



“Tips on Constructing the Competition Section of a Turnaround Plan”

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When businesses are in danger of failing, the proponents of the business usually make a decision as to whether they will try to save the failing business or just let it fail. Sometimes it may not be advantageous to expend the resources to turn a distressed business around. It all depends on how much it will cost and what there is to gain. Each situation is different.

In any case, if the proponents decide to recover the business, they will need to develop a formal Turnaround Plan to guide the process. This Turnaround Plan should include all the elements necessary to show any investors that these recovery plans are viable.

A key element of the Turnaround Plan is the Marketing Plan section. It will describe the overall approach to be used in the recovered company. In essence, it will show what will be done differently to ensure success in the transformed company. .

A key component of this Marketing Plan is the Competition section. To illustrate what should be included in the Competition section, we will use a fictitious company called XYZ Company. XYZ Company sells high-end medical lasers.

In essence, the Competition section needs to describe what the current competition is in the current company and what, if any, the new competition will be for the transformed company. Identify in this section any changes in the competition that will occur after the business is reconstructed. This section should emphasize any key features of the new competitive environment that will facilitate success of the turnaround efforts.



To illustrate what should be included in the Competition section, here is a sample Competition section for XYZ Company.

[Begin Sample Competition Section]

Competition

Prior to the turnaround, XYZ Company had only a few competitors and enjoyed a unique competitive position in the marketplace. Our products dominated more than 80% of the marketplace, with this position growing annually. Due to this near monopolistic position, we were able to charge top dollars to our primary customer base, the hospitals of the US.

With the passing of the recent healthcare legislation, the government will now be the only manufacturer of high-end medical lasers. XYZ Company will discontinue its manufacturing operations and focus entirely on education products. The US Government will now manufacture the entire XYZ Company product line.

During the initial transition to socialized healthcare, we expect a tremendous increase in profits due to the nature of supply and demand. We are the only company offering training and support on these products and therefore, we will charge exorbitant rates. We will also keep our knowledge close and not disclose the inner workings of the equipment. It will be difficult, if not impossible, for any competition to become established, as we will also hold a virtual monopoly on the education market for these products.

As the market becomes more competitive over the next few years, we will adjust our prices accordingly.

[End Sample Competition Section]