



Putting America's
Assets Back to
Work!

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CHOOSING YOUR COMPENSATION OPTION

When your company is looking to sell surplus items there are two options to consider: a straight buyout or profit sharing.

Option 1: Straight Buyout
ABCSI will make an offer to purchase your assets. The number will not change regardless of our actual resell price.

Pros: Known purchase price. ABCSI takes care of all removal. Simple to compare offers.

Cons: ABCSI will not pass on any additional retail revenue that might occur later on. It takes longer to get actual removal started and is given a lower priority for individual marketing as we don't have ownership of the items.

When to choose: Jobs with 1-2 months lead time. First experience with ABCSI. Multiple recovery bidders. Client has specific asset list or inventory.



Option 2: Profit Sharing
ABCSI will set a percentage of profit sharing with our client. After all removal costs are subtracted we split the profits by 50/50, 40/60, etc., depending on the job.
Pros: Higher financial return enables ABCSI to retail items and pass on

extra profits. ABCSI takes care of all removal. Partner approach to work that includes progress reports and supporting documentation. Given top marketing priority.

Cons: Client won't know return amount until after sale. More difficult to compare competing offers.

When to choose: Jobs need immediate asset removal. Previous experience with ABCSI. Job has 2 months-1 year lead time or needs removed immediately. Client needs assistance identifying assets.

For specific examples contact:
amcomber@abcommercial.com
and request a compensation flyer.

THE DO'S AND DON'TS OF DONATING

When reusing or selling assets are not viable choices, donating to a charity can be a good disposal option. However, there are several things to remember before donating items.

First, donations must be acceptable under your corporate policy and approved by the legal department. *Second*, the donation must conform to tax law, specifically IRS Code 170(e) in the

US. This includes confirming the recipient is classified as a non-profit.

An asset management company, like ABCSI, can help to absolve the company of liability in donating materials. Using a liability release and donating materials, "as is" helps to insulate the organization. Any items of \$500-5,000 value will need a certified



appraisal to determine worth. ABCSI can also provide this documentation.

The value of the equipment can be deducted from taxable income as a charitable donation.



“According to the EPA, approximately 800 million fluorescent lamps are disposed of every year...enough mercury to contaminate about 20 million acres of water.”

“To get the best price for items, we need to show equipment to potential buyers.”

ENVIRONMENTAL NEWS: FLUORESCENTS RELEASE TOXIC MERCURY

There is an international campaign to ban the incandescent bulb in favor of alternative sources of lighting, most notably fluorescents. Unfortunately, fluorescents contain noxious chemicals including argon and mercury that are contaminating the environment.

According to the EPA, approximately 800 million fluorescent lamps are disposed of every year. It only takes a single gram of mercury to contaminate a two-acre pond and cause potential ecological damage through water pollution. Therefore, 800 million lamps produce enough mercury to contaminate about 20 million acres of water.

Mercury is a potent neurotoxin that can severely harm the human nervous system through either ingestion, inhalation or skin absorption. When the bulbs are recycled, a special hazardous

waste company generally carries out the process of collecting the unbroken bulbs, crushing them and capturing both the remaining mercury gas and the spent mercury solids.

But most compact fluorescent lights simply end up in landfill and are not recycled at all.

Low energy light bulbs called compact fluorescent lamps (CFLs) contain 4-15mg of mercury compared to normal fluorescent lights, which contain approximately 20 mg of the toxic metal. The trouble is that the vast majority of consumers don't recycle them or dispose of them properly.

"The EPA is actively engaged with trying to find a solution that works for these retailers around recycling the product, because it's really, really important...The only retailer I know of that is recycling is IKEA. We are working with Wal-Mart

on it; we are making some progress. But no commitments have been made on the part of Wal-Mart."

"Given what we anticipate to be the significant increase in the use of these products, we are now beginning to look at, and shortly we'll be discussing with legislators, possibly a national solution here," said Earl Jones, a senior counsel for General Electric.



The solution, of course is LED lights, which contain no mercury and are significantly more energy efficient than both incandescent lights and fluorescent lights.

ASSET RECOVERY HALL OF SHAME

We recently worked on a job in Florida. Originally, we had over 1 year to complete the project. This could have resulted in incredible returns. The client decided to wait and then we acted under their new furniture dealer.

The timeline was then shorted to less than 2 months to complete the project.

Some of the keys for a successful recovery involve constant communication and cooperation. The move out date was changed several times and items we had purchased were removed by employees.

To get the best price for items, we need to show them to potential buyers. On this particular project we were not allowed to do

so and were put off. We had to find new buyers 9 times for the same furniture.

These various challenges results in over 40 additional man hours and a loss of \$20,000 for both ABCSI and the client.

Moral of the story: we are here to work with you and are part of your team.

