

Auctions Encourage Top Donors To Give the Limit

Excerpted from
Department of Canadian Heritage
“**Guide to Special Events Fundraising**”

by Ken Wyman, CFRE

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Fundraisers too often set ticket prices as low as possible, so more people can attend. This practice ignores the generous few who could and would give more if you made it appealing.

Auctions are an easy way for people to give exactly as much or as little as they want.

Auctions work well because:

- People give to their own limits.
- People get something in return.
- People have fun memories.

Professional auctioneer Joe Small expands this list. He's raised over \$20 million in 1300 charity auctions since 1975, in the US and Canada. Here's his list as it appeared in Fundraising Management magazine:

Advantages of an Auction

- Attract new money from new sources..., in substantial amounts, usually earmarked for a special project.
- A “media event” often results in excellent newspaper and television exposure.
- A fun-filled, enjoyable evening for all.
- Image enhancement for the sponsoring group.
- Find new donors.
- Find new volunteers
- Build enthusiasm toward an annual auction.
- Discover an efficient method of channelling the energies of those many persons who wish to help you but don't know how.
- All money paid up front, not in delayed payment pledges that often shrink or prove difficult to collect.
- Your group has increased its annual income substantially and broadened its donor base.

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What should you auction off?

The best items have emotional and psychological value, not market value. That's because there is no obvious pre-set upper limit.

On items that have a market value, like a video recorder, bidding usually stops just below the normal retail value. With items that fulfil fantasies a market price is not clearly established, so bids run much higher.

One example which several charities have found successful: used ballet slippers from a dancer such as Karen Kain. Used dance shoes frequently sell for hundreds of dollars, and have gone as high as \$1,000. The National Ballet Company does give them to worthy causes, especially national charities, depending on the supply. Other dance companies may do likewise. If you' d like a pair, make a request in writing to:

The Publicity Department
National Ballet of Canada
157 King Street East
Toronto, Ontario
M5C 1G9

Autographed hockey sticks, baseballs and other sports items can round Out your collection for auction. In one small community, a fan bid \$1600 for Wayne Gretzky' s hockey sweater, donated by the Edmonton Oilers before the trade. The purchaser then donated it back to the charity, and it was auctioned a second time the same evening. This time it raised \$2,000 more.

Like most hockey clubs, The Edmonton Oilers will give non-profit groups a souvenir stick. They give out about 12 a month. These can be autographed by the entire team, or just the player of your choice. They also give Oilers hats and photos. Sweaters are given on very rare occasions, when approved by the player, or team owner Peter Pocklington. Sports teams of all kinds have similar policies. If you' d like to request a souvenir item, write with as much information as possible about your group to:

Community Relations
Edmonton Oilers Hockey Club
Northlands Coliseum
Edmonton, Alberta
T5B 4M9

Consider asking a company that owns a hot air balloon to take people for rides. Increasingly popular as advertising items, custom balloons and blimps are owned by real estate brokers, breweries, tire companies, and pizza chains.

Media stars and politicians have donated ties or other memorabilia. Musicians, like the popular singing group The Nylons, have provided the customized jackets worn on their tours, albums and free sets of tickets. Radio stations have allowed the top bidder to co-host a show and sit in for the day behind the scenes. Sports reporters can take people to watch a game from the press box and meet the players in the dressing room. Driving the bulldozer or swinging the wrecking ball to demolish a building are two other popular auction items.

The list is limited only by your imagination.

Even without major contacts, anyone can find valuable services. A local amateur cook can prepare a fine dinner. Teenagers can mow the donor' s lawn all summer.

Celebrity and fantasy items alone do not provide something for everyone. A good mix is essential. Here are some other items recommended by auctioneer Joe Small, depending on your audience:

All items should, with rare exceptions, be either brand-new or genuine antiques. Examples of popular items include air fare to anywhere, a garden tractor, use of a billboard for a month, matched luggage, season tickets, landscaping service, a gourmet dinner for 12, brass or bronze items, paintings, cameras, home entertainment centres, new or antique furniture, stained glass windows, condos in Vail or Acapulco, a fishing boat, a Jeep, a diamond ring, a bicycle built for two, an expensive watch, a fur coat.

The choice should be so wide that everyone will get excited about something, even if they didn' t plan to buy in the first place.

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Enhance the value of commercially available items by arranging novel combinations. For example, a video player may include a movie every week for a year from a local rental store. Or offer a custom home movie or rock video by a professional producer. An airline trip can include hotel accommodation in a hotel, and spending money donated by a travellers' cheque company.

Where do you get items to auction off?

Prizes should almost always be donated. The exception is when it takes more time than it would to buy the item.

Many businesses are delighted to donate items if they believe they will receive exposure to potential customers. One group in Hamilton, Ontario, recently got an outraged call from a jeweller. He was angry that the charity was auctioning off a ring donated by a competitor, and hadn't asked him! He demanded the right to donate one of his custom-made \$2000 diamond-and-gold rings. The charity graciously accepted.

