



BROAD
COLLEGE OF
BUSINESS
MICHIGAN STATE
UNIVERSITY

AUCTION INDUSTRY 2010

Summary of 2010 MSU Auctioneer Research Project
Chris Longly, NAA Deputy Executive Director

Background

May 2010
Faculty and students – Michigan State University
Eli Broad Graduate School of Business
Consulting Practicum for Emerging & Start-Up Firms

- Principles of Entrepreneurship

Auction industry typically not discussed in academia

Research Objectives

- Auctioneer
- Auction Business
- Auctioneering

Survey

Partners

- National Auctioneers Association
- IT Risk Managers, Inc.
- Auction Zip
- State Auctioneer Associations

Survey sent to approximately 20,000
1,972 completed surveys
Response Rate: 20%
Sampling Error: ± 2%

The Typical Auctioneer

Male
 51 to 65 years of age
 High school graduate
 Works full-time in business
 Been in business 21+ years
 Drawn to profession by

- Experience attending auctions
- Transitioned from other career which used auctions

He enjoys his career because of...

- His independence
- Ability to help people

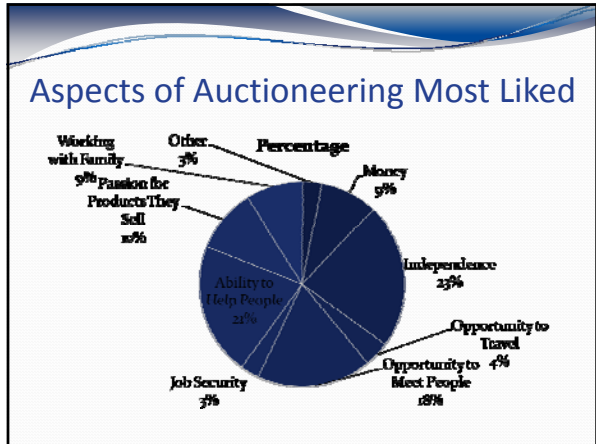
Most likely resides in the Midwest or South

Demographics

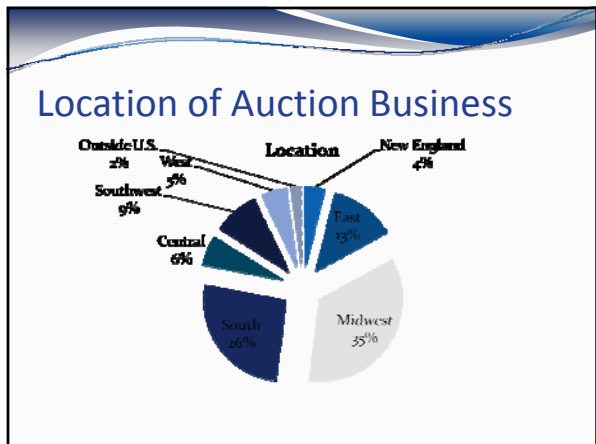
Gender		Education	
• Male 90%		High school 35%	
• Female 10%		Trade 18%	
Age		Undergrad 33%	
• 18-24 1%		Post-Grad 14%	
• 25-35 9%		Career	
• 36-50 30%		Full-Time 56%	
• 51-65 46%		Part-Time 44%	
• Over 66 14%			

Demographics

Years in Auction Business		Influence on Becoming Auctioneer	
• 0-2 8%		Exposure to family business - 25%	
• 3-5 11%		Referral from auctioneer - 12%	
• 6-10 15%		Experience attending auctions - 54%	
• 11-15 13%		Career program - 1%	
• 16-20 11%		Other - 8%	
• 21+ 42%			







Comparison

Gross Commissions over \$1 million		Gross Commissions less than \$50,000	
• 51-65	42%	51-65	48%
• Undergrad	36%	High School	33%
• Full-Time	93%	Part-Time	81%
• 21+ yrs	53%	21+ yrs	32%
• Family Business	41%	NAA Member	29%
• NAA Member	75%	State & NAA	24%
• State & NAA	66%		

Typical Auction Business

- Primary auctioneer
- 3 or more employees
- Conduct live auctions once per week
- Generate more than \$25,000 in gross commissions from five different types of auction areas
- Specializes in Estates, Personal Property, Collectibles and Antiques
- Has a website for business
- Does not use social media

