

MINNCOR Industries

Marketing Plan

Product Sales

Fiscal Year 2010

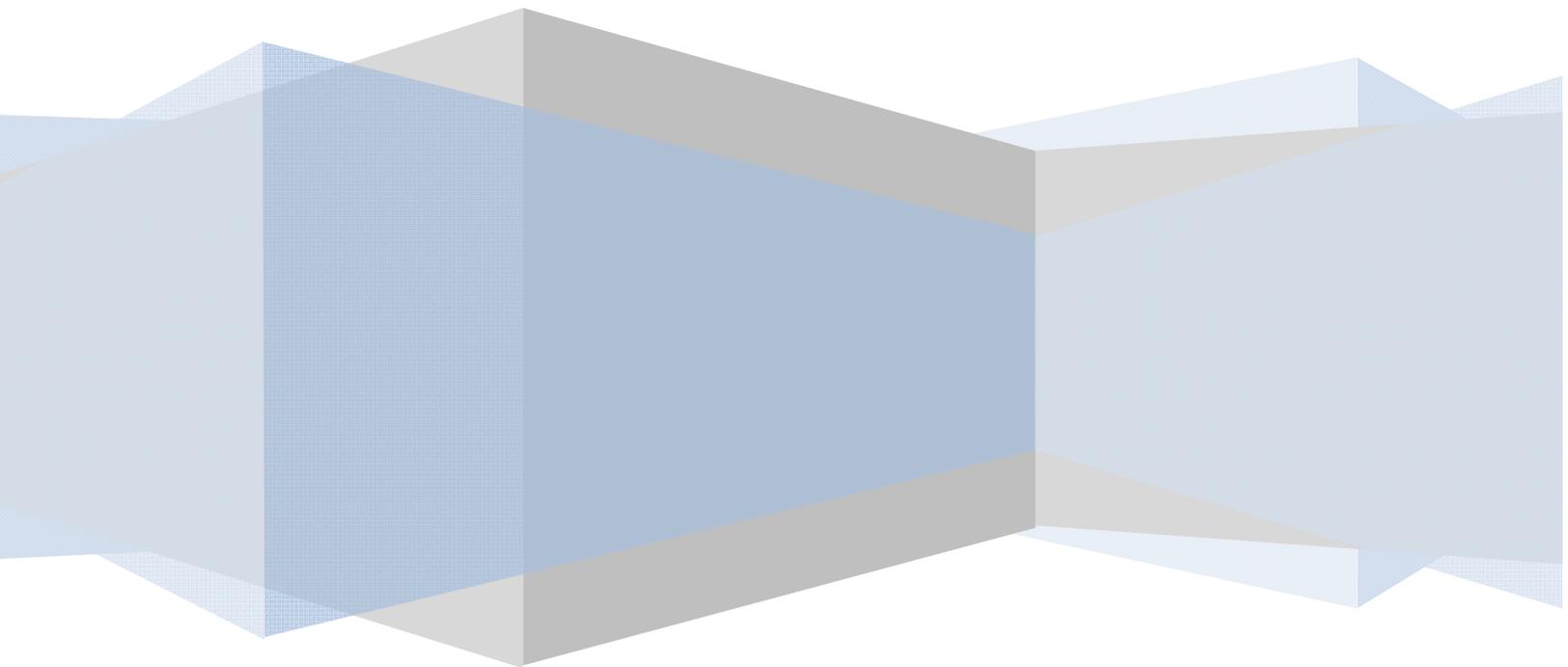


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Purpose and Mission

Purpose of the Marketing Plan

The purpose of this document is to develop a market methodology for MINNCOR, Minnesota's prison industry program. It will structure MINNCOR's approach to building a market presence to drive opportunity and convert that opportunity to revenue, offender jobs, and profitability. It is not intended to be a rigid plan but, rather, a flexible approach that will be modified as market conditions and MINNCOR's focus demand.

Organization Background and Mission

Prison industries have a long history in Minnesota, dating back to the production of twine in the 1870s and soon followed by the Minnesota Line of farm machinery. For more than 100 years, Minnesota has placed emphasis on training and employing as many inmates as possible.

MINNCOR Industries was created in 1994 by the Minnesota Department of Corrections (DOC) to consolidate and centralize its individual facility programs into a single statewide business, as well as to increase efficiency and decrease reliance on the state's general fund. MINNCOR exists for the primary purpose of providing educational training, meaningful employment, and the teaching of proper work habits to inmates – not solely as a competitive business venture. Correctional industries provide a means to combat offender idleness and reduce costly disruptive behavior, thereby significantly contributing to the maintenance of a safe and secure environment for both staff and offenders.

