

# The Live Auction Scene

There sure seems to be a lot of those **dot.bomb** bankruptcy auctions lately. Along with older live auctions, these can be useful resources to pick up test and lab gear. As well as getting deep distress priced stuff you can sell on **eBay** to fund your ongoing **research**.

Although I overwhelmingly prefer sealed bid sales where I can keep my intent unknown and my time and my psychic energy involvement to a bare minimum, I have found live auctions to be a useful ongoing addition to the mix. So, I thought I might go over some insider secrets of what does and does not seem to be working for me...

## Finding events

Many auctioneers still consider the web (and especially **eBay**) an enemy to be avoided, rather than essential tools. So, finding the better industrial and dot-com bankruptcy auctions remains a serious problem...

**Unless you have to really dig for it, the auction is probably not worth attending.**

A set of very useful auction-finding tools I've developed does appear on my **Auction Help** library page. These are somewhat Arizona specific, but I'll be glad help you make your own local or regional **Custom Auction Finder** The object of your gathering should be a custom personal web page full of useful links.

At one time, there was the superb **Auction Advisory** magazine, but they've sold out their listing service to the **National Auctioneers Association** who apparently seem chronically unable to find a pig in a dishpan.

They have not picked up on the fact that you have to aggressively seek out auction listings, rather than waiting for them to come to you. But I have found a few of their odd listings to be most useful.

Their **find an auctioneer** links can be of considerable value, though.

Your next stop should be your state auctioneer's org, such as this **Arizona Example**. Start off by linking their auction calendar. Then go through their membership list and link every auctioneer with a web site. Most of the sites will be utterly atrocious, but a few may become favorites you'll often return to. Get on useful email lists.

Then, go to a **national newspaper finder** and a **state newspaper finder** and link all of the classified pages in your area. Try to reach deep into these sites to minimize clicking and having to type the search phrase "auction" over and over again.

Next, get a list of all schools in your area. I personally have found high school auctions to be largely trash and university auctions to have too much insider higrading. But community colleges (especially the remote rural ones) have literally been a goldmine for me.

Some schools will have their own auction website as **this example**, while others may leave the promotion to the auctioneer **as here**. You might have to send emails to find out the policies on each individual school. Live community college auctions run from one to six times a year.

I've personally found city and county auctions of little value, even though they can offer exceptional vehicle and construction equipment bargains to others. My policy here is to preview the nearby ones but not attend.

There are a bunch of **live auction listers** on the web, but I have yet to find one that is really useful to me. Still, be sure to link any of these you find interesting. They are easiest located by using **Google** or **Hotbot**.

**Military surplus** auctions are not normally live any more, having been privatized and usually sealed bid or internet based. Much more on this on our **Auction Help** page. While these are an incredible opportunity, they will not be our focus here. But these definitely should be linked on your access pages. One key website is **SurplusBid**.

More on my **Guru's Lair** website.

Finally, look for "second tier" resources in which auction sites on your link page give you links to yet other auction sites. Try to stash at least fifty resources on your live auction link file. Check them daily.

## Learn how to become a crooked auctioneer

Do try to study and learn live auctioneering. For the sole purpose of knowing exactly how and why you are being manipulated. I've been unable to find much in the way of books on live industrial auctions. Insider schools and apprenticing are the usual new auctioneer sources.

At your next few auctions during lots you don't want, inconspicuously work your way on around **behind** the auctioneer and then carefully study the process from their perspective. But blend in. Do not ever give the auctioneer the slightest clue what you are up to or why.

Note particularly how the crowd gets worked and the relationship between the auctioneer, the flag man, the recorder, the talker-uppers, and the ringman or spotter.

The main goal of the auctioneer is usually to maximize the seller's return. There are all sorts of things they can do that involve varying degrees of crookedosity...

**shilling**— A shill is a friend of the auctioneer whose main purpose is to raise the bid prices by bidding against you. By watching the manic fervor of the mark bidder, they usually can stop well short of an actual award.

**monopoly money**— Some bidder's dollars may be worth a lot less than yours. Somebody may be spending corporate or company money rather than their own. Or acting as a hired-gun agent. A lien holder may bid up minimums with zero value dollars that go right back into their own pocket. Or a bankruptee may only have to pay the lien price and might get to keep most of the rest. Thus, on a sale with a \$50,000 lien, your \$230,000 bid may be countered by a \$240,000 one that is only going to cost \$50,000.

