

Case Study: Comprehensive Warehouse Transition and Collateral Protection

Background

The client, a secured lender, found themselves in a genuine predicament due to Borrower neglect. In addition to the falling well out of formula, the borrower had also stopped paying rent and suppliers. This resulted in eviction and formal “lock out” by the county sheriff. The lender acted quickly and informed the Landlord of their intent to prevent the repossession and liquidation of \$2 Million worth of finished goods consumer merchandise. The Lender then turned to HSL Advisory, seeking a partner who could create a 30-day plan to seamlessly transition operations out of the existing warehouse, manage the inventory effectively, relocate the product to a safe operating environment and ultimately maximize the value upon liquidating the collateral.

Challenge

The client required a strategic plan to:

1. Move into the existing industrial warehouse and take over daily operations.
2. Identify a more efficient warehouse environment.
3. Migrate their extensive inventory.
4. Liquidate remaining inventory at the highest possible value.

Solution

HSL Advisory implemented a comprehensive and individualized approach to meet the client’s needs efficiently and transparently.

Step 1: Transition and Operations Management

- **Office Integration:** Members of our team seamlessly moved into the warehouse, ensuring a smooth takeover of all operational responsibilities. We worked closely with their existing staff and dedicated the first 15 days to shipping out all full value orders for the benefit of our client’s collection efforts. Due to the borrower’s neglect, we negotiated with certain local vendors and service providers to ensure power, Internet and electricity stayed on and that all existing employees were paid.
- **Operational Oversight:** We provided expert management of all business functions, including finance, customer service, and logistics, to ensure no disruption in warehouse operations.

Step 2: Identifying Alternative Warehouse Environment

- **Warehouse Assessment:** We worked with the Landlord to communicate our goals and expectations and negotiated some minor extensions to keep things moving.
- **Alternative Solutions:** Our team researched and identified local, cost-effective third-party logistics and public warehouses environments, considering factors such as location, space optimization, and logistics advantages.

Step 3: Inventory Migration

- **Logistical Planning:** We developed a detailed migration plan to move the Lender’s inventory to the new warehouse in the remaining two weeks of the month. This plan included inventory categorization, packing protocols, and transportation logistics.

- **Execution:** The migration was carried out with precision, ensuring all inventory was safely and accurately relocated to the new facility with minimal downtime and disruption.

Step 4: Liquidation of Remaining Inventory

- **Inventory Valuation:** We assessed the remaining inventory to determine the best liquidation strategies, categorizing items based on market demand and potential resale value.
- **Sales Channels Optimization:** Utilizing a mix of direct sales, online platforms, and sales to existing retail partners, we maximized the value obtained from the remaining inventory.
- **Marketing and Pricing:** Our team implemented targeted marketing campaigns and strategic pricing to attract buyers and accelerate the liquidation process.

Results

The comprehensive approach led by HSL Advisory delivered outstanding results:

- **Seamless Transition:** The immediate on-site management of operations was executed flawlessly, ensuring value could be maximized during the 30-day window.
- **Cost Savings:** Identifying and transitioning to a warehouse environment outside of the expensive NY metro area reduced operational costs by a minimum of 25%.
- **Efficient Inventory Migration:** The meticulous planning and execution of the inventory migration minimized downtime.
- **Maximized Liquidation Value:** The strategic liquidation of remaining inventory resulted in a 400% higher return than any sort of on-site liquidation would have generated, providing significant financial benefit to the client.

Conclusion

Through expert management, strategic planning, and transparent communication, HSL Advisory successfully transitioned our client's operations, optimized their warehouse environment, migrated inventory, and maximized the value of their remaining assets. This case exemplifies our ability to deliver comprehensive and tailored solutions for complex business challenges.

Contact us today to learn how HSL Advisory can provide seamless transitions and maximize asset recovery for your business.