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Corporate Barter Turns Surplus Inventory Into Purchasing Power

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In Rochester, a Fortune 500 company purchased an excess of over \$250,000 in non-refundable airline/hotel packages. An office supply company realized it was carrying over \$60,000 of expired and obsolete products. And a material handling company found they were in possession of over \$100,000 worth of spare parts it no longer needed.

For all companies grappling with obsolete, surplus, blemished or inactive inventory, excess service capacity or poorly performing assets, corporate barter eliminates the need for write-offs and allows you to turn any surpluses into future purchases, using 100 percent of the verifiable wholesale or carrying cost of the goods and services.

Companies simply transfer the title of underperforming assets to a third-party barter organization — that is typically international in scope — and which, in turn, provides an equivalent credit. In cases where companies are interested in moving very large inventories of high quality or “current” components with the least number of conditions applied to the resale, there may also be cash generated as well.

Unlike retail barter, corporate barter is open to any company. There are no membership requirements or associated annual dues, and no requirement to only do business with member companies. There is only a one-time management or transaction fee calculated as a small percentage of the total value of the transaction.

Measure Excess Inventory To Determine Value

Many companies these days seem to have obsolete parts or service overcapacity, but few can quantify the surplus. The first step of any inventory reduction program is to develop a formal system of identifying and tagging excess parts as well as quantifying carrying costs.

Once surplus inventory is collected and valued, consider giving material planners and production managers one last look to confirm the non-viability of the surplus goods. You might also want to offer current customers a “first right of refusal” before starting the search for new

BARTER BASICS



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buyers.

After exhausting your existing sales outlets and before applying significant discounts or write-downs, it's time to let your corporate barter account manager take over. Once the remarketing campaign begins, s/he will also be able to honor any companies or territories you don't want approached, giving you total control over the sale. Typically the goal will be to have the excess inventory out of your warehouse within 90 days.

Turn Credits Into Needed Goods, Services

How you want to spend your credit is also totally in your control as well. The Fortune 500 company used its extra VIP travel packages to fund a very large commercial printing. The office supply company purchased much needed HVAC, computer network and security systems. The material handling company purchased needed capital goods and services. The corporate barter account manager acts as purchasing agent locating the highest quality goods at the best price from its global marketplace.

As with retail barter, when companies use their line of credit for large, pre-planned expenses such as national advertising campaigns, printing of collateral materials or capital improvements, it preserves cash and enhances the bottom line.

So, take a few hours this month to review the aged inventory still on your books or surplus taking up revenue-generating space in your warehouse. If your company is faced with a surplus or obsolete inventory of products, spare parts or client perks, corporate barter will offer you a single point of contact for turning these space-consuming duds into dollars, thereby eliminating the predictable 70 to 90 percent write down or loss associated with liquidation.

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