Before You Take the Write-Off in Q4’26, Look at What It Could Fund

HOW TO RECOVER FULL VALUE FROM EXCESS INVENTORY

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As Q4’26 approaches, companies face a familiar challenge: what to do with assets that are no longer working for their business. For retailers and consumer brands, the holiday season makes that challenge particularly acute. Promotional forecasts do not always materialize. Seasonal assortments underperform. Packaging changes, retailer commitments and shifting consumer demand can leave a company holding inventory that becomes increasingly difficult to sell as the calendar turns.

And what reads as a merchandising problem in November reads as a balance sheet problem in January. By then, every warehouse holds a number nobody wants to raise in the quarterly review. A discontinued line. A packaging change that stranded two quarters of finished goods. A promotion that missed by more than anyone wants to put in writing. The goods are real, they are salable, and they are sitting on the balance sheet earning exactly nothing.

I have been in that meeting more times than I can count, across a lot of different industries, and it tends to go the same way. Somewhere around the 45-minute mark, someone proposes the obvious fix: write it down, take the loss, clear the shelves, move on. It is the fastest way to make the number disappear, and it is almost always the first option on the table. Here is what I would offer before anyone signs off on it. A write-off is a decision, not an outcome.

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Obsolete inventory still holds value. So does idle real estate, surplus equipment, and capital sitting inside commitments nobody is using. Before you book the loss, there is one question worth asking out loud: what could this asset fund instead?

Ask it, and the inventory stops being a loss to be minimized and becomes what it is, capital that is trapped. Recovering it is a financial decision, not a housekeeping one. In my experience, that distinction is often the difference between recovering a fraction of book value and recovering all of it.

What a write-off settles, and what it does not

A write-down removes the number from the forecast. It does not remove the goods from the warehouse, and it returns nothing to the business. The accounting entry is the visible cost. It is rarely the largest one.

Carrying cost

Warehousing, insurance, handling and shrink accumulate every month the decision waits, and post-holiday storage is rarely the cheapest space on the books.

Working capital

Cash stays committed to goods generating no return and no velocity, at exactly the moment the new year’s plans need funding.

EBITDA drag

Non-working assets sit in plain view of lenders, auditors, and acquirers.

Channel risk

Goods that resurface in the wrong account undercut price integrity and strain the retailer relationships you spent all year building.

These costs compound, and the recovery number gets smaller the longer the inventory stays where it is. That is the part that tends to surprise people. Waiting is not neutral and seasonal goods lose relevance a good deal faster than they lose shelf life.

Before you book the loss, ask what the asset could fund

Every asset on the books has an alternative use. A discontinued product line is several million dollars that could fund a new product launch, or a full quarter of national media. Idle real estate is a commitment that could underwrite the initiative currently waiting on budget approval. Surplus equipment is capital you have already spent, sitting still.

A write-off answers one question: how do we make this go away? It never asks the question, what could this pay for? Those two questions produce very different numbers, and only one of them funds anything.

And if the write-down has already happened, the opportunity has not necessarily passed. Assets that came off the forecast years ago still exist, and they still hold recoverable value. Some of the most satisfying recoveries I have seen started exactly there, with inventory a company had long since stopped counting on.

Comparing recovery routes

Most companies reach for whichever route is fastest, and year-end pressure only sharpens that instinct. I would argue it is worth seeing all of them side by side first. Corporate trade almost always provides the highest recovery.

RECOVERY ROUTE	WHAT IT RETURNS	THE TRADE-OFF
Secondary-market sale	A fraction of book value, in cash.	Fast and simple. Little control over where the goods ultimately appear.
Donation	A tax benefit, not cash.	Goodwill and a clear warehouse. No working capital returned.
Destruction or scrap	Nothing, plus a disposal cost.	Certain and final. The full loss is absorbed.
Return to vendor	Partial credit, where and when terms allow	Rarely available on discontinued, seasonal or custom goods.
Corporate trade	Up to full book value, in premium media.	Highest recovery. Requires media investment able to absorb the value.



Six questions worth asking any recovery partner

1 Full-value recovery

Will the transaction return book value or better, or only a fraction of it?

2 Brand protection

Are distribution controls written into the agreement, so your products never compete with your own retail channels?

3 Transparency

Can you verify exactly where your assets go, and confirm the value you receive in return?

4 Conversion quality

Do the proceeds convert into real, unrestricted premium media matched to your existing plan?

5 Aligned incentives

Is your partner independent, with no inventory of its own to move and no holding-company agenda?

6 Operational fit

How will the process integrate with your finance, procurement and marketing teams? Recovering enterprise value is a cross-functional exercise, and it rarely succeeds inside a single department.

What corporate trade is, and how Evergreen approaches a transaction

Corporate trade converts excess, obsolete, or surplus inventory into value, and then converts that value into media investment. Rather than receiving cash at a fraction of book value, you receive premium media matched to the plan you were already going to run.

STEP 1

Identify

We work alongside your finance, procurement, and marketing teams to pinpoint the right assets to activate.

STEP 2

Activate

We purchase those assets at value and move them without disrupting your core market.

STEP 3

Reinvest

We put the proceeds into premium media at above-market efficiency, matched to your existing plan and cost benchmarks. The inventory leaves the books. The budget arrives. Nothing new is borrowed, raised, or diluted.

Corporate trade works best when there is enough media investment to absorb the recovered value, so we typically partner with organizations that carry significant annual consumer media spend. The opportunity almost always surfaces at the intersection of three functions.

Finance

Preserve financial flexibility, improve EBITDA, recover above traditional asset recovery levels.

Procurement

Move stranded assets at full value, hit savings targets, reduce complexity.

Marketing

Extend the media budget, fund launches and initiatives, do more without new spend.

This is the part of the work I find most interesting. When these three functions look at the same asset together, the answer is nearly always different from the one any of them would have reached alone. That is usually exactly where the opportunity was hiding.



Change the question before the calendar turns the asset into a loss

If you are heading into year-end with inventory that must be resolved, do not start by assuming the objective is to get rid of it. First determine what value is still there. Then look past the asset itself; what is the business trying to fund, where is it already spending, and could value that is non-working in one part of the organization become productive somewhere else?

The most valuable alternative to a write-off is not a better way to dispose of an asset. It is a better use for the value inside it. The value was always there. Our job is to help you put the trapped capital back to work.

Same assets. New perspective.



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