"Goods and services are vastly easier to obtain than money," Joe Small notes. Instead of financial contributions, a charity may find it easier to get something they can convert to cash at an auction.

What's the difference between a live and a silent auction?

There are two major types of auctions.

The live auctioneer is perfect for a small number of items that are:

- more expensive - \$350 and up
- easy to understand
- popular with almost everyone.

A live auctioneer gets everyone's attention, and can increase the bids. On the other hand, it is hard to listen to a live auction for a long time. It can also leave out some people who can only bid on low-cost items.

The live auctioneer sometimes varies the pace. Some of the techniques include:

- Lightning Rounds - Very short time allowed. Builds energy.
- First Come/First Served - Give items for absurdly low prices to the first person brave enough to bid. Gets the bidding going.
- Top Up - Each bidder actually adds the difference between his/her bid and the previous bid to the pot. Amounts are smaller, but can add up. At the end, the bidding becomes rapid as people realize they could get the item for just a dollar or two. Telling people there is a time-limit increases participation. Don't reveal what the limit is.
- Tombola - The winner gets to choose from mystery boxes, without knowing what the contents will be. It works best if some contain fabulously expensive items and others funny consolation prizes.

There are other variations. Haimish Robertson, of the Juvenile Diabetes Foundation (JDF) of Ontario describes their Tombola as "a glorified fish pond." People pay for a chance to reach into a drum and pull out a slip of paper. Some win nothing, and the slip says "Sorry! Thanks for donating to JDF." Others win small prizes. These are often the items too small to auction, such as a cup and saucer. JDF recommends charging from \$2 to \$5 for each chance, depending on the size of the community and other factors. Tombola works very well in combination with a Monte Carlo, where players buy chances with their chips, instead of cashing them in.

Auctions Encourage Top Donors To Give the Limit

The silent auction is for a large number of items that are:

- less expensive - \$50 to \$250 retail
- require thought
- of special interest, such as insulating your home, having a lawyer prepare your will, or free orthodontic work.

Silent auctions provide less distraction from the other fun, such as dinner and chatting with friends. As a result they help round out the evening. On the other hand, they are easier to ignore and take longer.

To conduct a silent auction, display the item to be auctioned off. Attach a sheet of paper for the bids, or mount a cardboard bid register nearby. Bidders write in the amount they will pay and sign their name, or secret code number. Each higher bidder supersedes the previous bid. People may bid as often as they wish.

Time limits on some of the items will keep the pace brisk. These are usually secret, so no one knows when bidding will close on the item they want.

How many items can you auction?

The live auction should last no more than one hour to an hour and a half. In that time you can auction from 35 to 45 items. Allow about 90 seconds per item, with some time in between.

The silent auction can include 250 to 350 items.

TV and radio auctions can last several days. Some groups auction up to 3,000 items that way.

How many people should you have at an auction?

Auctions come in all sizes, depending on the ability of the non-profit group to draw a crowd. Joe Small reports that they normally range from 200 to 650 people. However he has seen them run effectively as small as 75 people, and as large as 1,650.

What else should happen at an auction?

Too many distractions can reduce the income at an auction. Don't combine it with a casino, a major speech or a star studded concert. Keep people focussed on the auction.

Joe Small recommends the ideal combination to be an auction with a fundraising dinner. There should only be one speech, he suggests. It should be about 7 minutes long, by a well known and beloved figure. The speech says little more than "Thank you for coming. Here's an exciting project that the money raised will fund. Let's get started."

As the auction begins, a one-minute mock auction may educate the crowd on how to bid. During the auction, the auctioneer may vary the pace with a joke or a story. Beware the auctioneer who tells a tale that is off-colour, or not funny. The auction itself is the entertainment, and it had better be good.

Should you charge admission?

There should be an admission charge that covers the costs of the event itself.

This charge should reflect the cost of renting the hall, sending invitations, providing food and general administration costs.

Auctions Encourage Top Donors To Give the Limit

Don't undercharge. One group insisted that the fee be \$35, not \$50, for fear that some supporters would not attend at the higher price. However, supporters that could not afford the extra \$15 admission would not have purchased much at the auction either.

Don't skimp. "Remember that saving pennies here may cost you dollars later," Joe Small says. "For example, a dinner/auction in a highly respected hotel ballroom would be a comfortable setting for a higher income group. Other halls cost less, but not as many from this socioeconomic strata will come to a vacant warehouse, and if they do, their bids will be lower."

On the other hand, don't charge extra for the auction programme, the bidding paddle, or other essential ingredients. Other than a cash bar, if you serve alcohol, the admission fee should cover all expenses. Let them spend their money on the auction itself.

Who should be the auctioneer?

A good auctioneer is essential.

