



“Creating a Pricing Section For Your Turnaround Plan”

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Creating a Pricing Section For Your Turnaround Plan

If you are running a business that is in danger of failing, you will need to take some actions to turn the business around. Before you start cutting staff and removing business processes, it is important to develop a formal Turnaround Plan for these activities. This will show investors and key proponents of the business that you are serious and credible with your efforts.

The most important part of that plan is usually the Marketing Plan section. This section should be complete enough that you can remove it from the overall Turnaround Plan and distribute it individually.

A key component of this Marketing Plan is the Pricing section. To illustrate what you should include in a Pricing section of this Marketing Plan, let us consider a fictitious business called Company X. Company X sells high-end medical surgery lasers.

In essence, the Pricing section of the Marketing Plan needs to describe the current pricing structure in the current company and what, if any, changes will be made to this structure after the business is reconstructed. This section should emphasize any key components of the new pricing matrix that will help to facilitate the turnaround efforts.

To illustrate what should be included, below is a sample Pricing section for Company X.



[Beginning of sample Pricing Plan for Company X]

Pricing

Company X currently offers free education along with our laser products. Company X will no longer offer our education products as added value offerings to the core product line of medical lasers. Company X now offers them as standalone educational products. These products will provide a stable revenue source for the transformed company.

The recent healthcare legislation presents a unique opportunity to realize a significant profit because of the laws of supply and demand. As the leading manufacturer of medical lasers, Company X has enjoyed a near monopoly in the industry and Company X plans to also monopolize the educational products.

There are currently no companies that offer educational materials for these products and it will likely take several years for any competition to develop. As a result, Company X will charge premium rates for our educational materials.

Here is a breakdown of the anticipated cost matrix for the training materials associated with the X2590 (the most popular laser sold prior to the restructuring of Company X):

Recorded Classes

X2590 Basic Training - \$3,400

X2590 Expert Training - \$ 3,400

X2590 Little Known Features - \$ 2,500

X2590 Cosmetic Surgery Applications - \$ 2,500

X2590 Installation and Maintenance - \$2,500

Online Classes - Delivered live

X2590 Basic Training - \$5,400

X2590 Expert Training - \$ 5,400

X2590 Little Known Features - \$ 3,500



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X2590 Cosmetic Surgery Applications - \$ 3,500
X2590 Installation and Maintenance - \$3,500

Online Classes - Delivered at the customer location*

X2590 Basic Training - \$15,400
X2590 Expert Training - \$ 15,400
X2590 Little Known Features - \$ 13,500
X2590 Cosmetic Surgery Applications - \$ 13,500
X2590 Installation and Maintenance - \$13,500

Service and Support Agreements

X2590 1-year parts and maintenance - \$ 50,000
X2590 5-year parts and maintenance - \$200,000
X2590 10-year parts and maintenance -\$400,000

* - Plus travel expenses

[End of sample Pricing Plan for Company X]