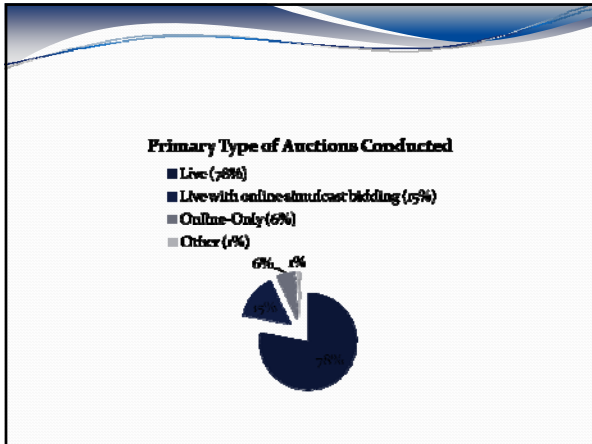
Business

Auction Business

- Primary auctioneer with less than 3 employees - 42%
- Primary auctioneer with 3 or more employees - 40%
- Contract bid caller - 13%
- Contract bid caller with 3 or more employees - 2%
- Contract bid caller with less than 3 employees - 3%

Auctions Conducted in 2009

- 53+ 23%
- 25-52 21%
- 13-24 18%
- 7-12 15%
- 1-6 23%





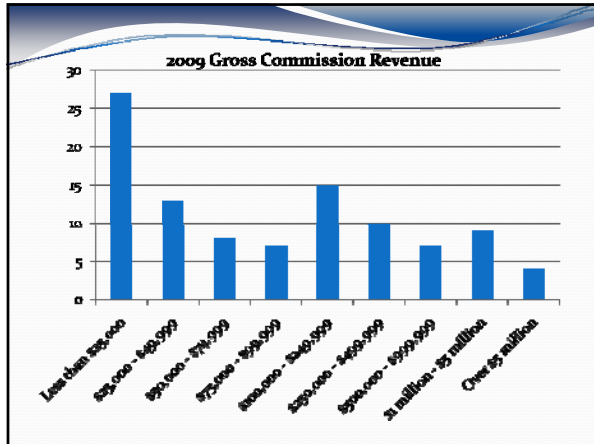
Websites and Social Media

Does Business Have Website

- Yes 76%
- No 24%

Use Social Media to Promote Business

- Yes 36%
- No 64%

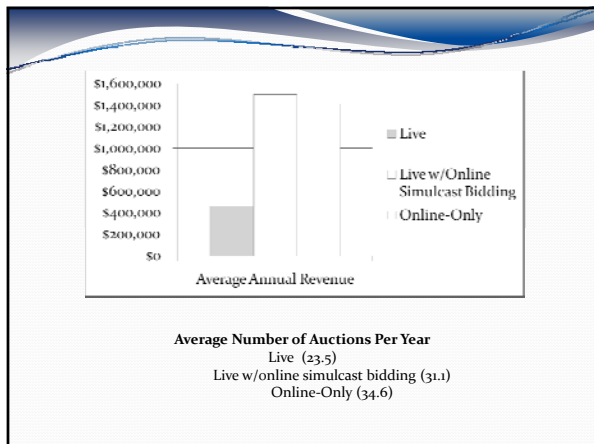


What skills are required to be a successful auctioneer

- Organizational 17%
- Marketing and promotion - Event 17%
- Marketing and promotion - Items 13%
- Salesmanship 12%
- Networking to obtain clients 11%

Areas where auctioneers need assistance

- Technology 23%
- Marketing and advertising 20%
- Accounting 13%
- Business proposals 10%



Aging Industry

- Auctioneers are getting older and so are their customers
- 60% of industry is over 50 years old
- Downward trend towards younger auctioneers entering profession

Future Customers - Student Survey

340 MSU students randomly selected and surveyed on their attitudes and experiences towards live auctions and eBay

- Moderate users of eBay
- Have favorable attitude towards the website
- Limited experience with live auctions
- Open to the live auction experience

Frequency of Using eBay

For Purchasing (Per Month)	
• Less than once	83.8%
• 1-5	7.1%
• 6-10	5.9
• 11-15	2.2
• 16-30	0.6
• 30+	0.6
For Selling (Per Month)	
• Less than once	90.9%
• 1-5	4.4
• 6-10	2.6
• 11-15	1.2
• 16-30	0.6
• 30+	0.3

