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# INVESTMENT RECOVERY

The Undesirable Extremes to Avoid:

- Surplus parts will be kept for many years, are never needed, and eventually have to be scrapped—no near term receipts, a continuous stream of carrying cost outflows, and ending only with a final write-off.
- Parts sold today have to be repurchased next year for a significantly higher price.

## The Desired Results

**Assurance that actions taken (or not taken) today will generate the greatest Present Value Of the Net Cash Flow for the various alternatives.**

## **IRIX™** Investment Recovery Matrix

Once operations and maintenance have agreed on the appropriate maximum quantity for a stock item, what to do with any surplus is primarily a financial decision. Essentially, the question is:

**“Would you rather keep a part on the shelf for many years before it may be needed or would you rather have some additional money in the bank now and assume the risk of having to buy a replacement later at a higher price?”**

The answer that upper management is looking for is the action that will generate the greatest Present Value of the Net Cash Flow for the various alternatives. In plain English, Present Value is today's value of a series of future receipts and expenditures of money.

Management Resources Group, Inc. has acquired Inventory Solutions Inc.'s econometric model called the Investment Recovery Matrix (IRIX™) that determines, item-by-item, whether or not significant savings can be generated by selling excess stock. This proven technique is logically sound, and has justified the disposal of hundreds of millions of dollars of surplus.

Our technology simplifies a complex problem with multiple variables into a straightforward table of choices where the optimum solution can be determined based on the most likely scenario of current disposal and replacement costs.

With Investment Recovery, the most costly decision can be to do nothing.