Someone who knows what s/he's doing can get the prices higher, or read the crowds for signs of fatigue. They can pace the expensive items with the low-cost fun ones.

Involve the auctioneer as early as possible. He or she may have valuable advice on how to organize the event for maximum results.

A professional auctioneer may be willing to volunteer time. Joe Small cautions that some otherwise competent professionals don't have experience in the fundraising setting. They may not be patient with people who have never been to an auction before, and don't understand the system. Or they may show off their high speed auctioneer's patter, which is too hard for a non-auction going crowd to understand. As a result people may not bid, for fear of embarrassment.

Local celebrities are sometimes good, if they make a living by talking, such as a radio or TV announcer, or a politician. If you go this route, it's a good idea to have two celebs. They can pace each other through the hour. And, if one cancels at the last minute, another is already in place.

Joe Small is one of a handful of professionals who specialize in charity auctions. They can not only run the auction itself, but advise on how to do it well.

Small charges \$1450 US plus expenses, to provide an auctioneer only. He also offers a full-service package. This includes the auctioneer, a clerk and 2 experienced ring men to spot the bids. That's more complex than it sounds. In addition, you get an orientation meeting several weeks in advance, to set up the system, and unlimited consultations by phone throughout the process. All the special forms necessary, bidding paddles and other equipment are included too. This package costs up to \$4500 US plus expenses, depending on the size of the auction.

A good auctioneer can increase the income substantially, compared to a do-it-yourself arrangement. Small estimates the difference runs from 30% extra income to double the money.

When should you hold an auction?

Hold an auction almost anytime in the normal "social season" from September to May.

Avoid the summer months, when people are often away. Avoid the height of the Christmas season, from early December -to mid-January.

October through early December can be good timing. Many people will see your auction as an opportunity to buy unusual presents.

Auctions Encourage Top Donors To Give the Limit

What is tax-deductible at auctions?

See Chapter 17, What's deductible? Revenue Canada Regulations and Other Legal Matters.

What are the problems with auctions?

For all their advantages, auctions can cause problems. Here are a few to be wary of:

- Art auctions

Avoid art auctions in most cases. Unless the art is very good, bids may be low. Low prices can embarrass everyone involved.

One group of artists in Vancouver put on an auction of their own works, in a gallery that had donated space. Few people but the artists themselves and their relatives came. They sold very little.

If you have an art auction, have a jury of respected critics and curators choose acceptable submissions. Prepare for the difficult task of turning down some items.

Several groups have had auctions of "The World's Worst Art." They purchased items at garage sales and flea markets that are amusing in their awfulness. It takes a special group to carry this off, and to get the audience to buy the stuff!

Professional art auction companies will run the entire show for some groups. They are expensive, however. Since they provide the art, the advertising materials and the staff, the costs are high. While this may not be unreasonable, it leaves little for the charity after expenses. Other types of auctions may be more profitable.

Don't hesitate to auction off a few works by respected artists, however. Canadian wildlife artist Robert Bateman has a well deserved reputation for generosity in donating his prints. A group in the Northwest Territories auctioned one of his prints for over \$1300. Many others have done likewise.

- Restrictions on use of an item

Some auction items carry restrictive conditions. Be sure buyers are aware of this before they make the purchase.

For example, airlines and hotels may restrict use to low seasons. People providing services may be willing to comply only when they aren't busy. Someone may have to pick up a heavy item at the factory, or pay extra for delivery.

One person was angry to discover that a hot air balloon ride she had purchased at an auction was for one person only. If she wanted to take her husband, she'd have to pay \$135 extra. This was bad publicity for the charity.

At the same time, it is to your advantage to try to ensure that buyers take advantage of services they purchase. An individual who offers to prepare a gourmet dinner may be upset if the buyer never collects. If the item or service is not used within a reasonable time, the donor may not be willing to donate again.

- Bachelor auctions

See "What a bad idea for an event".

Auctions Encourage Top Donors To Give the Limit

Failure to plan

Auctions require a great deal of advance preparation. Joe Small estimates that the auction is 80% over before the first bid is placed.

Allow enough time. Set up committees with care. Enlist volunteers early. Get advice from professionals at the beginning, and follow it. Joe Small puts it this way:

Committee heads - the top 12 - should be chosen for their leadership qualities, not because they volunteer... Pair these with 70 to 75 enthusiastic volunteers who will form the committees that will make the event a success... Even though the bulk of the work will be done by 25 to 30 people. In addition to a chairperson, committees are needed to:

- obtain merchandise for the auction
- run the auction
- promote the auction
- put times on display
- be sure the people who bought the items actually leave with them
- distribute an advance list of items to be sold
- sell tickets
- register bidders and pass Out information
- collect the funds at the end of the evening
- thank those who donated items and those who placed large bids
- plan door prizes
- establish a theme, handle the decorations, and more.