The Top Ten Pitfalls of Silent Auction Planning

...And How to Fix Them

Written by
Jay R. Fiske

Presented By
Northwest Benefit Auctions, Inc.
And
Maestrosoft, Inc.
“The Top Ten Pitfalls of Silent Auction Planning” was developed as a service to the clients of Northwest Benefit Auctions, Inc. It is being made available to the general public as a resource for auction committees to introduce NWBA, Inc. and the many services we provide for the successful management of charity (benefit) auctions. Since 1993, Northwest Benefit Auctions, Inc. and its sister company, MaestroSoft, Inc. have helped raise nearly $2 Billion for a variety of good causes nationwide. We have dedicated our businesses to researching, developing and enhancing the techniques used by the most successful charity auctions. Our business is based on the dissemination of that knowledge to other charities nationwide so they may benefit as well. It is our belief that as auction technology and techniques improve, it is important for that information to be distributed to all who might gain knowledge from it.

It is in this spirit that we offer “The Top Ten Pitfalls of Silent Auction Planning” to your organization. We invite you to use these techniques, tips and suggestions to improve your event. You may freely share these ideas with others who can benefit as well. We ask only that in the process of sharing, our copyrighted materials not be reproduced in any way, without obtaining our prior written permission. We will be pleased to supply another copy of “The Top Ten Pitfalls of Silent Auction Planning” to anyone who requests one. Therefore, please provide our telephone number or website address or other contact details to other interested parties so we can forward a copy to them.

We hope you realize greater success from using these tips, and ask you to let us know if they benefited your organization. We look forward to supporting your fundraising event in the future. Please do not hesitate to ask us for assistance with your auction. We are a full-service auction management company that can provide software, forms, systems, consulting, services, and of course, auctioneers for your event. Best wishes for a successful fundraiser.

Sincerely,

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The Top Ten Pitfalls of Silent Auction Planning

1. **Pitfall: You have created a “Buyers Market” by having more items to sell than “Buying Units” attending your event**

   **Problem:** Having more items than buyers causes too much shopping and reduces decision making – the “kid in the candy store” syndrome. You want competition for your items, so you need to create a “Sellers Market.”

   **Solution:** Package, package, package. Combine items into small groupings of items that can be sold as one selling unit. Five separate restaurants become one “dine around town” package. Four stuffed animals become “a child’s zoo friends” package. Reduce the effective number of individual sales without having to stop procuring items.

   **Tip:** The ideal number of items in a Silent Auction is about one item for each Buying Unit. When you have more than this number of items you are merely diluting the buying power of your audience over more items, with no appreciable increase in revenue. Having less than a one-to-one relationship of items to Buying Units represents a lost opportunity. Think of your audience as a “sponge” for your items. With too few items, some of the “sponge” remains dry. Too many items and the “sponge” leaks (reduced value of the items.)

2. **Pitfall: You find that you have limited space to display your Silent Auction. Yet getting more space does not appear to be an option**

   **Problem:** “Cramming” items together to make them fit in your limited space is not going to work. A cluttered appearance reduces the relative value of your items. Each item needs to have its own “visual space” or it will appear to be worth less.

   **Solution:** Are you sure you can’t get more space? Where are the bars located? Can they be moved? Is there another room or a hallway that you can use? How about making “islands” of tables in the middle of the room? Do you have a number of restaurant certificates? These can be pulled from the Silent Auction and sold in the live auction in a “Bidding Frenzy.” You can package items together (see Pitfall 1). Pull certificate items from the Silent Auction and sell them in a “Balloon Raffle” at various amounts relative to the market value of the item. This will save quite a bit of space.

   **Trap:** Don’t “double deck” your tables by placing one item behind the other in the same table frontage space. The item in the back will be ignored and receive fewer bids. If you have no choice, and you have exhausted all other options and doubling up is the ONLY choice, place the lower value items in the back row, and the higher value in the front. This should be as a last resort, ONLY.