Attitude Towards eBay	
• Very Favorable	15%
• Favorable	48.5
• Neutral	30.3
• Unfavorable	3.5
• Very Unfavorable	2.6


Open to Attending Live Auctions	
• Yes	73.6%
• No	26.4

Expectations of Young Buyers When Attending Auctions	
	Response Percent
It would be interesting	71.4%
It would be generally boring	10.4
It would be waste of time and energy	7.4
It would be fun	48.9
It would provide bargains and unique items	50.6
Expect neither positive or negative feelings	10

**Survival Tips for
Your Presidency**


NAA State Leadership Conference
February 23, 2011

Portions taken from "100+ Tips for the Incoming President"
by Carolyn Gardner and Bob Harris, CAE
www.nonprofitcenter.com



1. On the board, you represent the association; *not* yourself or your firm.
2. Your job is to advance the existing strategic goals, not to make a to-do list of projects you want to do during your year.
3. Two months before you take office often has the highest dividend for planning your year.

4. The association belongs to the members, not to you.
5. Contact a *new* member to welcome them and get them involved in the association.



- 6. Be able to recite the mission statement – memorize it.
- 7. Help volunteers to make meaningful contributions to the association
- 8. The president and the executive director work best as EQUAL partners.

- 9. Respect association staff and their time.
- 10. Eliminate “tired committees”.
- 11. You are the elected president; not the king or queen.



- 12. When you spend money, always be ready and able to justify.
- 13. Know the law, the code of ethics, the articles of incorporation and the bylaws – don't break them.
- 14. Partner with staff on your president's message. Consider that it will be in the association's permanent history.

- 15. Visit the members in person or make personal calls to let them know you're a good listener and care; invite their participation.
- 16. One of your roles is to develop future leaders.
- 17. Reserve a portion of each board meeting for futuristic "thinking".

- 18. Understand financial statements; insist on an annual audit.
- 19. You speak as the association. Watch what you say at the podium...never hurt anyone with words.
- 20. Don't be afraid to get the training necessary to become an effective communicator.

- 21. Let the vice president or president-elect learn as much as possible during your term.
- 22. Avoid accepting gifts that may create an impropriety - set high standards for your year.
- 23. Encourage 100% accountability among your Board of Directors

- 24. Hold a leadership retreat before your term begins.
- 25. Take antitrust concerns seriously!



- 26. Be up front with your executive director on all issues.
- 27. Respect your executive director, he or she is a true professional.
- 28. Stay in touch with the Executive Director.

- 29. The Board's position is your position.
- 30. Diversity and inclusivity are good when building your leadership team.
- 31. Time is money. Respect the time of your Board members. Start and end your meetings on time.

32. Every association has red ants. Tread carefully.



- 33. Make sure all Board positions have a job description.
- 34. Make yourself available to members.
- 35. Take your role, but not yourself, seriously.

- 36. Listen to the whispers and you'll avoid the shouting.
- 37. You can't please everyone, but strive to be respected by everyone.
- 38. Don't neglect your family or business. They need to be there and healthy when your term is complete.

- 39. Praise volunteers, staff, etc. in public. Criticize in private or not at all.
- 40. Participate in the association's events.
- 41. Never say, "We have always done it that way" or "we tried that once before."

- 42. Dismantle the "good ole' boys club" image.
- 43. Never jeopardize anything said to you in confidence. "In confidence" means in confidence.
- 44. Keep it professional. Anything inappropriately stated in meetings and e-mail will bite you.

- 45. Everyone's opinion counts, especially if you are on the opposite side.
- 46. Mix and mingle with the members before every meeting. Avoid head-table-snobbishness.
- 47. Call on other leaders (past and present) for counsel. You're not in this alone.

48. Admit your mistakes. No one has ever done this job perfectly.
49. Don't be embarrassed to say, "I don't know".

50. Consider taking "the road less traveled."



51. Make a point of introducing yourself often to people of influence. Reach out to meet others.
52. Change will happen whether you are ready or not. Don't fight it.
53. Allocate time to read, read and read.

