

The problems related to a company's troubles are usually evident within the organization itself: strategic planning errors, poor management, insufficient human, material or financial resources, etc. However, it could be that a company is operating in a slumping industry owing to a downwards cycle, the scarcity of raw materials or a raging price war. In such contexts, can the company's owner influence his own destiny?

## **WHEN IT'S WAR, IT'S WAR**

André is the owner-operator of **Under the Sea Inc.**, a seafood-processing plant in eastern Québec. During the 1990s, certain species of fish nearly disappeared from the Gulf of Saint-Lawrence, to the extent that commercial fishing of redfish and cod, two species with historically high volumes, had to be halted indefinitely by government authorities. Since then, fish processors are sharing business and processing a limited number of fish species with the following consequences: supply price war, limited resources for developing value-added products, intense pressure from workers to maintain a significant work level, etc.

André notices that this adverse context has eaten away at his profit margins, despite his performing certain management miracles. In this type of context, he had expected a certain cleansing process to take place in the industry over the years. However, various government actions have saved several of his competitors from certain bankruptcy. André must therefore accept the facts: war will leave a number of wounded in the fish-processing industry, but very few dead!

## **FRENEMIES?**

In conducting a more in-depth analysis of his situation, André realizes that it would be difficult, if not impossible, to carry out several projects **on his own** that are vital to his business: development of value-added products, overseas marketing campaign, etc.

Similarly, through discussions with business relations and by reading the financial news, André realizes that other industries are currently facing contexts of intense competition: aviation, telecommunications, etc. He notices, however, that mergers, strategic alliances and joint R&D projects are on the upswing. Convinced collaboration is possible in a competitive context, André proposes an alliance to four of his competitors to complete a development project of a new product prepared using a shellfish that, although in abundance in the region, has never been exploited on a major scale. After reaching a mutual agreement and determining a mode of financing and operating rules for the project, the partners relay their enthusiasm to their employees, suppliers, creditors as well as the government regulatory authorities for their industry.

After two years, the project is a success at last and processing the new product makes it possible for each business to diversify its production and increase its total contribution. However, even more importantly, the partners have expanded their initial alliance to develop and market other specific products. Further, despite sustained competition in the main industry, the business relation stemming from the project seems to have had a mitigating effect on the price war that had been raging for many years.

To summarize, we should remember that it is not always necessary to put your competitors in the shade in order to shine more brightly. The industries that have managed to realize this are benefiting from an improved reputation and have an easier time attracting investors, top-notch employees and profits!