READY, SET...SELL *Part I: Advertising, Marketing and Selling.*

It is important to carefully consider the type of advertising used to market surplus assets. The most effective is determined by the type of asset, the target market and the estimated return.

Also, consider other factors that may impact the salability of the asset and the disposal method, as well as any budgetary limitations.

Some mediums include:

- Publishing surplus catalogs
- Publishing surplus listings
- Advertising in trade publications
- Listing assets on Internet sites
- Using broker/dealer advertising
- Broadcast e-mail and faxes
- Sending direct mail to end users

- Sending direct mail to rebuilders.

Some sales methods include:

Auctions are best suited for selling large quantities of assets on a specific date. They can be “absolute,” everything is sold regardless of price, or “with reserve” when the owner reserves the right to reject bids considered to be too low. *They do yield less return than orderly liquidation processes.*

Broker/dealer agreements are contracts that stipulate a commission to market and sell an assets. The brokers/dealers do not take physical possession of the assets.

Consignment agreements are similar to broker/dealer but the consignee takes physical possession of the

asset. The consignor generally pays for transportation of the asset as well as storage costs.

Fixed-price sales are when a company sets a price for an item and advertises it for sale at that price.

Negotiated sales involve the traditional offer and counter-offer sales model.

Open bid sales are where the seller receives offers for assets that are or may be for sale. These are often unsolicited and are in response to a buyer’s need of an item.

Pooling partnerships are a variation of fixed-price sale to a broker with a buy-back provision. The seller sells at a minimum price with the stipulation that the seller may buy back the asset from them at an agreed upon value.



“Consider other factors that may impact the salability of the asset and disposal methods, as well as budgetary limitations.”

2-WEEK TURN AROUND ON 15-YEAR OLD SENSOR CHAIRS

While additional time is always a leading factor in higher recoveries, occasionally a client will have no option but for a fast disposal and turn around.

This was the case with SAP and 86 Black Steel case Sensor chairs that were over 15 years old.

They had to work on a training room and needed them out along with 42 large training tables and 61 conference tables.

ABCSI had only two weeks to survey the project, appraise, identify FMV in place, remove, develop a marketing and sell.

We were able to sell the items in retail and wholesale, removed and shipped and achieved the highest wholesale price available as an “as is item”.

Even with \$3,000 in costs to disposal of many items in an environmentally friendly manner and the chairs

being 15 years old, ABCSI was able to return \$1,200 to SAP.

We provided savings in time, effort and an onsite recovery.



AR NEWS

3111 Forest Lane
Schwensville, PA 19473

New business: (801)766-5523
Purchasing: (610)203-3262
amcomber@abcommercial.com

**HOT
BUY**

Putting America's Assets Back to Work!

ABOUT ABCSI

AB Commercial Services, Inc. buys and sells 2nd-hand and surplus commercial assets including furniture, telecommunications, office equipment, audio/visual, data & call centers and warehouse. Our objectives are two-fold:

*Keeping our clients' pockets a little greener
and our landfills free of good re-usable equipment.*

Call us today to learn how **ABCSI** can mitigate these expenses and optimize your asset recovery with regard to your waste and second-hand assets. Time is money in our industry. Let us know when you ink a deal for new equipment or lease to relocate a facility. *It is never too early to plan.*

www.ABCommercial.com

LANDSCAPE FORMS PATIO FURNITURE

(8) 36" Round Thermoplastic Coated Steel Patio Tables—Retail: \$475 Now: \$95

(36) Verona Matching Steel Chairs—Retail: \$172 Now: \$55/ea

(6) Marketplace umbrellas—\$120 Matching Trash receptacles—\$300

Design details that please the eye. Durable, weather-resistant furniture solutions for active public and private spaces.

Table Tops Catena and Steelhead Metal Tabletops. Catena and Steelhead tabletops are formed of heavy gauge steel with reinforced steel channels beneath. Catena features a rolled edge and is available in 36" diameters, in powdercoat or stainless steel metal. Steelhead is available with a solid or perforated metal tabletop framed by a 1-1/2" diameter tube. Steelhead is available in 36" diameters.

Landscape Forms' Verona Thermoplastic Coated Steel Chairs Verona is a Thermoplastic Coated Matching Chair. A perfect balance of style and strength, Verona is an excel-

lent chair for interior or exterior use. Sturdy, yet



easily moved, this stackable chair offers ease of movement and storage. Coordinate with any Landscape Forms table to create an inviting café or dining space. Landscape Forms Marketplace Umbrellas Market-

place umbrella features Sunbrella® marine grade fabric, with a stain resistant finish. The 9-foot octagonal umbrella is recommended for use with our Carousel or 42" diameter Landscape Forms tables, while the 6-foot square model is suggested for use with smaller tables. Both feature easy, push-up opening.

Everything is in Excellent Condition.

Only 3 years old.



Email to inquire at:

support@usedsupplynetwork.com
or visit
www.UsedSupplyNetwork.com