

How to Start a Consignment Business with a Classified Ad in Your Local Newspaper!

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About the Author



Barry Stein has been making his living online since 1997 when he first started selling Beanie Babies on eBay. He eventually built his first web site, www.BarrysBeanies.com, which he still owns and runs today.

In 2004 Barry started promoting affiliate programs from his main Internet marketing web site, www.aWebBiz.com, where he offers a free Internet Marketing Newsletter for anyone who wants to learn how to make money online.

Barry then went on to create his own products.

Barry's best selling products are:

www.EasyTeleseminarBasics.com

www.FreeMoneyPublicDomain.com

Barry's Twitter Web Page: www.Twitter.com/awebbiz

Barry's Internet Marketing Blog: www.aWebBiz.com/blog

Introduction

Today, there are many people who are unemployed or underemployed. To put it bluntly, there are a lot of people who need money!

Why not start a consignment business?

A consignment business can be started from the comfort of your residence. You will be your own boss and you will set your own hours. Sounds pretty good so far, doesn't it?

How to Get Items to Sell

Run a classified ad in your local newspaper in the "Wanted" category like the one below.

WANTED: Anything of Value - Phone Number

Don't bother running ads online because that is not where you find your clients. Most people who are online won't need your services.

You want to find people who don't have access to the Internet or don't know their way around the Internet.

There are millions of senior citizens and millions of others who don't go online. Or if they do go online it is often just to send and receive email.

I used to run classified ads all the time when I first started selling Beanie Babies online.

This is the classified ad I used:
Beanie Babies Wanted
Call Barry - My Phone Number

I bought thousands of Beanie Babies from people who responded to my classified ad.

So I thought that maybe running a classified ad to buy other item(s) might work.

I did a test of the Anything of Value classified ad above and I got lots of phone calls. I even had one woman who wanted me to sell the land

she owned in Alaska. I passed on that because it sounded like it involved having a real estate license. So unless you have a real estate license, I wouldn't recommend getting involved in real estate deals.

Selling cars, boats, collectibles or anything of higher value are good consignment items.

I wouldn't deal with any clients if they didn't live within 20 minutes of me unless they had a very high priced item(s) to sell.

How to Handle Phone Calls from Your Potential Clients

The first thing you will want to do when you get a phone call from someone who responds to your classified ad is to develop rapport with them.

Ask them a lot of questions about the item(s) they have for sale.

"Where did you get the item(s)?"

"How long have you had the item(s)?"

"What is the condition of the item(s)?"

[Get your prospect talking. You are trying to develop rapport with them. The more small talk the better.]

"How much do you want for the item(s)?"

[Now you tell them who you are and how you can sell the item(s) for them.]

"My name is Barry Stein."

"I run a consignment business."

"Here's how my business works. I sell your item(s) for you on the Internet. I pay for any online marketing expenses regardless if I sell your item(s) or not."

[At this point they might say that they can sell their item(s) online themselves. Tell them, yes, they can sell their item(s) themselves, but they don't have the online marketing know-how that you have. Tell them that if you sell the item(s) for them that they won't have to be

bothered with answering questions and communicating with prospects. If they still want to sell it themselves then just move on. This isn't the type of potential client that you are looking for.]

[Moving on...]

"I DO NOT take possession of your item(s)."

"All I need to do is take a picture of your item(s) and then I market the item(s) on the Internet for you."

"I receive all the phone calls and emails from the people who are interested in buying your item(s)."

"I negotiate the final selling price for your item(s) which you and I will agree to ahead of time."

"Once I get a prospect who wants to buy your item(s) I will call you and set up an appointment for a time when the prospect and I can come by. The price will already be set and in most cases the prospect will buy your item(s). All purchases will be with cash or a money order."

[At this point they will ask you how much it will cost them to have you sell the item(s) for them.]

"John, my commission for selling your item(s) is a percentage of the agreed upon selling price."

[Tell your prospect what the consignment fee will be for their item(s) and get an agreement on this before making the appointment.]

Commission Schedule

I wouldn't sell any item(s) that can't be sold for \$200 or more.

Set up a commission schedule for the fees you plan to charge.

Here is my recommendation for a schedule of commission fees:

\$200 to \$500	40% commission
\$501 to \$1,000	30% commission
\$1,101 to \$5,000	20% commission
\$5,000 to \$10,000	10% commission
\$10,000 to \$20,000	5% commission
\$20,000 to \$50,000	3% commission

You can come up with your own commission schedule. Just decide how much money you want to make and what your time is worth.

OK, let's say that your prospect has agreed to let you sell their item(s).

Make an appointment with them so you can take a picture of their item(s). I would recommend using a digital camera to take the pictures.

Consignment Agreements

You are going to need to take a consignment agreement with you when you meet with your new client.