**hidden proxies**— These may range from legit absentee bids to outright charades under insider control. Regardless, the ultimate high bidder need not be present to win.

**off-the-wall bidding**— This is a more blatant form of shilling where bids are simply taken from a ceiling light fixture in the far corner of the room. By reading the marks, the auctioneer can almost always avoid letting the light "win". If they do, a simple "I'm sorry sir, I could have sworn you had your hand up" can often be used as a bailout.

**personal buying**— Most auctioneers are upfront about having personal or relative accounts they can bid on. Thus, they can block any unconscionably low bids and make a potential killing in the process. Besides simply setting the good stuff aside. Sometimes you can work this to your advantage on a next day buyback.

**overbidding**— happens when the auctioneer accepts two more bids from you **after** you have stopped bidding. One defense is to be extremely obvious with your head shaking and body language when you are finished. Still, there is at least one Phoenix area auctioneer so good at this scam that he still nails me every now and then.

**buyer's premium**— This is sort of a tip or tax which the auctioneer appends to the total of everything you bid on. Depending on the auction, this can range from essential to outright greed. Be sure to subtract out this percentage from all your final bids.

**fast hammer**— The fast hammer dramatically shortens the going-going-gone process whenever the auctioneer wants to reward a friend or encourage a bidder to spend more lately. With care, you can use this to your advantage by personally shilling ahead of time.

**home court advantage**— I tend to avoid "auction barn" sales where the auctioneer is on their home turf. There is simply too much they can control in way too many subtle ways. Also, the merchandise has been moved, inspected, and, most likely, highgraded.

**overstated implied value**— "Genuine Steelcase!" "Do you know what one of these costs uptown?" "This is the real deal!" If the item was that good, chances are it would not be up for auction in the first place.

**only a dollar more**— There are all sorts of psychic games that can be used to goad yet another bid. And get yet a higher price from an unsuspecting bidder. Only slightly more subtle than "Raise your hand if you haven't bid yet".

**the hypnotic drone**— The reason for the auctioneer's chant is to create an unreal and mesmerizing environment where you hypnotically stand there dumbfounded with your hand raised. Just like the high from an indian drum circle. This is possibly the greatest auction con of all.

Study it as a work of art.

### **before you decide to bid on a lot**

Let us look at a few common sense rules that I feel you should have firmly in place before you even start your bidding on any lot...

- **Do not bid on anything you cannot afford.**
- **Clear your triage of the previous auction before starting a new one.**
- **Never bid on anything you do not have a definite use or resale plan for.**
- **Never bid on anything that you cannot add significant personal value to.**
- **Never get into a pissing contest with any other bidder.**
- **Never send an auctioneer any ambiguous visual or verbal signal.**
- **Most psychic games will fail you miserably.**
- **If more than 5% of your bids win, you are paying too much.**
- **Seek out a 30:1 or higher buy to sell price. True auction costs lie in your time, your trucking, storage, labor, and similar nondirect business expenses.**
- **Try to keep your bids in the 1/4 to 1/3 of a cent on the dollar range.**

But the real biggie is...

- **pre-determine your max bid and NEVER exceed it. Not by a penny. EVER.**

### **Some Bidding Strategies**

There are probably as many bidding strategies as there are bidders. Obviously, only some of them will work. And then only some of the time. Here's four that I use...

**The bottom feeder ploy**— Here, you'll offer an extreme lowball bid over and over again. Typically \$2.50, but rarely \$250. You'll get mountains of stuff nobody else wants or appreciates. Note that auctioneers welcome knowing where a floor bid is, but hate anyone trashing their bid level. So, offer your bids **silently** and **subtly**. Such as doing a \$2.50 Churchill "V for Victory" against your chest close to the auctioneer. The message you want to deliver is "Here is a floor bid if and when you care to accept it". The bid is best entered while the lot is still being described. Eventually, the auctioneer may get lazy and might repeatedly use you for momentum or catch-up.

**The big ticket ploy**— If there is some high value item you really want, bid your max **once** late in the auction. Let others open and run the price up. Should the bidding not reach your max, wait patiently until the second "going" of

every going-going-gone before bidding. If needed, split increment up to your max, and then stop. For this to work, you **must** stay in close eye contact with the auctioneer. While psychic games usually do not work, an anguished look on your face and wringing your left hand near your belt just may be of help here.

