

How to Increase Auction Revenue in a Down Economy

It is a fact: If you expect the worst, you won't be disappointed. Concerns about an economic downturn mean that charities, schools, and foundations are fearful that donations will at best, recede or at worst, dry up. This does not have to be the case. In fact, it is quite possible, with dedicated volunteers and staff, a little ingenuity and hard work, a non-profit might be able to increase their income. A slowing economy does not have to automatically mean a downturn in fundraising success.

How can that be? In order to understand just how you can be more successful in a down economy, let's look at why people give money in the first place. There is the obvious tax benefit but more important than that, is the *cause* to which they are giving. Why do donors select one cause to benefit from their generosity and not others? It has to do with how they have bonded with their chosen cause. *Bonded?* Yes! They feel *close* to the cause for some reason. It may be that they were introduced to the cause through a friend or family member, or that they benefited from the organization at some point in the past. Regardless of the reason, feeling that this organization should benefit from them is critical to getting them to write a check, attend an event, or buy at an auction.

So what happens when we hit a downturn in the economy and potential donors are more focused on making ends meet than in supporting their favorite charity? This will happen of course, but supporters don't go away entirely. They merely become *more selective* as to who they are giving and how much they give. This is the key to making more money in a slowing economy; it is critical that the narrowing supply of more selective donations fall into your court, not elsewhere. As related to charity auctions, there are some very clear paths to make this happen.

Start by examining your event. Review the past few years. What have you done to make every guest feel special? Did you eliminate the check in and check out lines? Did you say "thank you" early and often? How soon after your event did you send out a thank you letter or card? Was it a form letter or a real from the heart hand-signed letter? Was your event entertaining from start to finish, and was the auction itself well managed, well lit (in the silent auction area) and have great sound (in the live auction area)? Did it finish on time? Did your money come from the same group of supporters with "big bucks," or did you take care to be inclusive of all economic capability? Did you put them to sleep early with endless speeches or give them plenty of time for socialization at their tables? Was there a perception that your event was the "go to" party and those not there missed something special? What about those who donated items, services and financial support for the event? Were they put on a pedestal, sent a timely thank you letter, and included in post event results publicity so they knew they were appreciated?

Remember that you are competing with other events, and with more financial pressure supporters are going to be more selective. You want to make sure they select your cause, this time and every time you ask. You are trying to build loyalty, but loyalty is a two-way street. For their continued support your guests deserve the following, as a minimum:

- A well managed event that runs smoothly from start to finish
- No hassles at check in and check out
- A clear agenda of the evening and what is expected of them (no surprises, such as inviting guests to a “dinner” then springing an auction on them)
- Excellent communication, before, during, and after the event.
- Patrons want you to be good stewards of their money. Don’t waste their money on elaborate decorations and “dead” flowers.
- Protection of their personal information (having them fill out registration cards with addresses, credit card numbers and telephone numbers on one card is a NO-NO!)
- An opportunity to learn more about your cause without tearful and depressing speeches – it is supposed to be a party! Tell your story by focusing on successes!
- An easy opportunity to bid. Avoid crowded hallways and rooms with tables too close together. Spread items out so all bidders can easily get to the items.
- Unique experiences, one-of-a-kind opportunities, and fun items to bid on as rewards for their generosity. Auctions should not be about buying but about giving and being rewarded for that effort.
- A chance to make a cash contribution (Raise the Paddle) if they don’t spend all they budgeted to spend.
- A well lit silent auction, easy to read bid forms, displays that draw people to the tables and color coded sections so it is very clear which section is closing and when.
- A great sound system so guests are neither blasted or have to strain to hear. A sharp, crisp professional sound system will ALWAYS make more money than it will cost to rent one.

Each event has its own personality and you want yours to stand out so you have no problems filling the room. However, merely filling the room is only part of the equation. You want to fill the room with “bidders” not “eaters.” Bidders will always eat the meal, but eaters will not always bid on your items. How then do you find the bidders among the eaters? Start by being honest about why you are holding your event – make it clear that it is a fund raiser, not just a party. Charge a bit more than expected - it allows your supporters to opt in, while those that are not serious about your cause to opt out. Fill tables using table captains, supporters who agree to attend, and who agree to fill a table with like-minded supporters. There is nothing more powerful at an auction than an entire table ALL bidding on the items. Having several tables filled in this fashion can dramatically increase auction revenue.

It is also important to create and maintain a sellers market. Take the number of bidders you will have attending your event. One couple or one individual attendee equals one “buying unit.” A good balance is to have one silent auction item for each buying unit. This will give you a good ratio of items to bidders, bridging the transition from a “buyers market” to a “sellers market.” A higher ratio of bidders to items will increase yields, but the lack of items will reduce total income. A lower ratio of bidders to items will reduce the yield, meaning items will sell well under value.

Finally, look at where your money comes from. If you rely each year on the same group of supporters, you are in risky territory. It only takes one or two key supporters to opt out in a given year for your event to suffer financially. Reduce your risk by always looking to expand your base of support, and by not relying too aggressively on high ticket live auction items designed for a handful of bidders. You are better off having a few more items in your live auction with broader appeal than fewer, higher ticket items that must have the big spenders in the room to be sold.

Consider that your money is not made by your successful high bidders, but by the *second, third and fourth* high bidders on any given item. The high bidder may win the item, but it is the other bidders who drive the price. Without competition, you give your items away too cheaply. This is why it is critical to not rely on a handful of people who can make or break your event. Your strength is in a broader audience.

You can make money in a slowing economy, if you are smart about it. Your support network, your donors, and your event guests all have choices. Like the smart fisherman who knows “where they are biting”, you need to go where your support is. More importantly, you need to hang on to the support you already have by running crisp, professional, hassle free events, and thanking your supporters early, often and sincerely.

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