Here's the basic information you will need to have on your consignment agreement.

At the top of the form:

Consignment Agreement

Your Name

Your Address

Your Phone Number

Your Email Address

This consignment agreement dated _____ is between YOUR NAME (Consignee) and CLIENT'S NAME (Consignor).

It is agreed between both parties that YOUR NAME (Consignee) will sell the item(s) listed below for the prices listed.

It is also agreed between both parties that YOUR NAME (Consignee) will receive the commissions listed below after each item which will be payable at the time of the sale.

This agreement is good for 60 days from TODAY'S DATE_____

Item 1:	_____	Price _____	Commission _____
Item 2:	_____	Price _____	Commission _____
Item 3:	_____	Price _____	Commission _____
Item 4:	_____	Price _____	Commission _____

Signed by YOUR NAME (Consignee) Date _____

Signed by CLIENT'S NAME (Consignor) Date _____

The Appointment at Your Client's Residence

Once you are at your client's residence you will do more small talk. Build more rapport with your client.

Be sure to have a notebook with you and take notes on all the item(s). Note the condition, color, background history or anything else that will be helpful to you when you try to sell the item(s) later.

Next you will take pictures of the item(s) and complete the consignment agreement. Bring some carbon paper so you can leave your client a copy of the agreement.

Explain to your client:

- That in most cases the selling price will be agreed upon before you bring anyone to their residence to buy the item(s).
- That once in a while the potential buyer may want to negotiate further.
- That if there are any further negotiations that you will do all the negotiating. Tell them that they shouldn't get involved and let you do all the talking.
- That you are listing their item(s) for a higher price than was agreed upon in the Consignment Agreement, so you will have room to negotiate.

Be sure to tell your client that it is very important that they phone you if they sell the item(s) on themselves. If they sell their item(s) themselves then you need to end your marketing of their item(s).

This brings another question up. Do you get paid a commission if your client sells the item(s) themselves?

I would have to say no. However, you might ask your client what they think because you are spending a lot of your time trying to sell their item(s) for them. You never know, they might agree to pay you your commission if they sell the item(s) themselves within 60 days of the signed consignment agreement. It never hurts to ask.

Where and How to Advertise the Item(s)

The only place I would advertise the item(s) would be on Craigslist.com

Be sure to list the item(s) on Craigslist.com at about 20% higher than what your client wants to get paid for them. That way you will have plenty of room to negotiate with potential buyers.

Selling item(s) on eBay costs you money which you may not recoup. Plus it may create other problems for you that might lead to negative feedback. Besides, your goal is to keep your business transactions within your local area.

How to Handle Phone Calls and Emails from Potential Buyers

Hopefully you have taken good notes on the item(s) you are selling.

It's OK to tell potential buyers that you are helping someone sell their item(s) because they don't have Internet access or they don't know how to sell their item(s) online.

It is very important that you tell them that you will be happy to set up an appointment so they can buy the item(s) but before you do that you need to settle on a selling price for the item(s). This might be harder to do with cars but you have to make sure that you can get the price for the item(s) that your client wants for them. That is why you made the asking price 20% higher than the agreed upon price.

Be sure to tell potential buyers that all payments must be in cash or with a money order.

Get the prospect's phone number and ask them for a few options for times that would work for them to go see the item(s).

Next you will phone your client and set up the appointment. Remind them once again that when you arrive at their residence with the potential buyer to let you take the lead in closing the sale.

Call the potential buyer back and set the appointment.

Occasionally you may not get any phone calls or emails on the item(s) you are trying to sell on Craigslist.

If I didn't get any phone calls or emails the first day my Craigslist ad was listed then I'd start lowering the price of the item(s). And I would keep lowering the price every day until I got down to the actual price my client wanted for the item(s).

If you still don't get any calls or emails from potential buyers then you will have to get back to your client and let them know. If you get no responses then it usually means your price is too high or there is no market for the item(s) you are trying to sell.

At this point your client will have to agree to a lower price which means going to their residence again to complete a new consignment agreement. If they don't agree to that then I would tell them that you are unable to sell their item(s) and just move on.

Closing the Sale

Meet the potential buyer at a public place that is close to your client's residence. From there they will follow you to your client's residence.

At no time do you want the potential buyer to get the client's phone number unless they have paid for the item(s). They should only deal with you when it comes to completing the sale.

It probably would be advisable to have a bill of sale with you and have your client and the buyer complete it. And you should probably retain a copy of the bill of sale for your records.

Thank the buyer and say goodbye. You stay behind and get your commission from your client.

If your clients are happy then you will get repeat business and many referrals.

Wouldn't it be great to get a client who was moving from their home to a smaller condo and wanted to sell loads of collectibles and valuables they had accumulated over many years? You bet it would!

Now you need to take action on this business plan because without action you aren't going to make any money!

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