**The dancing elephants ploy**— This happens when two heavy bidders keep running up the lot prices way beyond what you want to pay. For lot after lot, open with a single very modest bid, then fold. Eventually they will run out of money, make a big mistake, or ignore a lot or two that is way beneath their contempt. The crucial rule here is **when dancing with elephants, keep your eyes on their feet at all times.**

**The table scraps ploy**— While this works much better with sealed bid sales, sometimes you can simply wait till after the auction to find out what did not sell, what was not paid for, or what the auctioneer had personally bid his minimums on. Astounding bargains can sometimes be picked up amongst the trash.

A stunt surprising few bidders know: By wiping your hand palm down across your chest, you can request the auctioneer cut the bid increment in half. Going, say, from a \$20 bid to a \$17.50 one. Used often, this can save you significant bucks. Especially when approaching a threshold (\$20, \$100, etc...) that nobody else wants to cross. The auctioneer is never obligated to split an increment, but usually will do so for momentum.

What about multiple lot items that you'd really like all of? I'm not sure what the best strategy is. If you make or beat your max price, taking them all at once is surest. Besides pleasing the auctioneer. But if another bidder only wants one, possibly you can get the remainder for a song. Which leads to games in which your low bid encourages others to take all of them, or your high bid just keeps repeating for no gain. Watch your non-auction costs on this as well. A truck or storage rental is better amortized over 1000 items rather than 100. If they sell.

Another route is to not bid at all till the dust settles. And then bottom feed. But you may get nothing at all this way. Supply and demand. Lead or lag. Your call.

### **Seeking value that others miss**

I've often done best when the items I am after are a very minor part of the overall auction. And thus do not attract serious specialty buyers. By knowing your needs and your market, you might often benefit. Being the only serious bidder on a pallet of Tektronix oscilloscopes or whatever gives you a compelling advantage.

Sometimes something awful looking or apparently useless can offer ugly duckling benefits. My best score along these lines: At a laptop accessories bankruptcy, there were these huge, heavy, and ugly obsolete test stations. Including broken membrane keyboards and loose wires all over everywhere. Particle board, no less, hand painted a hideous baby blue with crib paint. But buried inside were mint laser bar code scanners. For \$24 a dozen.

Heavy and obsolete electronics can occasionally be stripped for individual parts that still sell well and remain in demand. And sometimes five broken items can be

combined to make four good ones.

As another ferinstance, nobody wants legal sized paper anymore, so the reams go for pennies. But we've got this power paper cutter at home that instantly converts them into ordinary reams. Plus dozens of free note pads.

No telling what's in the bottom of that huge mixed boxlot. But be sure to check. Sometimes, obviously broken, dirty, or obsolete items will "poison" a lot, masking the true hidden goodies lurking in the shadows.

It does pay to know where the closest dump is and what their tipping fees and hours might be. Along with the local rules are on stuffing dumpsters. Early triage can often make even the most useless looking lots quite profitable.

### **A few random thoughts from Don...**

Always make sure the auction is really going to be held. Driving hundreds of miles for nothing is a real downer. Some auctions are cancelled or delayed at the last minute; others are simply a lienholder's blackmail ploy that are never intended to take place at all.

Know the payment terms ahead of time. Many auctions demand cash or certified checks. Bid deposits might be required, possibly huge ones. I have found that getting personally addressed certified checks ahead of time in "binary" denominations of \$100, \$200, \$400, \$800 ... to be useful. An unsigned certified check can sometimes be substituted for a cash deposit. But always try to prequalify for saner methods of payment. This is usually easy to do on your second or third auction from the same auction house.

Don't forget to bring your sales tax certificate copy.

Be sure to spend as much time previewing as you possibly can. Make sure you know the condition of each and every item you intend bidding on. Check the **entire** contents of box lots or multi pallets. Keep bluebooks handy but well hidden, such as that freebie **Test Equipment Connection** essential reference. If you don't like what you see at the preview or early in the show, cut your losses and leave. **Never** buy stuff just because you are there.

Know how many bidder's cards are issued. Usually, you can look at the table and see the next available number. Assume **one-third** of these to be serious competition. Fewer if you are after specialty stuff at a general auction.

