



“END OF USE DOESN'T HAVE TO MEAN END OF LIFE FOR KITCHEN EQUIPMENT”

Every operator will have a space where old or unwanted catering equipment is left to gather dust. But surplus equipment specialist **Ramco** is now offering companies a chance to generate capital from ovens and fridges they no longer need with a completely green and compliant disposal solution. *FEJ's* Andrew Seymour met with business development head **Paul Fieldhouse** to find out how the company is bidding to bring some much-needed sophistication to the second-hand catering equipment space.

You launched Ramco Food Services as a new division of the business two years ago. Is the original mission of the operation and the reasons for launching it still the same two years on?

Absolutely, it's about building a sustainable business and every successful business needs to manage its exposure and risks. The MoD is, of course, where life started for Ramco and the company has been working with it and other government agencies and commercial customers for 23 years. It was through the MoD that we became involved with catering equipment and we felt that there was a sustainable market there. The

challenge with surplus equipment is that there is no 'flow' — you can't predict it. The flip side of that is that it's like Christmas every day because of the type of asset that we are trying to sell.

Have things panned out in the way you first expected?

We are delighted with the progress. We're on budget halfway through



2019 with two new hires in business development and marketing starting this month. The opportunities are there and there is more volume than we originally thought. We have qualified and quantified to a degree. At the same time, one of the frustrations is that you identify where the assets are that are being stored and because it might not be a priority for the operator the gestation period can be long. It can take months — and in some cases it has been two years from first meeting somebody to them saying, 'can you help me sell these items here?' Then at the other end of the scale, the awareness and reputation is building to the extent that we'll get a call asking if we can do a job in three days' time!

I presume it can be difficult identifying whose role it is in a business to manage surplus kit, especially among chains?

Yes, one of the challenges is that typically nobody has ownership or responsibility for waste assets. You'll find champions for food waste or CSR, but not so much for equipment. I can ask the chief executive of a large casual dining chain what their policy for the disposal of surplus catering equipment and there will be a tumbleweed moment. We're trying to bring a professional, compliant service to a need that is clearly out there.

You possess a comprehensive database of customers seeking surplus assets. What sort of companies typically want to buy second-hand equipment? And is it purely down to the expectation of lower price?

Good value is obviously a driver for us, but it really is very varied and there is no sweet spot that has emerged yet. We have lots of equipment that has had a good life, but end of use doesn't mean end of life, so customers include start-ups, independents, dealers, hotel chains – I've even just received a video clip of a business in Romania that recently took three lorry loads of equipment from us and are carrying out the refurbishments for their market place. Bear in mind that the



Ramco has a vast database of surplus foodservice equipment.

equipment could also be what we call 'BNIB' – brand new in box – so we have some of that as well.

Do you have any estimates of the size of the second-hand catering equipment market in the UK?

We estimate the used market is worth around £250m in the UK when you consider that around £1 billion of new equipment comes into the market each year, according to the main trade bodies. There are a lot of reasons why equipment becomes surplus – it could be due to new technology coming in, regulatory factors, fashion, changing eating habits or a change of management, for example. We would like to think that when times are good and people are upgrading and changing, that creates surplus. And then when times are difficult then

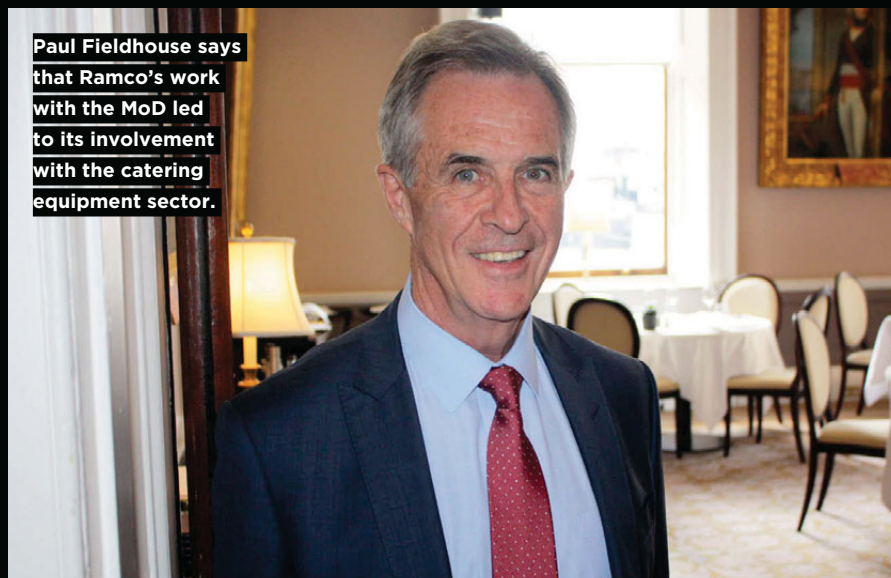
WHY MIGHT AN OPERATOR NEED TO USE RAMCO'S SERVICES?

- To turn redundant assets into cash
- To free up storage space
- To reduce waste via compliant disposal processes
- To meet CSR obligations and waste agenda

there is an opportunity to liquidate and generate cash that is off the balance sheet typically.

People will have all sorts of perceptions about second-hand equipment and the risks associated with buying pre-used products. What assurances do you provide to give customers peace of mind?

The majority of what we sell is 'bought as seen'. However, and this is where we think the differentiator is, it is in our interests and our customers' interests to get the best equipment so we provide as much detailed information as we can. The more we can tell a buyer about the history of the item, the more 'assurance' they have. Recently we have sold some unused equipment with six-month UK warranties and we're currently in discussions with a major brand on a 12-month warranty for some equipment that suffered superficial exterior damage during transit.



