




SAVE MONEY AND CHANGE LIVES

by Donating Excess Inventory During COVID-19



HOW COVID-19 HAS AFFECTED THE ECONOMY



The ripple effect of the COVID-19 global pandemic is difficult to wrap your mind around. “Shelter at home” requirements have not only caused a major shift in lifestyle for most Americans but instigated an economic downturn. Large gatherings and events are canceled, leaving many people out of work or missing significant business opportunities.

Most notably for retailers is the requirement of closing up their storefronts, greatly reducing their sales. Add to that the complication of people losing their jobs, and people are spending much less on retail, particularly clothing and shoes.



March saw a 52% drop in apparel and accessories sales compared to last year,

according to [Forbes](#). (Though on March 13, sellers of consumables had the opposite problem — sales were up 53 percent over any other day in 2019 and 175 percent higher than any day thus far in 2020.) Typically, retailers like Macy’s order inventory 6-9 months in advance, leaving them with significant excess inventory, not to mention a major budget deficit.

By contrast, online retailers are naturally seeing a notable increase in sales. As the majority of the population is required to stay home, e-commerce is surging. According to CC Insight, pure online retailers experienced a [37 percent increase in revenue and a 54 percent increase in orders](#) in the first week of April alone. Many brick-and-mortar retailers like clothing brands are mitigating their loss of foot traffic with online orders.

“While that may not enable them to break even, it’s certainly helping the bottom line look less worrying,” says Alex Timlin, senior vice president of verticals at major marketing platform provider Emarsys.

Adam Levine-Weinberg, a contributor at stock market insight hub Seeking Alpha, explains the steady cash flow from selling inventory at a reliable pace is crucial for retailers to regularly pay suppliers, landlords, employees and other business partners. Just because sales have slowed doesn't mean expenses have decreased. Most of those bills are still coming due, now without the corresponding cash flow needed to pay them, [he says](#).

“Department stores are now going to pay an enormous price for not having fundamentally accelerated their speed to market buying practices.



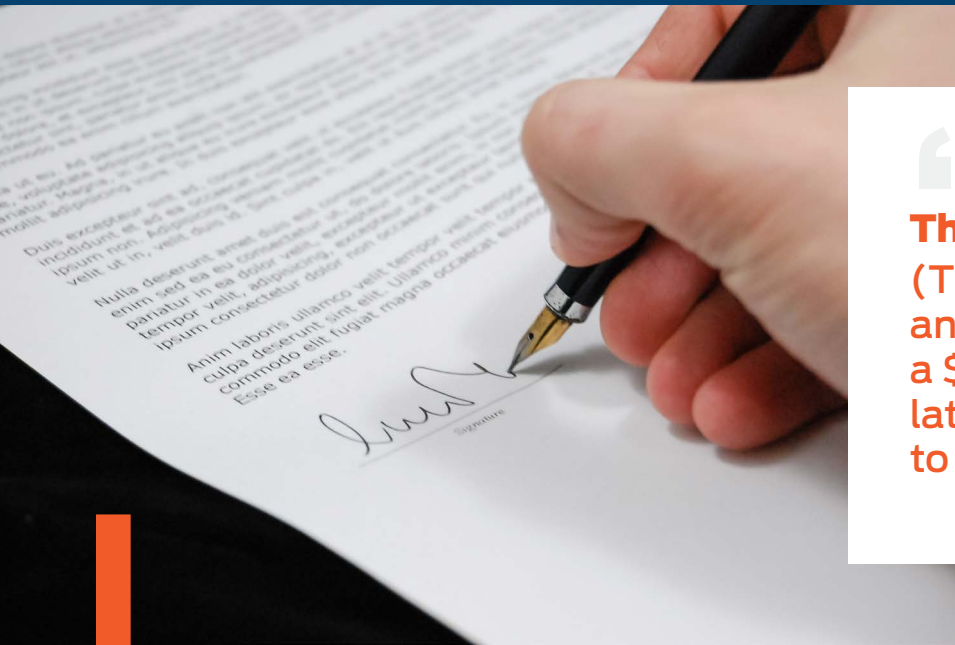
Inventories will likely take as much as 18 months to become fully normalized,

adds Mark A. Cohen, director of retail studies and adjunct professor at Columbia Business School.

