

Ferguson Doubles Recovery, Slashes Costs with Sell-in-Place

1,800+

auctions fulfilled from 250+ locations in 39 states

\$19M

recovered costs in inventory

2X

Double the recovery rate

Background

Ferguson, a nearly \$30 billion company and the largest value-added distributor in the North American construction market, faced challenges managing surplus inventory across nearly 1,800 locations.

Disposing of overstock, returns, and obsolete products was costly and inefficient, with limited visibility into recovery value at the local level. They needed a better solution.

They required a liquidation partner who offered long-term reliability, a known reputation, easy-to-use technology, fast sales turnaround, consistent payment without a lot of disputes, plus a reasonable commission fee. That partner had to deliver a large buying audience of educated buyers who would appreciate the value of Ferguson's high-end products.

In addition, they required that the underlying technology platform be accessible for multiple users at multiple levels across all their North American locations. Like many retailers, their associates were exceptionally busy and had little appetite for a complicated liquidation process.

Solution

Ferguson chose Liquidity Services' Sell-in-Place solution, a self-managed solution that lets them quickly and easily dispose of excess through the Liquidation.com B2B auction marketplace. Using Sell-in-Place, they can:

List and ship directly from their branches – This avoids freight charges to move products to a central location and keeps costs down by limiting the number of touches and people involved. Shipping is no longer a challenge – Liquidity Services quotes the freight up front and the buyer pays it.

Maximize recovery – By targeting pre-qualified large volume buyers nationally, Ferguson is no longer reliant on a small number of local buyers who may cherry-pick or haggle.

Consistently adjust to varying needs – For example, by location, product or need (e.g., maximize velocity or maximize recovery) – providing important flexibility for a large company that has large volume needs.

Improve velocity – Because Sell-in-Place is so efficient, Ferguson saves time and frees up floor space for more profitable forward sales.

Eliminate hassles and headaches – Liquidity Services provides both daily and long-term support at no extra cost.

A 360° View of the Reverse Supply Chain

For Ferguson, one of the key benefits of Sell-in-Place is the ability to fully track and measure the total recovery value of excess inventory by location.

For large companies with different geographical owners or diverse types of products and multiple physical locations, Sell-in-Place makes it possible to track the negative profitability of the liquidation in the market nearest where the excess inventory position occurred – and then allow the recovery to offset in the market. This is a huge advantage for accounting and financial management. If you're currently centralizing returns, it lets you answer questions like these:

"If I send liquidation product to a centralized location, what would it cost me to move it?"

"Should I move it for \$0 and allow the centralized location to make 100% margin on the liquidation?"

"Or should I move it at cost and suppress the location where the initial inventory decision was made?"

Unparalleled Reporting

Liquidity Services provides Ferguson with detailed weekly reports for all their locations. Their internal reporting is also streamlined because all locations use the same setup, which isn't an option with other liquidation providers.

Julia B, a Director of Operations, says this level of reporting is critical.

"As a large company split into several distinct business groups, we were challenged to balance an 'easy button' to support systemwide user adoption with recovery rate," she says. "Sell-in-Place has solved for that."

Today, many large companies can be both supply chain companies and sales companies, she adds. The Sell-in-Place solution not only helps ensure good supply chain decisions, but also provides an accurate financial view to the sales side.

"Before we used Sell-in-Place, the responsibility for excess material disposition was left to individual locations," Julia B says. "Now we can offer resources and give suggestions on the appropriate avenue. We can share a proven liquidation channel with multiple locations and scores of users."

Nationwide Buying Audience Is Standard

A key benefit for Ferguson has been the increased ability to target buyers nationally. Previously, their individual locations only reached a fixed number of local buyers. The improved reach is good for competition and helps lift recovery rates.



Buyer Competition Determines the Value

With Sell-in Place, competition among buyers determines the value of an item. Julia B says that sometimes, local liquidators may incentivize local branches to make decisions that aren't in the company's best interest. For example, a local liquidator may use a personal relationship to try and get better pricing vs. letting the market determine value.

Full-Time, Personalized Account Management ... No Extra Charge

At Liquidity Services, both big-picture strategic support and day-to-day account management are standard. With our consultative approach, Ferguson is now better able to balance velocity against recovery through a combination of:

- Full-time support for payment collection and reconciliation to improve visibility
- Freight quoting and scheduling to get product out fast and help free up space
- Sales strategy consultation to maximize recovery
- Ongoing training and support for users

For example, Liquidity Services makes sure that sales from different locations don't compete with one another. They even arrange special sales events, like semi-annual "Ferguson Frenzy" events to help clear out excess at peak times of the year.

Results

Ferguson has transformed its surplus inventory challenges into a streamlined, profitable process, enabling better decision-making and improved financial outcomes. They doubled their recovery vs. other liquidation solutions, fulfilled 1,800+ auctions from over 250 locations in 39 states, and recovered costs on \$19M worth of inventory,

"I have been managing returns and surplus inventory as part of my role for 25 years," says Julia B. "I've done yard sales, warehouse sales, local liquidation, national liquidation, employee specials, customer specials, in-house clearance centers, and more.



"Liquidity Services' sell-in-place was the solution I was searching for. In addition to being easy for users, the dedicated support is far superior to any other self-service platform. They offer continuous training and onboarding for new users, they make recommendations on how to adjust our auction listings, they can balance and delay auctions when multiple users are submitting similar auctions to prevent intra-company competition, and they really make this feel like a partnership.

"All of my interactions with Liquidity Services prove they are a leader in the self-service space, and I have confidence they understand our needs. No one likes excess inventory and surplus returns, but they are a reality, and I know we have found the right partner," she says.



A Better Future for Surplus

Ready to Optimize Your Reverse Logistics?

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