |  |

**External factors**

Factors outside the business can effect the business in many ways.

|  |  |  |
| --- | --- | --- |
| Factor | Positive impact | Negative impact |
| Energy costs, including electricity.  |  |  |
| Interest rates. |  |  |
| The cost of raw materials. |  |  |
| Premises - the cost of rent.  |  |  |
| Marketing and advertising cost changes.  |  |  |
| Selling costs – wage changes.  |  |  |
| Selling costs – petrol / diesel changes. |  |  |
| Government change - Minimum wage law |  |  |
| Government change – New laws such as the new Data Protection law.  |  |  |
| Tax changes.  |  |  |
| Customer tastes and fashion changes.  |  |  |
| Competitors change – eg reduce prices or open a new store.  |  |  |
| Consumer confidence in the economy.  |  |  |
| Consumer legislation – Changes to packaging or items banned.  |  |  |