   **Tip:** When picking a location, check out the available Silent Auction area BEFORE committing to the location. You not only need enough room to display your items, you will also need enough room for your guests to comfortably navigate around the Silent Auction area. No one enjoys being crowded into too small a space, so to keep everyone in a good mood, and to assure they will bid on your items, do not shortchange yourself with the space. Allow AT LEAST two linear table feet per item, PLUS one linear foot between each item for optimum space planning. Also, allow AT LEAST eight feet between the edge of one table and the edge of the next for passageway for your guests. A wider passageway is better, but eight feet is as narrow as you can go.
3. **Pitfall: Your bidders traditionally wait until the very last minute to bid, even though you have provided two hours to make a decision**

**Problem:** This “just in time” bidding is costing you money. Your last bidder is being rewarded with the item, not necessarily the highest bidder in the room. This is because your bid system requires that the bidder stand by the item to protect their bid. They can be in only one place at a time, and can protect only one item at a time. This also is not very social, and does not encourage circulating around the room. Bidders tend to “camp out” by their favorite items.

**Solution:** Pre-fill in the bid steps for them. Don’t make your guests “do math” by following the minimum bid/minimum raise instructions. They have to do too much work doing the math in their head, then writing down their bid step, then writing down their name or their bid number. That is a lot of work, slows the process, and reduces your income. If you pre-fill in the bid steps using a formula of 20% of the item’s value for the opening bid, then add 10% for each additional step, all the bidder has to do is write their bid number next to the amount they wish to pay. Only one entry is required to bid, and no math is needed from someone, especially those who may have been drinking! Further, if you make the 150% of value the “Guaranteed Purchase” point, many items will close before the end of the Silent Auction, and thus will compress the bidding on the remaining items. This system will also allow the bidder to skip bids (because they are already listed on the form) and drop down to a much higher amount closer to their maximum amount they would pay. This accelerates the bids, allows the bidder to place a bid and circulate around the room, which is much more social since they don’t have to “camp out” on their favorite item. Software to automate this process is available from Maestrossoft, Inc. (www.maestrossoft.com)

You can also have your MC or auctioneer reminding the bidders how many minutes are remaining in the Silent Auction to create a sense of urgency. Have your MC highlight items that are not getting bids, and make sure you have an excellent sound system in the Silent Auction room.

**Trap:** Many well-meaning committees will extend the closing of the Silent Auction because they are panicked about not having enough bids on the items, people are arriving late, or their favorite items are not selling for enough money. Delaying the close of the Silent Auction beyond the published time is a trap. It negatively trains the audience that it is OK and very acceptable to arrive late to the event the following year because the committee will delay the closing time anyway. It hurts the credibility of the auction committee, and, it frankly isn’t fair to the bidders who did arrive on time and have been bidding. It also delays the balance of the evening – including your live auction. You may make a bit more in your Silent Auction, but will lose much more in your Live Auction because it will start too late in the evening. DON’T DELAY THE CLOSING OF YOUR SILENT AUCTION!!

**Tip:** Often having a late arriving crowd causes bids to be low until the last few minutes. This merely creates the “panic” that forces all those bad things to happen as mentioned in the “Trap” above. One way to avoid having a late arriving crowd in the first place is to NOT publish the Silent Auction closing times ahead of time. This is merely an invitation to arrive late. Instead, publish a “doors open” time and list the agenda for the evening chronologically, BUT without the times. Also, consider an early arrival incentive, such as a door prize for arriving during the first half hour, or complementary champagne during the first half hour, etc.
4. **Pitfall:** At the end of your Silent Auction, you remove the bid forms to take to the cashiering area. This results in not being able to properly match the items at pick up with the correct bidder

**Problem:** Because the bid form is “matched” to the item, when you remove the form, the item is no longer matched to that form. This can cause problems at pick up where the wrong item is collected.

**Solution:** Use a three-part bid form. This type of form has three “carbon copies.” Actually, they are not carbon copies but are three-part carbonless forms. Three-part bid forms are available from Northwest Benefit Auctions, Inc. ([www.auctionhelp.com](http://www.auctionhelp.com)). You can also create your own three-part forms. Produce one copy per item, then take them to a copy center and ask for one three-part carbonless form (white, yellow, pink) from each original. You can also purchase three-part copy paper and use your laser printer to produce your own forms. When closing the Silent Auction, leave the bottom (pink) copy on the table with the item; then take the top two copies (white and yellow) to the cashiering.

**Trap:** Don’t try to transcribe the winning bidder and amount on to a second form to leave with the item. This takes too long, is subject to mistakes due to time pressure, and does not provide an audit trail for your bid activity.

