

# *TRC White Paper: Best Practices in Inventory Management*

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Clearly, the best inventory strategy is to keep properties from entering inventory in the first place. The better relocation policies today reflect current market realities, with aggressive home marketing assistance programs and incentives to employees to price realistically and to complete the relocation efficiently. Still, in today's environment, it's not surprising that some properties will end up in inventory. The best practices outlined below will help to minimize both days in inventory and total program costs.

## *Keys to Effective Inventory Management*

### *Appraisal Review*

It's important to understand how the home value was determined and the current status of the listings that were used in the appraisal. Time and circumstances might indicate that the home should be listed at the anticipated selling price—or even below—to gain the attention of buyers.



### *Broker Market Analysis Review*

Review comparable sales and listings, and any issues influencing the market, such as schools, employment and new subdivisions. Also take note of the builders who seem to be active in the market and any incentives they are offering. Unsold, new homes are often part of the market mix and will impact the marketing strategy.

### *Broker Selection*

In selecting a broker, consider experience, longevity, market share and creativity. Even more than with a normal homesale transaction, it's important to work with brokers you have history with and can depend on. Listen carefully to his or her intelligence on the local market area. Aside from property condition and location, local issues (such as a major employer leaving town) can dramatically impact listing success (and might explain the property's inventory status in the first place). All of these factors—however much they might be out of your control—have to be considered in establishing a strategy.

### *Assessment of the property condition*

It's important to think like a buyer. Know the property inside out and how it compares to the competition. The overarching objective is to eliminate potential objections that

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could stand in the way of a sale. All of the classic tips are more important than ever. Repaint any bold, personal colors in a neutral hue. Clean all carpets, and if they're hopelessly stained or in undesirable colors, replace them with neutral, cost-effective carpeting. Replace marginal systems (such as old water heaters) that will likely be flagged in the inspection anyway. Spruce up the entry area with a fresh coat of paint on the front door and judicious landscaping and flowers.

Making a moderate investment to put the property in its best possible condition will make it more competitive and will even help to compensate for a poor location and other factors out of your control.

## *Assessment of the competition*

The competition today includes not only typical resale listings but foreclosures, short sales and new construction that might be languishing on the market. To get a full picture, it's important not to rely solely on web research but to physically get into the market, visiting properties, collecting builder flyers, noting yard signs and more. Again, the objective is to level the playing field, anticipating and neutralizing objections. For example, if a local builder is offering incentives on a new home, you can consider an offer of your own.

## *Strategy discussion with broker*

You've carefully selected an effective broker who's plugged into the local marketplace. Now solicit and really listen to their opinion on the strategic use of incentives to drive showings. For example, a \$500 all-terrain vehicle or \$2,500 lawn tractor might help to sell an oversized property (and might be negotiated out of the final offer anyway).

## *Regular strategy review—and re-set as needed*

The marketplace can change overnight, so it's wise to review your strategy with the broker bi-weekly. Regular communication helps to keep the broker more invested in the process and also helps to build a richer, more productive partnership.

The inventory manager should provide regular marketing updates to the client while offering cost-effective solutions to overcoming any obstacles. These solutions can range from the common (reimbursement of the buyer's closing costs, an appliance allowance or a selling agent bonus) to the more "out of the box" (an electric awning to shade a brutally hot and sunny patio).



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## *Availability and communication*

Property offers can come at any time, and deals these days can be quite fragile, so the inventory manager must be available to receive and evaluate offers 24/7. This level of availability and commitment helps to foster a more collaborative and successful relationship with the broker.

## *Negotiation*

Effective inventory managers develop keen negotiating skills through years of experience. They must balance the concessions needed to hold a deal together while

minimizing the client's costs. Effective negotiation balances all parties' interests and results in a successful, time-and cost-effective outcome.

## *Experience*

In such an unsettled market, there is no substitute for experience. Experienced inventory managers gain something of a sixth sense. They can predict likely offers, counter offers, buyer hot buttons and concerns. This ability empowers them to take control of the negotiations in a market where buyers often feel they are omnipotent—and to advance the client's best interests.

## *About TRC Global Solutions*

TRC Global Solutions is a leading employee relocation firm. Since 1987, TRC has delivered creative, cost-effective relocation and international assignment services across the U.S. and in 150+ countries worldwide. As an independent company, TRC is free from corporate bureaucracy, preconceived notions and conflicts of interest.

TRC helps clients achieve their business objectives by ensuring they have the *right* people in the *right* place at the *right* time, controlling costs and mitigating risks. TRC partners with its clients to develop a competitive, best-practice relocation program, drawing from a comprehensive range of relocation services, including US home selling, home finding and consulting services and complete international relocation



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services. TRC's eclectic client base represents a wide variety of products and services and ranges from smaller, start-up firms to Global 1000 companies.

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