Project guide

The successful site closure

7 crucial steps for the progress of the project



GREENFIELD INDUSTRIAL

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The site closure

Introduction

The closure of an industrial site is an extremely complex project that requires comprehensive, transparent and interdepartmental communication between all project participants. As with any well-executed project, the process requires careful planning. Early involvement of all stakeholders reduces the risk of unwanted surprises that can lead to delays and higher costs. In the case of plant closures or relocations, it is essential to involve key members of the project organisation from the beginning and to take into account possible early departures from the company to ensure that key positions are continuously filled and the overall project is not jeopardised.

Each company closure has its own individual and sometimes very specific requirements, for example, machines and their components may be specially adapted to the company property. Transporting the machines can be complicated by neighbouring production facilities or structural conditions. Due to different company structures, schedules and individual requirements, a customised concept is necessary.

There is no universal scheme for a perfect plant closure or relocation. Nevertheless, steps can be taken that experience has shown to be crucial for a successful project process. These include, among other things, a thorough inventory and clarification of what is to happen to the company‘s fixed assets after the site closure/relocation. If the company owns the property and it is no longer to be used or sold, this issue must be included in the process at an early stage in order to reach agreements on deconstruction work with the future owner/user, if necessary.

In the following, we will explain some of the steps that have proven to be crucial for the subsequent success of the project in the case of various plant closures in the past. With the help of this information, companies facing a similar challenge can efficiently prepare for the start of the project.



1 The inventory: A thorough stocktaking for the subsequent project success

Every company has a fixed asset register and conducts an inventory annually. However, the question arises as to whether the existing data is sufficient to obtain reliable and clear information about the overall inventory of mobile fixed assets and current assets. For instance, the fixed asset register does not provide information about the exact location of individual assets within the company, while the inventory typically only captures items above a low-value asset threshold.

For a thorough preparation of a site closure or relocation, a professional inventory is essential. It serves not only for precise documentation of the initial situation but also acts as a „logbook“ to capture the current status at any time during the project‘s execution.



A comprehensive inventory helps clarify important questions during the project preparation phase, such as:

- Which assets are needed at other locations?
- Which assets can be disposed of, and what effort is required for that?
- Which machines have a high value and can be sold?
- What can employees keep or potentially acquire?
- What dismantling or decommissioning effort is associated with each machine?

During the ongoing project, the detailed inventory provides answers to questions such as:

- Which machines have been relocated already?
- Which offices have been cleared already?
- Which areas within the halls have priority for clearance?
- What has been sold already and what still needs to be disposed of?

LOCATION		ITEM											
Address	storage location	Item nr.	Quantity	Unit (....., lot, lfd. m)	Name	Manufacturer	Type / Model	Description	Yr of manufac.	Operating hours	Weight	Weight (g, kg, t)	Serial nr.
Main Street 1	Hall 1	1	1		HSC milling machine	Röders	RXP950DSH	Milling spindle HSK-E50, 36,000 rpm, power 15 kW, 40-tool changer, RMS6 control, NC swivel table, 400 x 400 mm, travel X/Y/Z: 600 x 505 x 500 mm, table load 800 kg.	2020	10569	15.500	kg	15663-21
Main Street 1	Hall 1	2	1		HSC milling machine	Röders	RFM1000/2	Milling spindle HSK-E50, 36,000 rpm, power 17 kW, 30-tool changer, RMS6 control, table size 1,200 x 1,000 mm, travel X/Y/Z: 1,000 x 800 x 500 mm, table load 200 kg.	2005	54189	12.000	kg	11411-71
Main Street 1	Hall 1	3	1		HSC milling machine	Röders	RFM760/2	Milling spindle HSK-E40, 42,000 rpm, power 14 kW, 24-tool changer, RMS6 control, table size 860 x 550 mm, travel X/Y/Z: 760 x 550 x 400 mm, table load 800 kg.	2004	63795	6.200	kg	10901-157
Main Street 1	Hall 2	4	1		HSC milling machine	Röders	RXU1000	Milling spindle HSK-E50, 36,000 rpm, power 15 kW, 30-tool changer, RMS6 control, table size 996 x 798 mm, travel X/Y/Z: 1,000 x 855 x 500 mm, table load 2,000 kg.	2014	74133	17.500	kg	13967-7
Main Street 1	Hall 2	5	1		CNC milling machine	Hermle	C50U	Milling spindle HSK-A63, 18,000 rpm, power 17.5 / 39 kW, 60-tool changer, Heidenhain ITNC530 control, table size 1,000 x 800 mm, NC swivel rotary table, travel X/Y/Z: 1,000 x 1,100 x 750 mm, table load 2,000 kg, fleece filter cleaning system, chip conveyor.	2011	59419	25.100	kg	20678

Example

The detailed inventory allows all project stakeholders to access comprehensive information about the current status of individual assets at any time. Ideally, the inventory includes an interactive master list that allows for the inclusion of internal inventory numbers, such as those from SAP. This enables support or simplification of future accounting processes, such as write-offs or adjustments.