Financially self-sufficient since FY03, MINNCOR has demonstrated its ability to coordinate and maintain prison industries that are efficient, productive, and safe. Receiving no state subsidies, taxpayer dollars, or grants, MINNCOR offers premium products and services to various markets and industries. MINNCOR currently operates in 6 Minnesota state correctional facilities, utilizing up to 1,200 offenders as its main workforce.

Today, MINNCOR runs a contemporary, cohesive, self-sufficient business operation featuring 18 diversified product lines. MINNCOR offers state and other government agencies an option for purchasing products directly without going through a bidding process, making purchasing easier and more efficient.

MINNCOR strives to provide a safe working environment within the prison system and successfully transition offenders into the community at no cost to the taxpayer. MINNCOR's mission is to be a customer-driven business that contributes to a safer Minnesota by providing:

- sound management that ensures financial self-sufficiency;
- quality products delivered on time to build a loyal customer base;
- efficient reduction of inmate idleness that contributes to a secure prison environment; and
- work skills' training that prepares offenders for release.

The EMPLOY program, MINNCOR’s post-release employment service, seeks to teach offenders to capitalize on vocational and job skills learned while incarcerated and apply them to employment opportunities once released. EMPLOY staff provides employment readiness training, viable job leads to released participants, and job retention assistance. The goal is to provide employment assistance to offenders, reduce recidivism, and contribute to safer communities.

Situational Analysis

Current Business Profile

In FY09, MINNCOR had sales revenue of \$23 million to government agencies.

Current Market Profile

MINNCOR has assigned account managers to the following markets. Marketing efforts are focused on Minnesota agencies for the following sectors:

- *Minnesota DOC and Department of Human Services (DHS):* MINNCOR may sell to any government entity, such as state prisons and county jails. This account also includes canteen sales to offenders.
- *State of Minnesota agencies/Minnesota State Colleges and Universities (MnSCU):* Any state agency may purchase products directly from MINNCOR without going through a bidding process by using the State of Minnesota contract for MINNCOR.
- *State of Minnesota agencies (printing):* MINNCOR provides full-service printing to Minnesota state agencies.
- *Private non-profits, K-12 education, University of Minnesota, cities and counties:* Any government agency in Minnesota or any other state may purchase from MINNCOR through Minnesota purchasing procedures or through the Cooperative Purchasing Venture, a members-only program that enables participating governmental units to purchase goods and services under contract terms established by the State of Minnesota. Private non-profit organizations may purchase from MINNCOR as well.

Table 1: FY09 Sales Revenue/Offender Workforce

<i>Sales Category</i>	<i>Sales Revenue</i>	<i>Offenders Assigned</i>
Linens and clothing	\$1,877,054	77
Custodial products	694,631	0
Canteen	7,367,877	95
Furniture	1,471,559	77
Metal products	2,120,616	48
Detention plastics	239,912	0
Laundry	2,080,858	50
Printing in-house	1,751,175	36
Printing outsource	2,593,698	0
Seating/mattresses	1,919,703	27
Safety products/women’s clothing	115,010	13
Clerks	NA	28
Total	\$22,232,093	451

Marketing Strategy

People want products that are of the highest quality, delivered on time, and have reliable customer service. MINNCOR account managers will be responsible for their assigned markets and developing relationships with their customers. They will drive sales by increasing customer awareness of MINNCOR's branded products and services.

MINNCOR is moving forward with an Enterprise Resource Planning (ERP) tool that includes a Customer Relationship Management (CRM) segment. Through use of CRM software, account managers and customer service representatives will be able to more fully provide assistance to customers. This integrated approach will provide the ability to respond to inquiries with easy access to customer history, inventory, and the ability to create sales quotes.

Construction activity will be monitored, evaluated, and bids submitted where appropriate.

Market research, marketing approach, account management, and customer service will remain flexible and responsive to market needs. This, in turn, will aid in maintaining a constant working relationship with MINNCOR customers.

Value Proposition

MINNCOR Industries offers all government agencies, private non-profits, K-12 education, universities, cities, and counties the ability to purchase with ease. Quality products, competitive pricing, and superior customer service are provided.

Target Market Profile

MINNCOR will continue to focus on:

- DOC and DHS
- State of Minnesota agencies, including MnSCU
- State of Minnesota agencies (printing)
- Minnesota cities and counties
 - Private non-profits
 - K-12 education
 - University of Minnesota

Target markets listed provide MINNCOR with the greatest potential for revenue, profitability, and offender employment/skills training.

MINNCOR Objectives

- Generate sales that support offender employment.
- Expand exposure in current markets; explore markets that support core competencies.
- Manage pricing and define margins to support income goals.
- Develop and manage product lines to satisfy markets.

- Increase and maintain sales revenue and offender assignments as shown in Table 2.

