



“The Executive Summary of a Turnaround Plan”

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If your company is in trouble, you will need a formal turnaround plan. You will use this to obtain loans for your restructured company. To illustrate such a plan, let us consider a fictitious company in trouble called XYZ Company. Below is an example of the Executive Summary for the turnaround plan of XYZ Company.

[Beginning of Sample Executive Summary]

Executive Summary

XYZ Company is a manufacturer of high-end laser equipment and machinery used in the medical field. XYZ Company has two locations: the main office and primary manufacturing site is located in Newark NJ, with personnel servicing the eastern part of the US, and the other office—a non-manufacturing site only—is located in Spokane, Washington, servicing the western part of the US.

In recent months, the president has signed into law the new healthcare bill. As a result, the US government will soon take control of all equipment manufacturers who supply the hospitals in the US. XYZ Company will be forced to sell all of their manufacturing equipment to the government at bargain basement prices.

This could not have come at a worse time because just the previous year, XYZ Company completed an initial public offering of stock on the NASDAQ. Their initial stock price was \$5 and had risen to over \$110 in the first year. The final changes imposed by a few democratic senators commandeered the industry and squashed all hopes for medical equipment manufactures.

However, the owner and majority stockholder of XYZ Company has noticed a significant opportunity in the new legislation with respect to XYZ



Company. While all hopes of continuing in the equipment manufacturing business have been dashed on the political rocks of Washington DC and its progressive agenda, there is a tremendous opportunity emerging in the area of laser equipment training.

During the initial restructuring period, XYZ Company plans to sell off all existing laser equipment and reduce staff drastically. The future products and services of XME will be focused around training. Initially, the training products and services will be directed toward the new government manufacturers who will take over the manufacturing operations. Longer term plans call for an extensive line of training products directed toward the primary buyers of medical laser equipment: health care workers.

With this transformation, XYZ Company will transform from a high-cost, centrally located, brick-and-mortar manufacturing company into a company with employees distributed across the US and working from home-based offices over the Internet. All products will be created in electronic format and distributed via the Internet, and in some cases on CD or DVD formats.

The restructured company will focus all of its efforts on the development and delivery of educational products. We will no longer manufacture medical lasers, so we will realize a significant amount of cost savings as a result.

The downside to this is that we will no longer have direct access to the proprietary information that comes as a byproduct of controlling the manufacturing process.



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XMET will therefore need to maintain some access to information about the internal operation of these products. If the reader has any concern that XYZ Company will not be able to provide quality educational materials since it no longer has direct access to the manufacturing process, this concern is unwarranted.

Traditional education providers do not need to have this direct connection to the products they provide education for. For example, many companies provide education for Adobe products (one of the most popular software companies) and they have no direct connection with Adobe. Universities provide education about the business world and they are not in business. This line of reasoning also applies here.

[Ending of Sample Executive Summary]