Ask to have lots split or combined when it is to your advantage. But only ahead of time and quietly. It may pay to politely point out stuff that is supposed to go together that is wildly spread across the site.

Always keep a few five and ten dollar bills loose in your pocket. To hire teenagers to help you with loading, to grease any security or loading hassles, or to make quick low level deals with other buyers.

A big math error that **everybody** always makes: Lots 84 through 88 are combined into a one-price offering. How many lots are offered? Wanna bet? Count again.

### **Don't damage your stuff with sloppy loading!**

Dress down to the point of being somewhat shabby. Keep a "no threat" quiet low profile. Avoid interacting with other bidders. **Never piss off the auctioneer!** Never say anything negative or derogatory about any item. Try to help the auctioneer in subtle ways. Such as repeatedly offering floor bids, feigning close interest in items you do not really want, making positive and upbeat comments, or honestly answering questions about what an item really is.

Carefully study the auctioneer's style and tone. Then help them emphasize it.

Suppress your ego at all times. Never reveal your intent or needs to anybody. But always go out of your way to personally thank the auctioneer after the show.

**U-Haul** trucks and trailers can be extremely useful for carting off the goodies. A class-2 hitch preinstalled on your pickup, van, or SUV can be a very good investment. But watch your weight limits and tire pressures. Always print out the U-haul rate and location sheets before the auction. Note that most U-haul rates are situational. For instance, recently, a local Thatcher trailer was \$34, Thatcher to Wickenburg one way was \$44, but Wickenburg to Thatcher was a staggering \$167. Guess which way I needed to go?

Have places to stash your trophies when you return. We use combinations of oversize doghouses that your tax dollars paid \$48,000 each for, commercial storage rental units, and in-home stashes. Use last-in-first out where you re-triage into your unprocessed, waiting-for-prep, and ready-to-sell storage. Flush the trash or it will eat you alive.

More on this in [My Ebay Secrets](#).

### ... and from Bee...

Have a combined folder and travel envelope that holds your expense records, mileage, auction location and maps, tax certificate copy, and U-haul info.

A team of two or more can avoid judgement errors.

Hauling something home is **much** easier than properly preparing it for UPS or other commercial shipment to a customer...

### **Avoid buying anything that you cannot hold extended at arm's length.**

Run price checks on **eBay** ahead of time (or even better live). It is super easy to overestimate value, especially on items you do not have personal expertise in. Avoid bidding on anything whose market you do not intimately know.

Do make absolutely sure you know which item is being currently bid and on what terms. Watch the auctioneer like a hawk at all times.

Carry your own edible snacks. Especially water or cold drinks. Avoid the roach wagon.

Find the restrooms well before you need them.

Wear comfortable and appropriate clothes. Shoes and hats in particular. Anticipate the weather and lack of air conditioning.

Be sure to have a small notebook where you record every win and other essential info. Provide business cards for contacts with other bidders.

Know what forms of payment and deposits are or are not acceptable. Work with your bank ahead of time. Have a list of local branches.

### **Opporknockity tunes but once**

OK. It is fourteen hours into what was supposed to be a two hour auction. It is 117 degrees in the shade, but there is no shade. Your third **El Fumarole** Burrrito Grande from the roach wagon is about to live up to its name. All the exciting stuff is long gone. You are way overspent, have won far more than you can possibly ever haul away and are utterly emotionally drained. The auction is interminably dragging and has become mind-numbingly slow and dull.

Many others have left. You have a backache, sunburn, and wore the wrong shoes. Besides being asleep on your feet.

Guess what?

Everybody else is in the same shape, only even worse off. **Especially the auctioneer!** Other bidders are probably even more out of money than you are. This is the critical time for you to find reserves of energy, quick reaction, and quiet unemotional responses. For the remaining items are about to be combined into dozen skid lots that literally are going to be given away. This is where the auctioneer gets sloppy and in a big hurry. This is where you think triage, hauling off huge bunches of trash to gain small gems of unspeakably exceptional value.

Watch for this time. It can be a golden opportunity for you. And not one to be missed.

### **For More Help**

Additional tutorials and links appear on our [Auction Help](#) library page. Custom auction finders and specific solutions are available to you per our [InfoPack](#) services. And you can use this link for our [eBay Auctions](#) ♦

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