RPM Tips & Tricks:
Net Reserves: Guaranteed Net-to-Consignor Payments

Background

Some auction houses set a 'net reserve' price for one or more items. The 'net reserve' option determines how much to pay the consignor, regardless of how much the item sells for.

Example: A consignor is offering a brass spittoon. He wants either $200.00 (net-to-him) or greater (if it sells for more than the net-to-him-plus-his-usual-consignment-percentage). The auctioneer may decide to sell the item for less than the 'net-to-consignor' because he/she will make up the difference in the buyer's premium or other items from the same consignor.

In layman's terms: The consignor is guaranteed a minimum of $200.00 for the spittoon. At auction, let us look at different hammer prices and their effect on various elements of the sale…

(Assume a 20% Consignment fee)

Net Reserve	Hammer Price	Consignment Fee	Net-to-Consignor	Net-to-Auctioneer
None	200	40	160	40
None	150	30	120	30
None	220	44	176	44
None	300	60	240	60
$200.00	200	0	200	0
$200.00	150	-50	200	-50
$200.00	220	20	200	20
$200.00	300	60	240	60

(Remember that the consignor is guaranteed the 'Net Reserve' price, regardless of hammer price.)

How to Implement a 'Net Reserve' Price

Path: **Auctions – Preparation tab – Inventory Master**
Auctions – Preparation tab – Add/Edit Lots – Add Lot to Current Lot Number

Note: Items must be pre-lotted. There is no provision for reserves in a non-lotted auction.

When adding inventory, enter the reserve price into the 'Reserve Price' block. If this is to be a 'Net Reserve', select '-Nett-' from the 'Reserve Type' dropdown box. Calculation of 'Net-to-Consignor' is automatically performed during the Consignor Payment process.

Use of any other 'Reserve Type' has no effect on amount(s) due to the consignor.

Net Reserves: Guaranteed Net-to-Consignor Payments

Reserve Price

Reserve Type