**Tip:** Because you have an exact copy of the form with the item, the pink copy, you have a “closed loop system” for check out and can eliminate any pick up errors. When your bidder pays, he/she is given the yellow copy of the bid form as the receipt for the item after payment. This yellow copy of the actual form is matched at the pick-up point with the pink copy of the very same form that has stayed with the item. This eliminates pick up errors. Train your volunteers to ONLY provide an item to a bidder if they have the yellow matching copy in-hand, which of course they cannot get until they pay. The white copy of the form is your master and always stays with the payment.

5. **Pitfall:** It’s the end of your Silent Auction, and some of your items have not received a bid. In a fit of panic, you and/or your committee decide to mark down the minimum bids on some of the items to get them sold. Let the “fire sale” begin!

**Problem:** Marking down the opening bid is a bad idea on several levels. First, you send a negative message that your fundraiser is really a place to shop for bargains. Second, you “train” the bidders to wait until the very end of the Silent Auction to bid in order to get the “deals.” Third, you cause your better items to not be heavily bid on because your bidders are focused on the deals you are creating for them at the end. Fourth, you are not treating your donors fairly by allowing their items to be sold for pennies on the dollar. This will make it more difficult to get donors again the following year. Fifth the process of marking down is arbitrary and can lead to hard feelings among donors, who may also be in your audience, who feel you have shortchanged their item by marking it down just to get rid of it.

**Solution:** Set your opening bid lower BEFORE your auction on items that you suspect may not receive strong bid activity. If you are wrong, the audience will bid the item well through the normal opening bid point anyway, so you have lost little except an extra bid step or two. Make sure your opening bids on all items are appropriate for the number of people attending, and the number of items you are selling.
As a guideline, if the number of people attending is greater than the number of items, you can have a HIGHER opening bid, perhaps 35% to 40% of the fair market value. If you have about the same number of items as people, or perhaps more items than people, then the opening bid should be LOWER, around 20% to 30%. The logic here is simple: More items relative to the number of people = BUYER’S MARKET and you need to stimulate the bid activity with a lower opening bid. More people relative to the number of items = SELLER’S MARKET and thus more competition for the items, so a stronger opening bid is OK.

Trap: Don’t be too aggressive on your opening bids. A strong opening bid causes a considerable amount of thought on the part of the bidder – it is like “jumping off a cliff” in the bidding process. Bidders will be very selective if the opening bid is too high, and many items will go without a bid until very late in the Silent Auction if they get a bid at all. This will bring on “panic” on the part of the committee, which will want to either mark down the opening bid, or extend the time for bidding, or both. Once a bid is received, momentum takes over and the item appears valuable because it has bid activity. A lower opening bid can create that momentum quickly.

Tip: If you have a committee that is attending the event as guests, or even as volunteers, be sure to issue them all bid numbers and encourage them to bid on the items as soon as the doors open for your guests. An item with an opening bid appears more valuable than one without, and as long as the volunteers are registered bidders, it is OK for them to bid along with the guests. NEVER let volunteers or committee members bid early – the guests will be offended if they arrive and many of the items already have bids before the guests get to bid. Also, don’t worry about items that go without a bid – they probably weren’t very strong in the first place, and you can always offer them to the volunteers after your event at a reduced cost as a “thank you” for their help. This keeps the audience from being negatively trained by having a fire sale on these items.

6. Pitfall: Your bidders wait until your MC announces the end of the Silent Auction, then, after the close, a few bidders place bids “late.” This creates arguments over who was the last actual bidder on the item

Problem: Many bidders recognize that it is more important to be the LAST BIDDER than to be the HIGHEST BIDDER. In other words, if they can “hover” around an item they really want, wait until the auction is closed, and then quickly place their bid after the close, they are assured of being the last bidder and they can win the item. This creates hard feelings with those bidders who “followed the rules” and quit bidding when asked to by your MC.

Solution: There are several solutions to this problem. First, a good process to follow is the “one, two, three closing” for your Silent Auction. Have teams of three people (table closers) for each table. At the announced closing time, the first person picks up all of the pens, the second person circles the last bid on the form, and the third person removes the top two copies of the three part bid form. Next, use pre-printed bid steps on the bid form to encourage early bidding (see Solution to Pitfall # 3.) Finally, have enough table closers available so the delay from the announced closing time to the actual time the pens are picked up and the final bid is circled is minimal. Remember, once a final bid is circled, any late bids would be obvious because they would be written after the last bid has a circle around it.
The Top Ten Pitfalls of Silent Auction Planning

**Trap:** Don’t try to cover the bid forms by throwing the table cloths over the bid forms as many people do. It is awkward, can pull the forms off the table, and may damage some of the smaller or delicate Silent Auction items. Also, pulling a ribbon over the table requires pushing the bidders away from the tables – it’s rude – and still does not prevent a late entry.

