



Steps to a Successful Sale

Once the decision has been made to close business operations, the inevitable question is, "Now what?" It's crucial to follow proper steps to attain Fair Market Value for your Furniture, Fixtures & Equipment (FF&E). This is your "exit strategy." What you get for your FF&E assets determines how well you "land" on your feet when the exit strategy is complete.

1

PLAN AHEAD

Ideally, begin planning 4-5 months ahead if possible. If you have a lease coming due with no plans to renew, your plan should ideally allow you to comfortably meet the end of that lease. This means all equipment sold, out of the building, and any final necessary work completed in order to turn the property back over to the landlord.

2

REVIEW LEASE & CONTACT LANDLORD

Check for any requirements about final obligations and verify their validity with your attorney. Inform the landlord you intend to remove all FF&E from the building, excluding structural and build-out items. Sometimes there are lease clauses that conflict with state laws. A lack of knowledge could cost you thousands of dollars. For example, one clause may state that you are required to leave "attachments" in the building. Many states do not allow this, but if it were up to the landlord, half (or more) of your FF&E could be claimed as "attachments." By law, the landlord must offer you a fair price for any items "required" to be left in place. Most landlords back down when confronted, as they typically don't want to buy anything. Remember, law supersedes the lease.

Once you've reviewed the lease, prepare for a probing conversation with the landlord. Suggest you are merely considering closing, even if you have already made the decision. The goal is to gauge their reaction to your news. Most landlords are reasonable, but some may become threatening, demanding, or even hostile. At the very least, this meeting will let you know how to deal with them moving forward. You may need to alert your attorney for assistance.

3

LENDER INVOLVEMENT – CONTACT YOUR LOAN OFFICER

If a lender is involved due to an outstanding loan, conduct a similar conversation after you have spoken to the landlord. This may help you prepare for questions. Don't attempt to avoid this step, as it could cost you heavily in the end.

Remember to notify your loan officer that (with his or her blessing) you would like to handle the sale of assets. The lender will appreciate knowing that you're working with us at US Equipment Co. If further assurance is needed, your loan officer is welcome to speak with us directly.

Do not allow the lender to dictate how the asset sale will be handled. As the owner, you hold the leverage in most cases. Banks typically prefer you handle the sale anyway. Remember, once the sale is complete, you're still on the hook for the balance of the remaining loan. This gives you a strong voice in the matter.

4

REVIEW FF&E SALE OPTIONS

Whether your location is still operating or currently closed, there are risky and costly methods of selling you will want to avoid. Understand that there are few options available, and most require you to split sizable amounts of your FF&E sale proceeds with these “middleman” operations. Through the years, these methods of selling have conditioned sellers to expect and receive little for their FF&E assets.

Your opportunity for the highest return may require a bit more time to execute. Regardless, almost all options will require a minimum of one month to complete. Keep in mind that immediate sales and removal options are panic-driven choices that result in poor cash return. The more time you can garner, the better your return proceeds will be.

If your business is already closed, attempt to keep all FF&E on the property and in position for as long as possible until you can get it sold. Offer to pay the landlord reduced rent for storage. It’s proven that equipment sells better on-site, and this will decrease your workload tremendously. In many cases, this is a better deal for the landlord than if you just up and left. Plus, the site will look occupied, which will help with tenant replacement.

You will find US Equipment Co is your best method for selling your FF&E assets & obtaining Fair Market Value (FMV).

5

MOVE FORWARD WITH SALE PLANS

If the location is still in operation, attempt to schedule equipment removal to coincide with business closure. Make sure you have a plan in place to leave the property in good condition. This will relieve stress as you prepare to turn the property back over to the landlord. While working with US Equipment Co, we’ll ensure your property will be left in a condition that is pleasing to the landlord.

6

SHOWTIME

Potential buyers have a lot of options. You’re competing for fair market value, so it’s important your property looks appealing. FF&E should be in its best possible condition—both cosmetically and operationally. It’s also vital for the property to be de-cluttered, cleaned, organized, and free of trash. We call this “show condition,” and it can be the deciding factor of whether equipment sells for a good price or doesn’t sell at all. Showing a dirty, disorganized location or equipment in disrepair can spook the potential buyer. They will often start looking for problems and may eventually withdraw their consideration.

Elevating your property to show condition is easy, inexpensive, and well worth the time. This step can make the difference between success or failure, and we’re here to guide you through the process.