

7 Plant Closing Mistakes & How To Avoid Them

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



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Reconfiguration. Downsizing. Streamlining.

No matter what it's called, a plant closing is a frightening concept for any company. This fact-filled eBook was design to help you avoid the most common mistakes that can cost your company time and money.

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one

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-user and get the highest value for your equipment
- » Letting things slide means to accepting rock-bottom prices or missing deadlines.

The Solution

Start disposition planning early. In fact, if you're even thinking about a plant closure, **start planning now.**

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two

Not thinking through redeployment issues

- » You can waste millions by purchasing the same equipment that's sitting idle at another location.
- » Redeploying indiscriminately can waste money by shipping equipment that will never be used and missing out on high cash returns from end-user buyers.

The Solution

Think carefully before making the critical decision about whether you want to redeploy your surplus equipment to another facility or sell it on the open market.

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Getting taken to the cleaners

- » Used equipment dealers hear about plant closings and offer to “take the problem off your hands,” purchasing your equipment for pennies on the dollar and removing it for “free.”
- » The same dealer will then sell the same piece of equipment to another facility within your company, making a substantial profit selling you something you already own.

The Solution

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

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

- » 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 just a fraction of what the equipment is really worth.

The Solution

Before committing to a traditional auction, make sure this is really the most appropriate sales channel for your equipment. Progressive, new auction strategies including Equipment AuctionsPlus offer alternatives to the traditional auction and are often a great mechanism for selling certain asset classes that need to be disposed of on a tight deadline.

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Bulldozing away your money

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

The Solution

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

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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 in place, you could fail to report a sale to the appropriate regulatory agency and risk violating the law.
- » If you don't have 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 devastating errors that can do terrible and lasting damage to your company.

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seven

Putting all your eggs in one basket

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

The Solution

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

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Learn more about EquipNet's facility closure solutions

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