**Tip:** Consider a “soft close” for your Silent Auction. In the “soft close,” your MC announces that the Silent Auction will “begin closing at XX: 00 time, so please continue bidding until the table closer gets to your item. You may continue bidding on that item until there is only one bidder remaining.” Train the closers to allow bidding to continue on any item until only one bidder remains, then circle the high bid at that time.

7. **Pitfall: You require bidders to sign their name or worse, you use telephone numbers and names to enter a bid**

**Problem:** Handwriting is not always easy to interpret. Two or more bidders with same last name will create confusion. People are reluctant to list a phone number for privacy reasons. Some people are reluctant to bid against a friend, or a popular teacher, or an administrator, or a dignitary at your event and so on. Cashiering is made much more difficult because the name of the bidder must first be looked up and verified before that form can be properly filed (assuming you can actually read the handwriting.) This system is time-consuming and subject to numerous errors.

**Solution:** Use only bid numbers for bidding with no names. This is an anonymous system and will result in higher bids. It also takes less time to write down a three-digit number so bidders are more likely to bid more often on one item, and on more items.

**Trap:** Don’t start your bid numbers with # 1 and go up. This will create one digit, two digit and three digit numbers that will eliminate any opportunity to cross-check whether someone was using all of their number or only the last one or two digits. Use three-digit bid numbers only, starting with 101 and assign them alphabetically. If you use single digits to start, people will always ask why so and so “got a better number than I got…” It may have been alphabetically assigned, but Arnold Aardvark will always get #1 and Zoë Zimmerman will get #399. Use three-digit numbers and eliminate this problem.

**Tip:** Avoid trying to assign bid numbers by table. It is error prone and unnecessary. Use a cross-reference list if you must know what bid number belongs at what table. This will allow you to make last minute changes to your table assignments without having to reassign bid numbers, which will ultimately result in accounting errors.

8. **Pitfall: You like to keep a Silent Auction open until the end of the evening or after the live auction ends, just in case a bidder gets outbid in the Live Auction**

**Problem:** This has to be one of the biggest mistakes of Silent Auction planning. It is based on the incorrect assumption that a bidder who is outbid in the Live Auction will be so disappointed that they will go to the Silent Auction “just to get rid of their money and buy something.” It’s a nice theory, but we have tested it numerous times and it just doesn’t happen. By the end of dinner and the Live Auction, your guests just want to go home. The last thing they want to do is any activity that will put them in a cashiering line. Worse, because you still have a Silent Auction “open,” you can’t begin your cashiering process until that auction is closed and the forms are entered in to your event...
management system and filed. You have created a mess for your guests at the end of the night, and it’s the last impression they will have of your event!

Solution: Close your Silent Auction before dinner. Make that “phase one” of your evening, followed by dinner, the Live Auction, and dancing to the band if you have one. If your guests know the Silent Auction is closing first, they will bid early. If you tell them you are keeping it open, they have no incentive to bid early, or at all.

Trap: If you must keep a Silent Auction open during dinner and your Live Auction, do not place it in another room or outside the dinner area. Telling people to “go bid on the Silent Auction” at the same time you want them to bid in a Live Auction places them at cross purposes because they cannot be in both places at once.

Tip: Although it is not a good idea to keep a Silent Auction open during dinner, if you MUST do it, put THAT Silent Auction inside the dinner and live auction room. That way your guests will not need to leave the room to bid. Also, PLEASE close your Silent Auction earlier than the close of the Live Auction so your bank can get started on their filing. Close “Super Silent Auctions” (in the same room as the Live Auction) no later than the middle of the Live Auction.

9. Pitfall: You have been given two or more items that are identical. You place them in the Silent Auction next to each other

Problem: The items compete with each other. People will compare the bids on one then the other and bid on the one with the lowest current bid.

Solution: Make multiple bid sheets for the two or more identical items. Place one in public view and hide the others. After the close of the Silent Auction, go to the second high bidder at their dinner table and tell them that they didn’t win the item, but if they are willing to pay the same as the winning bidder, you will get them another one just like it. They will always agree to this.