Table 2: FY10 Projected Sales Revenue/Offender Workforce

<i>Sales Category</i>	<i>Projected Sales Revenue</i>	<i>Offenders Assigned</i>
Linens and clothing	\$1,438,360	77
Custodial products	779,551	5
Canteen	7,685,499	95
Furniture	2,818,862	77
Metal products	1,536,588	40
Detention plastics	299,640	4
Laundry	2,167,501	52
Printing in-house	1,797,603	42
Printing outsource	2,604,593	0
Seating/mattresses	1,679,422	27
Safety products/women's clothing	105,067	13
Clerks	NA	25
Total	\$22,912,686	457

Budget/Advertising Dollars Available

A total of \$72,000 is allocated for FY10 business development promotional activities. These dollars will be used for advertisements, trade shows, exhibit and display expenses, research and development, and dues and fees.

Marketing Tactics

MINNCOR's marketing strategy suggests it needs to strongly focus efforts on channels that will reach the target audience and have a strong hold on them. MINNCOR's four markets will have a somewhat different tactical approach, moving away from those methods that fail to produce and exploring new or alternate methods to create successes.

MINNCOR Industries will focus on a variety of tactics to distribute its message to current and potential customers.

- *Trade shows/conferences:* Account managers will participate in specific related trade shows and conferences in FY10 to determine the impact on new customer development.

MINNCOR participates in local trade shows and conventions, including the Chief Engineer's Guild. Participation in this event helps MINNCOR maintain relationships with current metal products customers. MINNCOR has participated in the National Correctional Industries Association Central Region Conference and the Habitat for Humanity Convention, with whom a cabinet contract was established. MINNCOR attended MnSCU's bi-annual Chief Financial and Facility Managers Conference. This valuable opportunity was used to gain name recognition and inform people of the products and services MINNCOR offers.

MINNCOR plans to participate in the upcoming National Catholic Charities Conference.

- *Journal publication advertisements:* MINNCOR has researched many local and national publications that could provide a communication resource to target customers. To assist in marketing efforts, MINNCOR has placed several advertisements in local Minnesota publications. Advertisement placements have included *Minnesota Cities*, a local magazine that reaches more than 7,300 city officials including mayors, council members, city clerks, and others; and *Minnesota Counties*, a local newsletter that reaches business and community members. Information about MINNCOR's products and services has also been sent to the *Corrections Forum*, the information source for correctional management and professionals.

MINNCOR has the opportunity to submit newsworthy information to the monthly buyer's newsletter of the Minnesota Department of Administration's Materials Management Division (MMD) and advertise in *Charities USA*, a magazine that reaches an audience of Catholic Charities agencies, staff, and volunteers.

- *Professional organization participation/networking:* Participation in organizations will increase visibility among current and potential customers. Currently MINNCOR has memberships in good standing with the professional organizations listed below. These new additions to marketing efforts afford MINCOR the ability to network and build business relationships with customers. MINNCOR will take advantage of all appropriate meeting opportunities in FY10 and search for new organizations with whom to participate.
 - Architectural Woodwork Institute
 - Minnesota Recreation and Park Association
 - Chief Engineers Guild
 - States Organization for Boating Access (SOBA)
 - Printing Industry of Minnesota, Inc.
 - Minnesota Corrections Association
 - National Correctional Industries Association
- *Mailings/cold callings:* Mass mailing is one of the established ways to reach a large segment of target markets. With the purchase of a membership on Hoovers.com and the *Reed Construction Report*, MINNCOR has been able to access lists of companies that fall under its target markets and could benefit from MINNCOR products and services. Company lists provide detailed business reports and industry profiles, helping greatly with mailings and cold calls.

In FY09, one mass mailing was sent to all state agencies and non-profit organizations, promoting MINNCOR's table line. More mailings will occur in FY10, including postcards to cities and counties highlighting MINNCOR's outdoor recreation products, contractors promoting MINNCOR's casework, and non-profits showcasing MINNCOR's residential furniture. Mailings will be closely reviewed to determine their effectiveness.

- *External/internal catalogues:* MINNCOR is updating and revising all marketing literature for each sales category. New sell sheets have been created for outdoor recreation products, residential furniture, seating, and tables. These sell sheets will become an essential marketing tool for account managers to use when meeting with new customers and setting up new accounts. Plans are underway for the creation of new sell sheets for the detention furniture line as well as a new printing catalogue.

- *Website:* The current MINNCOR website is not up-to-date. Plans for a website remodel are under review, including fiscal feasibility. MINNCOR plans to optimize the site's ability to direct potential customer searches for the program's capabilities and products to the site. MINNCOR's internet presence will increase the availability of products and services to targeted market segments. By listing all of MINNCOR's current products online, cross-selling opportunities may be promoted.
- *Referrals:* One other area that has been of great value to MINNCOR and will continue to play a significant role in future development of new customers is referrals from satisfied existing customers. This will continue to be aggressively cultivated.