2 The right strategy for selling the assets

The fastest and easiest way to liquidate a site is to sell it, including all machinery and equipment. However, this may not always be applicable, especially if the property is not part of the company‘s fixed assets and is only leased. If the used machinery and equipment are not intended for reuse at another location, only a quick and economically viable liquidation of the assets should be considered. When planning the sale, the following questions arise:

- **Should the machines be sold as a package or individually marketed?**
- **Which sales channels should be used for the sale?**
- **Are there any restrictions on selling to competitors, and does the target audience need to be defined?**

To make informed decisions, thorough research on market conditions and market participants is necessary. Depending on the sales method, machine type, and industry, there are different specialists to choose from, ranging from online auction platforms to dealers with their own buyer networks. Often, it is during the operational management of the site closure that it becomes clear whether specialized service providers are capable of successfully executing the entire project. However, at that point, it is often too late to change the distribution channel.

It is important to note that the marketing of mobile fixed assets can take several months and involves various risks. Therefore, it is even more important to clarify any uncertainties regarding the actual duration of asset disposal, including the dismantling and transportation of all equipment and machinery, at the beginning of the project and to establish the entire schedule. Additionally, it is crucial to consider that the proceeds from the sale should cover the costs of dismantling, potential construction work during the clearance process, or the disposal/scraping costs of unsold machines and equipment. From the outset, it is essential to have transparent communication with clear agreements regarding the expected cost framework.



3 Real estate sales and deconstruction activities: Planning is the key

During a site closure, it is important to proactively consider various scenarios for the property and conduct a valuation if the company owns the real estate. The most efficient solution for site closure is to sell the property as-is, including all assets within it. However, in most cases, a real estate agent is hired to handle the property sale.

Regardless of the sale, timely dismantling activities are often required to hand over the property in a proper condition to the previous or new owner. This particularly concerns utility lines tailored to the machines and structural modifications to the building envelope that may arise after the removal process of the machines. Additionally, if necessary, remediation of environmental contamination and additional assessments of soil conditions may be required to determine a realistic property value. These steps are crucial to ensure that the property meets the required standards and satisfies potential buyers.

Careful planning and coordination of dismantling activities are therefore of great importance to adhere to the timeline and efficiently carry out the necessary work. It is recommended to collaborate with experts who have experience in handling dismantling projects and can perform all necessary steps to prepare the property for sale. This ensures that the property can be handed over in an optimal condition and potential issues or delays during the sales process can be avoided.

The professional management of site closures, therefore, requires comprehensive planning and coordination for both the real estate sale and the necessary dismantling activities.



4 The professional execution of disassembly and transport

In the context of site closures in manufacturing industries, it is common practice to sell a portion of the fixed assets, including machinery, equipment, and facilities. In such cases, large machines or production lines often need to be dismantled and, if necessary, transported in separate parts. During site relocations, these assets are frequently reassembled and put into operation at a new location. In both site closures and relocations, a seamless handover of the property must be ensured.

As with most project steps, it is advantageous to have experienced experts handle not only the dismantling work but also the loading, transportation, and reassembly processes. A precise schedule needs to be established initially to ensure timely and smooth execution. Additionally, careful planning of the required transport equipment is necessary, along with timely application for transport permits and verification of transport routes. Practical experience in industrial assembly and transport is crucial for accurately assessing the requirements involved.

Additional factors that play a crucial role in the successful execution of dismantling and transportation include careful labeling of dismantled parts to ensure they can be correctly reassembled at the destination. Thorough documentation of the dismantled machines and components is essential to keep track of the inventory and avoid potential losses or damages.

Furthermore, appropriate protective measures must be taken during transportation and storage to prevent damage to the machinery and equipment. This may involve the use of special packaging materials, padding, and securing methods to ensure that sensitive parts are well-protected during transit.



5 Occupational health and safety during industrial site closures: Focus on employee safety and well-being

Not only in day-to-day operations but also during the closure of an industrial site, occupational safety is of crucial importance to ensure the safety and well-being of employees.

Firstly, a thorough risk assessment is necessary to identify potential hazards and risks associated with the site closure. This allows appropriate protective measures to be implemented. It is also important to provide comprehensive information to employees regarding the closure process, the associated risks, and the protective measures in place.