Tip: It is fairly common for donors to provide two or more of the same item, or to get two identical items from different donors. If you get identical items from different donors, you will need to display all of them so the donor, if attending the event, will not think you did not receive their gift. If that happens, the place one of the matching items in one section of the silent auction and the other in a different section. If you have only one Silent Auction closing, then at least place the items apart from each other so they will not conflict. If you receive duplicate items from the same donor, ask them if you can trade one of them for a different item of equal value to better merchandise their product. They will understand the inherent value in doing this.

10. Pitfall: You close all of your Silent Auction items at the same time, regardless of how many items you have, and how many guests you have

Problem: You are missing an opportunity to compress the bidding. If you spread your bidders out over all of your items at once, you miss the opportunity to create bid energy by forcing competition. Also, if a bidder gets out-bid on one item, they have no opportunity to go to the next section closing to bid on something else – with more aggressiveness.

Solution: Close the Silent Auction in sections, evenly divided in terms of the number of items, but increasing in value in each section, with the last section to close containing the most valuable items. This forces the bids higher in each section as competition takes
over, and as you take away items, the remaining items become more popular (supply and demand.)

**Tip:** Divide your categories of items across all closing sections. Never close an entire category of items at once. For example, if you have children’s items, have them spread across all sections so if a bidder is shut out in Section One, they can go to the next section and bid on a similar item in that section. Further, your “yield” for that category cannot be properly evaluated if the category only appears in one section, and has less time available for bidding on it than other categories.

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**Summary:** Your Silent Auction is an opportunity to merchandise your items. If you take care in how you display and merchandise your items, you will be rewarded with higher prices for them. It’s important to look at your Silent Auction as if YOU were one of the bidders. We recommend appointing a Silent Auction “Quality Control” committee to review the layout prior to the completion of your set up. These “Quality Inspectors” should not be part of the set up committee, but instead come in after set up to make sure all is ready to go. For example, they should look for items that are not in their shipping boxes, whether the forms match the items, that there are pens for each item, and so on.

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**Notes:**

1. A “Buying Unit” is one bidder, or a couple sharing one bid number.
2. A “Bidding Frenzy” is a way to sell restaurant certificates for full price in the live auction. Just have your auctioneer announce the item and give the value. The first bid card he sees gets the certificate at that value. Ten certificates can be sold this way in about 3 minutes.
3. A “Balloon Raffle” is a great way to get rid of the lower value certificate items. Place slips of paper in colored balloons indicating what the bidder has won. Sell the balloons at $25, $50 or $100 depending on the value of the certificate. Buyer pops the balloon to see what they won.
4. “Guaranteed Purchase” is a way to let the bidder buy the item right away without needing to wait until the bidding closes. By placing their bid number on the “Guaranteed Purchase” line, they instantly win the item. That point is generally 150% of value, but can be set at other levels.
5. “Yield” is the value received for an item versus the fair market value of that item.
### The Top Ten Pitfalls of Silent Auction Planning

<table>
<thead>
<tr>
<th>Item Number:</th>
<th>Organization: Northshore Rotary Foundation</th>
<th>Fed. TAX id #</th>
<th>Fair Market Value: $250</th>
</tr>
</thead>
</table>

#### Item Description: Police Canine Ride Along

How fast can you run? How about spending a shift with the Seattle Police Canine unit? You go on all of the calls they go on. Chase the bad guys. Be part of the action as your two "officers" go after the crooks. Listen to the siren. Can't you just imagine what it will be like to ride along for a full 8 hour shift? The best part is you get to sit in the FRONT seat! Must be at least 18 years old.

**Donor:** Seattle Police Department

**Expiration Date:** 12/18/2004

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<th>Bid Number</th>
<th>Bid Amount</th>
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** Guaranteed Purchase $375 **

To enter a bid, just write your **bid number** next to any amount above. Skip down or across the form as you wish. Winner will be the number next to the highest bid amount at the conclusion of the silent auction. To see if you are the winner, check the pink copy on the table after the closing of the silent auction. Do not remove items until paid for.

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</thead>
</table>

#### Item Description: Limited Edition Boeing Print

Limited edition print from Boeing commemorating the golden anniversary of the first flight of the B-17. Custom framing included.

**Donor:** Big Airplane Company

**Expiration Date:**

<table>
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These silent auction forms are available from Northwest Benefit Auctions and come in three part NCR format. After printing with data, they are cut across the middle to create two forms of three parts each. They are then stapled into sets.

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