54. Communicate, communicate and communicate. And then again.

55. Members don't always read. Sometimes you need to communicate in a different way. Plan on communicating your most important messages at least 3 times to be understood.

56. Be the organization's main cheerleader.

57. Have the courage to admit someone else may have a better idea than you.

58. Attitude is everything.



59. Don't take criticism personally!

60. If you promise to get back with a member, do it the same day, if possible.

61. Don't procrastinate on the hard decisions. Nobody appreciates a fence-sitter.

- 62. There will be difficult times. They, too, will pass.
- 63. Stay on track. Continue to review your business plan
- 64. Get the association involved in a philanthropic effort.

- 65. Celebrate small successes. They will add up by the end of your term.

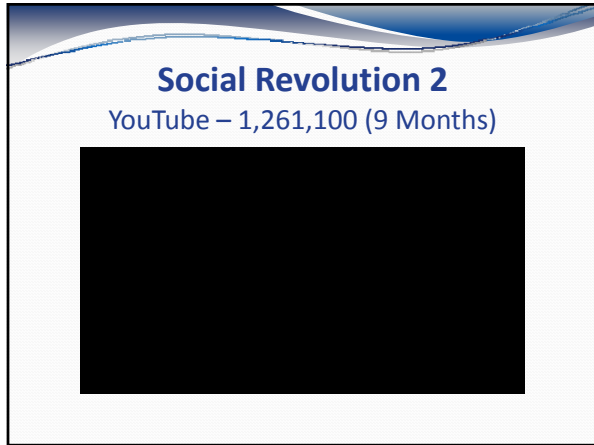


- 66. Consider yourself as the steward of the organization whose outcomes will be remembered for years, decades or longer.
- 67. Don't take your eyes off the goal.
- 68. Membership is voluntary. You want to end your term with more members than when you started.

69. If you aren't moving forward, you are losing ground. You'll find a year will be over quick.









The screenshot shows the Wikipedia article for the National Auctioneers Association. The page features the standard Wikipedia layout with a blue header, a search bar, and a sidebar on the left. The main content area includes the title "National Auctioneers Association", a brief description, and sections for "Membership" and "External links".

WIKIPEDIA
The Free Encyclopedia

Articles Discussion Read Edit View history

National Auctioneers Association

From Wikipedia, the free encyclopedia

The **National Auctioneers Association (NAA)**, founded in 1945, is a voluntary group representing auctioneers, auction businesses and related companies that seeks to promote the auction method of marketing and the practice of auctioneering in the United States. Its headquarters is located at 3555 Ballentine, Overland Park, Kansas, 66214, USA.

Membership

The NAA states that membership is at or around 6000 members from the United States, Canada, Australia, China, Czech Slovaki, Great Britain, India, Ireland, New Zealand, South Africa, the Virgin Islands and West Africa. Membership is open to anyone world wide who is involved in marketing through competitive bidding or the auction method of marketing. Members pay dues and follow the NAA Code of Ethics.

External links

- National Auctioneers Association - Official website

Categories: Auctioneering

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**Planning and organizing
your Board**

Hannes Combest, CAE
Chief Executive officer

What is your biggest challenge as a
new president?

Do you know what you don't
know?

How familiar are you with the responsibilities of being
a board member of your association?

- Very
- Somewhat
- Not at all
- Help! What have I gotten myself into?

Do you know what you don't know?

Do you have a job description for your position?

Do you know what your fiduciary responsibilities are?

Do you know what you don't know?

Do you know your organization's mission statement?
Vision statement?

Have you read your organization's Articles of Incorporation?
Bylaws?
Code of Ethics?

What you don't know CAN hurt you!

What is the function of the Board?

- Link between your association and the members
- Authorize programs
- Oversee the budget
- Work with Executive Director in directing the general operations

What you don't know CAN hurt you

You have a fiduciary responsibility

- Duty of Care
 - PARTICIPATE
- Duty of loyalty
 - AMBASSADOR
- Duty of Obedience
 - LEGAL RESPONSIBILITIES

What you don't know CAN hurt you

Code of Ethics
Conflict of Interest
Anti-trust
Whistleblower
Document retention
Who speaks for the organization?

Planning

Strategic business plans

Form the Board around this plan

Planning:
Strategic Business Planning

President-elects should be working closely with the President so that there is continuity in the leadership.