The provision and proper use of personal protective equipment (PPE) such as helmets, safety goggles, hearing protection, gloves, and safety shoes are, of course, crucial during the closure of a facility to prevent workplace injuries.

To minimize potential hazards in advance, strict adherence to safety standards is necessary. This includes regular inspections and maintenance of machinery and equipment used during all processes, as well as the safe and trained handling of materials and substances on-site. Additionally, clear escape routes should be kept accessible at all times, and emergency plans should be prominently displayed and well-known to facilitate prompt evacuation and appropriate actions in case of emergencies.

In specific cases, project-specific collaboration with local authorities and other specialists may be required. Depending on the needs, considerations such as compliance with local regulations and guidelines, conducting safety audits, and consulting additional experts in occupational safety and health can be incorporated and planned accordingly.



6 Sustainable site closure: environmental protection as a key to success

To ensure an ecological approach during site closure, potential environmental impacts such as air emissions, waste management, water protection, and soil contamination must be assessed and evaluated. Based on this assessment, targeted measures can be developed to minimize environmental impacts.

Effective waste management plays a crucial role in ensuring proper disposal of waste. It is important to categorize and sort waste according to its type. Furthermore, all applicable regulations and requirements for waste disposal must be followed to minimize environmental pollution.

The protection of water bodies and soil is of great importance throughout the entire site closure process. Responsible handling of chemicals and other potentially harmful substances is essential. Contaminated liquids must be stored and disposed of properly to prevent environmental pollution.

If the site contains natural habitats, appropriate measures for nature conservation should be taken. This may include providing compensatory measures, securing habitats, or relocating endangered species.

In conclusion, it is crucial to strictly adhere to all relevant environmental regulations and requirements. This includes complying with emission limits, protecting air quality, and implementing measures to reduce noise and odour emissions.

Companies are increasingly committed to minimizing their environmental impact and implementing sustainable practices. By consistently implementing environmentally friendly measures during site closure, companies can fulfill their responsibility to the environment and enhance their reputation.



7 Recommended action: The professional planning and implementation of a site closure requires external expertise

Selling machinery and equipment has become increasingly easier in today's digital world, even on an international level. The used machinery market offers a variety of specialists with different industry knowledge and sales channels.

However, a timely and cost-efficient site closure is an extremely complex undertaking that requires professional planning and reliable end-to-end execution.

- **Are the values for movable and immovable assets realistically estimated?**
- **Are the costs and time required for dismantling and demolition activities accurately calculated and clearly specified?**
- **Are the necessary personnel capacities available?**

In most cases, neither the management nor the operations managers or employees can provide expert answers to these questions, as site closure is a unique situation that is not part of the day-to-day business operations. Therefore, it is highly advisable to seek the assistance of external experts who deal with the challenges of such situations on a daily basis and have experience in assessing and managing various situation-specific risks.



Greenfield Industrial

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With our extensive experience in the valuation and international trade of industrial plants, we specialize in the acquisition or purchase of industrial sites and operational assets. Additionally, we provide support to companies in special situations such as site closures and business liquidations through complete purchases and our 360-degree comprehensive service. Throughout the process, we consistently demonstrate sensitivity and the highest level of integrity towards our clients, their companies, and stakeholders.

Our services in the context of site closures include a comprehensive inventory of fixed and circulating assets, including the identification of third-party rights, the acquisition of industrial assets, professional project management, as well as dismantling and transportation services.





As part of a competent corporate group, we also take care of the sustainable development of commercial areas in many cases. Our corporate group, including our affiliated subsidiaries, encompasses all planning, revitalization, construction services, as well as infrastructure services associated with the life cycle of a property. With these services, we serve as a reliable partner to cities and municipalities throughout Germany in the development of industrially used conversion areas.

When acquiring industrial properties, our fundamental goal is to expedite the collaborative development of the land. This enables us to promptly make the areas available to local and regional businesses, thus providing the best possible support in creating employment opportunities in the region.

Acting right in challenging times: You can rely on our services

Greenfield Industrial is here to assist your company in making the site closure as efficient and hassle-free as possible. We can either fully take over your location as it is or support you in a phased closure process. Throughout the entire process, we provide guidance and support to all stakeholders, including management, operations managers, and employees.



Your personal contact person:

Jens-Peter Franz

Key-Account-Manager

j.franz@greenfield-industrial.de
+49 40 236873415

Greenfield Industrial GmbH

Rondenbarg 6
22525 Hamburg
Deutschland

Tel.: +49 40 2368734-0
info@greenfield-industrial.de

www.greenfield-industrial.de

Der Mittelstand. BVMW e.V. Bundesverband
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