

Repurpose Business Assets

Written by Steve Marr
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During World War II, many items were in short supply and even rationed. A slogan widely used was “use it up, wear it out, make it do or do without.” The point was that everything needed to be utilized and nothing should be wasted.

In business there are times when we can repurpose business assets. We see an example in Scripture, “For this is what the LORD, the God of Israel, says about the houses in this city and the royal palaces of Judah that have been torn down to be used against the siege ramps and the sword.” (Jeremiah 33:4, NIV) Hopefully we won’t need to tear down our house and repurpose the materials to defend our lives.

Sometimes in my business, phones and computers require an update. I either sell the older models outright or to a guy who refurbishes and resells older computers. While each sale doesn’t generate a lot of cash, I figure it’s better to get something on them than to let unused equipment take up space in my storage closet.

One client made custom windows and had a storeroom filled with mistakes from mismeasuring. The client was thinking of discarding them, but I suggested checking with some custom homebuilders and give them an inventory of the window sizes available. If they can work with the dimensions, offer a sizable discount to generate some cash and free up storage space.

Another client was an electrical contractor. He kept a sizable inventory of equipment. There were several pieces of machinery the company wanted to purchase, but they were tight on cash. We reviewed the use of their equipment asset list. I learned that several items had been used only once or twice a year, in one situation, but not on all on jobs. My recommendation was to sell these to generate the cash needed to buy new equipment. When they needed one of the items, they should rent it. The result enabled the client to use equipment more efficiently.

When I consult with clients, I work with them to identify the most important areas of the business for cash investment. When the funds are not available, I like to ask the question “How can we get the money needed?”

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In one situation a client had a \$40,000 pickup truck that he sold and purchased a replacement for \$10,000, generating a net of \$30,000 additional cash, which he needed. Granted the client preferred the more costly truck but understood that the cash was necessary for business investment.

Another client was struggling and needed cash. He owned a business property on a street with excellent vehicle traffic. However, the business was one where street exposure made little difference. The client sold the storefront location for \$600,000. After paying off the mortgage, he generated \$410,000 in cash. This enabled him to rent a different facility at a much lower cost. The cash he made in this transaction was more than adequate to fund his business plan.

Give thought to your business. Think about items, large or small, that you can repurpose to provide more effective utilization of your business assets. You may be amazed how much cash you can generate.