

The background of the cover features an industrial facility under a clear blue sky. In the upper portion, two tall, white, cylindrical towers with metal scaffolding and ladders are visible. Below them, a large, semi-transparent blue banner contains the main title and subtitle. The bottom portion of the cover shows a large, white, cylindrical storage tank on a gravel pad, surrounded by a yellow safety line. A white truck is parked on a paved area to the left of the tank. The overall scene is an industrial plant, likely a refinery or chemical processing facility.

Plant Closure eBook

7 Plant Closing Mistakes & How to Avoid Them

A Guide to Maximizing Results and Minimizing
Damage When Closing a Facility

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Introduction

Reconfiguration, downsizing, streamlining - No matter what it is referred to, a plant closing can be an overwhelming task for any manufacturer. This eBook was created to help companies avoid the most common mistakes that can cost both time and money.

Who We Are

EquipNet is a global leader of surplus asset management solutions. We're recognized for our proprietary asset management platform, our revolutionary industrial equipment marketplace, and our results-driven project management services. Our diverse roster of clients include Fortune 500 multi-national corporations, leading regional manufacturers, financial institutions, and corporate renewal professionals.

EquipNet solutions deliver maximized financial return while improving our client's corporate image, adhering to their safety standards, and contributing to their sustainability initiatives.



Becoming the victim of a tight deadline

- Plan ahead to avoid pressure to sell equipment at giveaway prices
- Last-minute deals take all negotiating power away from the seller
- It takes time to reach the right end-users and get the highest value for your assets
- Letting things slide, means accepting low offers and neglecting deadlines

The Solution:

Start the disposition plan early - In fact, if you're even considering a plant closure, **start planning now.**



Not thinking through redeployment issues

- You can waste millions by purchasing the same equipment that is sitting idle at another facility
- Redeploying indiscriminately can waste money by shipping equipment that will not be used and miss out on high cash returns from an end-user buyer

The Solution:

Think carefully before making the critical decision about redeploying surplus to another facility or selling it on the market.



Getting taken to the cleaners

- Used equipment dealers hear about plant closures and offer to “take the problem off your hands,” meaning they purchase your equipment for pennies on the dollar and remove it for “free”
- That same dealer will then sell the same piece of equipment to another facility within your company, making a substantial profit by selling you something your company already owned

The Solution:

Make sure you know what your equipment is worth and how to get the highest possible return.



Depending solely on bottom-up bidding instead of top-down negotiation

- The traditional auction process does not allow enough time to conduct due diligence and secure purchasing approval for high-value equipment
- High-value items are often snatched up by dealers in an auction at prices that are a fraction of what the equipment is actually worth

The Solution:

Prior to committing to a traditional auction, make sure this is the most appropriate sales channel for your equipment. Newer, progressive auction strategies, such as EquipNet's OWN IT NOW & SmartAuctions platforms, offer alternatives to a traditional auction and are often a great mechanism for selling certain asset classes that need to be disposed of on a tight deadline.



Bulldozing away your money

- When demo contractors offer to demolish the building with the equipment still inside, it may seem like a time saver but it can be a costly mistake
- These contractors will only pay for the scrap materials and not the value of the equipment itself
- You can make hundreds of thousands - even millions - more by selling the equipment to end users for the highest possible value, putting money back into your company and improving the bottom line

The Solution:

It is important to determine the actual value of your equipment and then develop an integrated disposition and demolition strategy.



Putting your company in legal jeopardy

- When selling equipment without the proper disclaimers in place, you could inadvertently expose the company to lawsuits if the equipment buyer suffers an injury while using the machine
- Without the right notification processes, you could fail to report a sale to the appropriate regulatory agency and risk violating the law
- If you do not have the proper financial controls in place, you could put your company at risk for regulatory action and financial audits

The Solution:

Have a proven process in place to prevent decastating errors that can do terrible and lasting damage to your company.



Putting all your eggs in one basket

- Relying on a single sales channel without a plan B limits your options
- If items do not sell during an auction event, you are forced to sell your assets for pennies on the dollar and/or miss your project deadline
- Forward-thinking companies start with redeployments and negotiated sales where they get the best return, and then move to clearance channels as the deadline approaches

The Solution:

Use multiple sales channels to ensure you maximize returns and hit your deadline

To learn more about managing a plant closure and avoiding mistakes, contact your local EquipNet representative:

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