Set realistic goals

- How do they fit into the mission statement?

Planning:
Strategic Business Planning

Elements involved

- Objectives – must be measurable
- Strategies – how to do the work
- Priorities – first things first

Wrapped around your

- **Vision**
- **Mission**

Committees

Begin committee assignments before your position begins

- What do you have?
- What do they do?
- Why do you have them?

REMEMBER!!

Committees work for the Board and do not have a life of their own!

Committees

Appoint Committee Chairs

- Appoint a vice-chair so you have a system of back-ups
- What are their responsibilities

Board meetings

Work with your exec on the Board meeting preparation

Mission, vision and your strategic plan should always form your agenda

Develop clear agendas and ask for input

Board meetings

Ask committee chairs for written reports – only allow new issues to be introduced at the physical meeting

Send out meeting materials at least one week in advance.

Ask Board members to do “homework” – answer a specific question you send them in advance

Board meetings

Identify meeting dates for a year

Provide a calendar of meeting dates, events and deadlines to the Board at your orientation or first meeting

Board meetings

Start on time

Cell phones should be set to vibrate or silent

Keep to the agenda

Quiet side conversations

Don't stifle disagreement

Ensure everyone gets a chance to talk

Board meetings

What about executive sessions?

- Purpose
- Who should be included
- Minutes

Board meetings

IMPORTANT

- Confidentiality - All discussion and documents are treated with confidentiality. The place to debate is inside the boardroom - not in the parking lot or by emails after the meeting.

Board meetings

Minutes

- Record the time and location of the meeting, participants, and the outcome of the motions.

Do not record conversations, assignments, reports, etc.

Distribute a draft and once finalized, destroy the original draft.

Communication

Develop a Board communications plan at the end of the meeting

Individuals debate, the Board communicates

Identify who to contact if an issue arises

Ensuring your organization is safe

You are liable when....

- You store credit card information and it gets lost
- If it gets used, it becomes a larger issue

Trademark issues

Commercial speech

You can/should be covered

General liability

Directors and Officer's Insurance

Other?

The job of an insurance broker is to identify an organization's exposures and make sure they are adequately covered.

Are we having fun yet?

Just breathe

And start with the easy stuff first!

Debunking the myths...a summary of our conversation

An individual board member has power to act on his/her own. True False

Conflicts of interest always involve financial transactions. True False

Because we want to be transparent, we should tell members how everyone voted. True False

Our association has D&O insurance so we are covered. True False

Debunking the myths...a summary of our conversation

The minutes of our meetings should cover the discussion we had. True False

Staff should never be included in an Executive Session. • True False

It is the Board's job to manage the Association. • True False



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20 Questions Board Members Should Ask to Assess Financial Health

Financial Planning

Is our financial plan consistent with our strategic plan?

Sufficient Available Cash

Is our cash flow projected to be adequate?

Are our cash-flow projections reasonable, objectives, and not overly optimistic?

Satisfactory Reserves

Do we have sufficient reserves?

Has the board adopted a formal policy for the establishment of reserves?

Meeting the Budget

Are we regularly comparing our financial activity with what we have budgeted?

What procedures do we use to make sure that the differences between what was budgeted and what actually happened are being appropriately addressed?

Propriety of Expenditures

Does the board provide oversight of contractual agreements to ensure that the organization's exempt status will not be questioned or impaired?

Does the board provide for internal controls over expenditures?

Does the organization maintain adequate business insurance?

Internal Controls

Do we have the appropriate checks and balances necessary to prevent errors, fraud and abuse?

Are we alert to the possibility of fraud within our organization and are we taking safeguards to try to prevent fraudulent activities?

External Audits

Do we have an external audit?

Does our annual audit have an unqualified ("clean") opinion?

Financial Documents

Is our financial staff providing us with accurate and timely financial statements that allow us to understand the financial state of the organization?

Do we regularly review IRS Form 990? Does it accurately represent our organization?

Signs of Financial Distress

Are our key sources of revenue rising or falling? If they are falling, what are we doing about it?

Are our key expenses, especially salaries and benefits, under control?

Making Investments

When was the last time our investment policy was reviewed?

Are we satisfied with the performance of our investments, given the level of risk appropriate for these funds?