Global shoe manufacturer Adidas faces similarly packed warehouse shelves. The brand is now looking at \$1.74 billion in excess inventory, [which analysts attribute](#) its 6-12 month product sourcing lead time and the inflexibility of this model.

Each of these falling dominoes tips over the next, collectively impacting the world for years to come.





The CARES Act
(The Coronavirus Aid, Relief, and Economic Security Act) is a \$2 trillion relief bill passed in late March 2020 as a response to the COVID-19 pandemic.

THE CARES ACT

The CARES Act (The Coronavirus Aid, Relief, and Economic Security Act) is a \$2 trillion relief bill passed in late March 2020 as a response to the COVID-19 pandemic. It includes giving stimulus checks directly to individuals and families as well as removing the adjusted gross income (AGI) limit for individual charitable giving. It also [raises the percentage of AGI that](#)

[corporations can deduct as charitable giving](#) from 10 to 25 percent. To qualify for this provision, the donations have to be in cash and made to a public charity during the calendar year of 2020. (If the donation is to a private foundation, the old limit applies.)

The CARES Act also includes the paycheck protection program (PPP),

which provides 100 percent federally guaranteed loans to help businesses continue paying their employees for up to eight weeks. A key part of this provision is that [all or part of the loan may be forgiven](#) if the businesses are able to maintain their payroll during the crisis and/or if they restore employees to the payroll afterward.

EXCESS INVENTORY AND THE CARES ACT



Typical inventory forecasts have been turned upside-down. While some businesses are struggling to maintain supply, others are facing overflowing warehouses. A rapid increase in demand for certain products has taken place alongside dramatic drops in sales for most others. Many businesses are also facing complications with suppliers overseas.

Inventory issues are necessitating difficult staffing decisions for many retailers, causing employees around the country to be furloughed or even laid off. The PPP is designed to help, but it could cause another complication. Keeping staff on the payroll might be great for employees, but what if no one's buying your product right now? What do you do with the additional products your staff produces?

Recently published research among 2000 retailers indicates that...

reducing inventory ranks as one of four central priorities of companies in response to the crisis.

”

One great way to keep your staff employed — and take advantage of a significant tax break — is donating your excess inventory. Not only will you be utilizing the PPP to support your staff during this unprecedented time, you'll cut down on storage costs and [get a tax break](#), too. Donating excess inventory is one of the few reducing inventory tactics where you can see the impact almost immediately. You'll also be supporting nonprofits in a tangible way during a time of crisis.

While the limit on inventory donations remains at 10 percent, your company can still benefit from the increase in charitable donation by incorporating inventory donations in its giving this year. Your organization may not have the margin to donate 25 percent of your AGI, but if you're looking at excess inventory or other items you may not have considered donating in the past, now might be the perfect time to donate those items so that you can still take advantage of the increased limit.

THE INCREDIBLE IMPACT OF INVENTORY DONATIONS

It's difficult to overstate the impact inventory donations can have when you think about the wide-reaching ripple effect they create. At WIN Warehouse, we've had the opportunity to see this firsthand. WIN Warehouse receives inventory donations and provides them to nonprofits for only the cost of a handling fee. By donating through WIN, you're allowing nonprofits to save the money they would've spent on those items and make their resources go much further. Every dollar saved allows them to do more good, serving more people and impacting more communities. It may seem like a donation of office chairs or work boots wouldn't be life-changing, but the chain reaction you start will impact lives for years to come.

WIN has the capacity to accept a wide variety of inventory donations that can greatly benefit nonprofits immediately, even if they don't directly relate to the COVID-19 crisis. Organizations can make space in their warehouse or donate unsold items and take advantage of the CARES Act while making a positive impact on the world. It can be especially helpful for nonprofits working with even tighter budgets as a side effect of the pandemic in the coming months and years. Your corporate donation now could be a game-changer for a nonprofit in the future.

Our organization has been helping nonprofits do more good for nearly 30 years with

generous donations from companies like yours. President Travis Laws and program director Tony DiFranco are passionate about helping their member nonprofits impact even more people and inviting donor companies to be a part of it (and help their bottom lines, too!)

We've got plenty of space and open arms to receive any inventory donations your company may want to give. Take advantage of the CARES Act, help your business and change the world all at the same time. Our team would love to talk to you about how your company could cut costs during this uncertain time while also making a difference.

CONTACT TRAVIS TODAY TO GET STARTED!

314.386.3006

info@winwarehouse.org

winwarehouse.org