

Converting Surplus Inventory into Assets

Without a doubt, the single largest opportunity for reduction of waste in an organization rests with efficient management of inventory. Developing a strategy on inventory management is an effective way of flushing out many opportunities.

An effective strategy that will regain a significant portion of the original investment, and hence, profits is trading the surplus inventory for merchandise or services that can be used in the future. Although cash is not immediately generated from the trade, cash is conserved when future purchases are made. This provides a return to the company for the inventory that was traded.

Trade exchanges like BarterXchange offer a wide range of products and services, matching needs of various companies with products available for trade. One particular advantage of trading through a trade exchange is that credit is often given for the full book value of the surplus inventory. This saves the need to write off and a negative impact on the profit and loss statement. The value of goods traded is reflected as a receivable on the organization's books which is satisfied by future purchases through the trade exchange.

"Our primary objective is to either open new markets or alternatively use the situation to acquire customers from your competition. We find an outlet for the surplus inventory; you receive trade credits in our system to the agreed value of the stock, which can be used to make purchases in areas where you were paying cash, including local or regional advertising media, design and printing of marketing collaterals, hosting corporate events," said Ian Jones, Chief Executive Officer of BarterXchange.

The bottom line is that you pay for goods and services with stock that was on the path to be written off. In doing so, you increase sales, gain a competitive advantage, improve your cash flow and generate greater profits.