Paul Fieldhouse says that Ramco's work with the MoD led to its involvement with the catering equipment sector.

You must deal with a lot of heavy duty gas and electrical equipment – presumably that mean you’re under some kind of obligation to ensure that anything you are reselling into the market is safe?

We are frequently audited by the Ministry of Defence and by others, we are PAT-testing, we clearly follow the WEEE directive and we offer a fully compliant and traceable service. Somebody asked me the other month, ‘what happens if the equipment has been stolen?’ Well, if it has got any serial numbers on it, we will be able to tell that. But I come back to the point that what we’re trying to do is professionalise a part of the market that has historically has been under the radar and a little informal.

YOU’LL FIND CHAMPIONS FOR FOOD WASTE OR CSR BUT ONE OF THE CHALLENGES IS THAT TYPICALLY NOBODY HAS OWNERSHIP OR RESPONSIBILITY FOR EQUIPMENT WASTE ASSETS”



There must be certain types of equipment you won’t touch?

The two areas that we avoid are where it is bespoke and built-on because the cost of extraction versus the scrap value simply isn’t there. The other area is low-cost furniture unless there is a significant volume of it and we can see a market for it. But we’d always get someone to do whatever they could with it locally first, such as donating it to charities.

If an operator is looking to sell a load of catering equipment it no longer uses, what’s the process?

The proposition is that we will come and take away the equipment or



they can deliver to us, and we will decommission and strip out where necessary. We will take care of the sale and marketing, which includes proper cataloguing and detailed descriptions of what it is that is being sold. The attraction of the proposal is that we will then share the proceeds with them. We have found that our sharing model works best, where we collect and manage the logistics and marketing, agreeing a split of the proceeds. Typically, we don’t charge for decommissioning if this is covered by the potential sales. It’s in our interest and our clients’ to maximise the sale value.

How much of the equipment that passes through your hands gets sent to landfill?

We are trying to be a green business and clearly we want equipment to avoid landfill or scrappage. We will parts-harvest from good kit and I can tell you that last year less than 1% of what we handled through the business went to landfill. But there is still a long way to go to improve the mindset.

How do you think branded catering equipment suppliers feel about you? Do they regard you as competition?

As a responsible business that is reselling surplus equipment then we are actually doing our bit to ensure it does not go to landfill. If I am the chief executive of a branded catering equipment supplier, do I want to be selling obsolete and second-hand or would I be better off being detached from that and letting somebody like Ramco do it for me?



One of the resale methods you use is auction. What's the auction market like for catering equipment?

We are at an interesting point with foodservice. Because of the flow of surplus catering equipment we are getting, we are aiming to have regular specific sales in future. A good assortment of ovens, fridges, with high quality brand names, will always attract a wider audience and better prices than selling smaller quantities on a regular basis. One of the challenges I have got at the moment is we have four different customers with identified amounts of equipment and I want to arrange a sale soon that includes them all because it

WHAT WE'RE TRYING TO DO IS PROFESSIONALISE WHAT HISTORICALLY HAS BEEN UNDER THE RADAR AND A LITTLE INFORMAL"

CASE STUDY: BYRON HAMBURGERS

Following the decision to close up to 20 outlets and focus on a smaller number of profitable restaurants early last year, Byron contacted Ramco Food Services to discuss the disposal of surplus catering equipment across its estate.

After undertaking a couple of trial sites, Ramco was commissioned to manage the removal and resale of equipment from sites all around the UK, from Aberdeen to Exeter.

"Having engaged with the Ramco team, I was impressed with how they went through what services they could offer us," said Richard Pratt, head of construction at Byron. "What impressed me was their determination and professionalism. The team completed all works to schedule and managed our expectations in an exemplary manner. I cannot recommend the Ramco team enough. Using them for any strip-out work is now an obvious choice."

will achieve the best price. But getting somebody to say, 'it is your job to look after that' isn't easy. We could send people in there but the kit that needs to move might be amongst kit that they want to keep or has somebody's name on. But I think that will improve and further incentivise the owners of surplus equipment to organise it. Ramco has regular general collective auctions across everything on a monthly basis and we also have sale from site as well.

What online platform do you use for your auctions?

We use BidSpotter as a platform for online and we have found that to be good. And it'll come as no surprise that if we don't have a reserve on an item and think it is going to make £1,000, you'll see an opening bid £50! Nothing will happen for a week or two and then in the last few hours it will increase as people place bids.

The high street restaurant sector has changed dramatically over



To ensure minimum disruption, the Ramco key account manager agreed a scope of works with each site. A full audit trail of every asset, from the fridges and fryers all the way to the beer and even gherkins, was maintained throughout, tracking items from the point of removal to their ultimate resale destination. Ramco's involvement meant that it provided a compliant and transparent disposal service for Byron, with the added benefit of turning surplus assets into much-needed cash.

PROFILE

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the past couple of years and there have been a lot of closures —Jamie's Italian and Patisserie Valerie spring to mind in particular. Have you benefitted from that?

The work we did with Byron when they were having their issues is a good example of how we can provide support. They were delighted with what we were able to do for them. [See box, left]. With the two other high profile brands, Patisserie Valerie and Jamie's, we come a long way down the pecking order after the likes of KPMG, Savills or Christies. Their first priority is what is the going concern and the numbers involved in terms of the tenancies and the properties.

If you could pick out one overriding factor impacting the shape of the surplus catering equipment, what would it be?

I certainly think the smart kitchen is a key one because it means that what is out there at the moment is becoming obsolete quicker. That's moving faster than people simply 'doing the right thing'. **F&B**