Target Market Tactics

- *DOC and DHS:* The account manager for this segment will need to nurture relationships with customers, promoting MINNCOR's ability to respond to changing product needs of this market. Construction and detention furniture projects must be monitored for potential sales opportunities.

Conferences or trade shows MINNCOR will attend include:

- Minnesota Chief Engineers Guild Conference
- Jail Administrators Conference
- Minnesota Corrections Association Conference

- *State of Minnesota agencies, including MnSCU:* This account manager will seek to build relationships with state agencies by participating in contributing to the monthly MMD newsletter and monitoring construction projects.

Conferences or trade shows MINNCOR will attend include:

- Minnesota Chief Engineers Guild Conference
- MnSCU's Chief Financial and Facility Managers Conference
- SOBA
- University of Minnesota Central Stores

- *State of Minnesota agencies (printing):* Solidifying relationships with state agency customers has proven to be valuable in this industry. MINNCOR introduction presentations at various agencies have been successful. This account manager will monitor the Department of Administration's bid solicitation site and develop sell kits that explain and define printing parameters for customers with:

- 2- and 4-color comparison
- Color cover, black and white interior versus all color

Conferences or trade shows MINNCOR will attend include:

- MnSCU Chief Financial and Facility Managers Conference
- Introduction meetings with state agency print buyers

- *Minnesota cities and counties, private non-profits, K-12 education, University of Minnesota:* The account manager will monitor construction projects on a daily basis, review the University of Minnesota bid solicitation website, and seek conferences where a presence will be beneficial for MINNCOR as a vendor.

Conferences or trade shows MINNCOR will attend include:

- League of Minnesota Cities Conference
- Catholic Charities Conference
- Association of Minnesota Counties
- Habitat for Humanity
- Minnesota Council for Non-Profits
- Salvation Army Conference

Sales Resources Required

- *Customer service support:* Customer service representatives will provide support to account managers by generating quotes, processing repair orders, processing credit memos, and responding to customer product inquiries. Customer service will also assist in preparation and distribution of bids, trade shows and conferences, clarifying order details, maintaining the customer database (CRM), and maintaining the product showroom.
- *MINNCOR showroom:* The MINNCOR St. Paul showroom provides a venue to demonstrate products produced by the program's shops. The showroom also assists in telling the MINNCOR story to visitors, customers, and stakeholders.
- *Website and sales collateral support:* The marketing representative will assist in any re-design of MINNCOR collateral, sell sheets, and marketing materials. Marketing will also be involved in updating product photos, creating advertising, executing changes to the current website, and obtaining market data as required.
- *Lead generation/tracking:* Opportunities will be researched via the Dodge Report, Reed Construction Report, Minneapolis Builders Exchange, and MnSCU Construction Report. Account managers will follow up on potential leads and submit bids when viable. Bids will be tracked and monitored through the CRM and the bid tracking spreadsheet.
- *Technical support from operations:* Operations will provide cost estimates for custom items and annually provide costing for MINNCOR products. Operations will accompany sales account managers on sales calls where technical information exceeds that of the account manager's expertise.
- *Training:* Training will be an ongoing component of MINNCOR's marketing and sales plan. It is the responsibility of each account manager to determine and participate in individual training that will help develop his/her skills in conveying MINNCOR's capabilities and mission.

Training will consist of but not be limited to:

- Product/capability and sales training
- Business unit cross-training
- Seminars
- Individual account management skills
- Sales and market busting workshops

Summary

This marketing plan is designed to identify opportunities for growth within MINNCOR's target markets and define activities to support key objectives for FY10. To determine whether these goals are being met, the plan's effectiveness will be measured in the following ways:

- an annual budget will be established based on units of products sold with monthly review by product, representative, and market and provided to operations for budgeting manufacturing costs and planning production;
- a mid-year forecast will reevaluate progress and re-budget if necessary;
- reporting will be measured against account manager or market and sales categories;
- weekly, monthly, and year-to-date sales will be monitored to track effectiveness of the current price and will assist with determining future prices;
- budgeted sales, invoiced sales, open orders, and quotes will be monitored weekly and on demand;
- construction activity will be managed and monitored daily on the bid spread sheet; and
- monthly financials will be reviewed against budget and mid-year forecast.

The information gathered will allow MINNCOR to determine what strategies are working and what approaches need improvement. MINNCOR will be able to identify and act to improve any sales-related issue early because it has administrative support for making these improvements. This plan will be modified as necessary as market conditions and MINNCOR's focus demand.