

Chapter 1

Using eBay to Launch Your Business

In This Chapter

- ▶ Getting serious about your business
 - ▶ Making decisions about what to sell
 - ▶ Having what it takes to make a living online
 - ▶ Running an efficient auction
-

You've decided to get serious about your sales on eBay, so now you have to step up to the plate and decide how much time you have to devote to your eBay business. I talk about all kinds of eBay businesses in this book. Even though you're not quitting your day job and selling on eBay full time (yet!), I still think you're serious. A large portion of sellers, even eBay PowerSellers (those who gross more than \$1,000 a month in sales), work on eBay only part time.

eBay sellers come from all walks of life. A good number of stay-at-home moms are out there selling on eBay. And so many retirees are finding eBay a great place to supplement their income that I wouldn't be surprised if the AARP creates a special eBay arm. If you're pulled out of your normal work routine and faced with a new lifestyle, you can easily make the transition to selling on eBay.

In this chapter, I talk about planning just how much time you'll be able to devote to your eBay business — and how to budget that time. I also talk about figuring out what to sell. Your eBay business won't grow overnight, but with dedication and persistence, you may just form your own online empire.

Getting Down to Bidness (er, Business)

Before launching any business, including an eBay business, you need to set your priorities. And to be successful at that business, you must apply some clear level of discipline.

I won't bore you with the now-legendary story of how Pierre Omidyar started eBay to help fulfill his girlfriend's Pez dispenser habit, blah, blah, blah. I *will* tell you that he started AuctionWeb with a laptop, a regular Internet Service Provider (ISP), and an old school desk. He and his buddy Jeff Skoll (a Stanford MBA) ran the twenty-four-hours-a-day, seven-days-a-week AuctionWeb all by themselves. When I began using the service, I had a lot of questions — and I always got prompt, friendly answers to my e-mails. When the site started attracting more traffic, Pierre's ISP began to complain about all the traffic and raised his monthly fees. To cover the higher costs, Pierre and Jeff began charging 25 cents to list an auction. Pierre was so busy running the site that the envelopes full of checks began to pile up — he didn't even have time to open the mail.

When Pierre incorporated eBay AuctionWeb in 1996 with his partner Jeff, they were each drawing a salary of \$25,000. Their first office consisted of one room, and they had one part-time employee to handle the payments. They started small and grew.

Budgeting your time: eBay as a part-time money maker

A part-time eBay business can be very profitable. One thing that I stress in this book is that the more time and energy you spend on your eBay business, the more money you can make. That said, I now move on to the lowest possible level of time that you should devote to your business.

Maybe you enjoy finding miscellaneous items to sell on eBay. You can find these items somehow in your day-to-day life. So let's suppose that you could spend at least a few hours (maybe three) a day on eBay. Now you must include the time it takes to write up your auctions. If you're not selling only one type of item, allow about fifteen minutes to write your auction, take your picture or scan your image, and of course, upload it to eBay or a photo-hosting site.

How much time it takes to perform these tasks varies from person to person and will improve according to your level of expertise. Regardless, every task in your eBay auction business takes time, and you must budget for that time. See the sidebar "Some handy eBay timesaving tips" for pointers.



Some handy eBay timesaving tips

Crunched for time? The following are some features that you're sure to find useful — and handy:

- ✓ **HTML templates:** In Chapter 11, I give you some tips on finding basic HTML format templates for attractive auctions. These HTML templates cut your auction design time to a few minutes. Most experienced eBay sellers use preset templates to speed up the task of listing auctions, and this should be your goal.
- ✓ **TurboLister program:** When you want to list a bunch of auctions at once, I recommend using the eBay TurboLister program. I estimate that TurboLister enables you to put together and upload ten auctions in just fifteen minutes. In Chapter 9, I run down the details on how to use this very cool tool.
- ✓ **Relisting (or Sell Similar) feature:** When you sell the same item time after time, you can use TurboLister (it archives your old listings so you can repeat them) or the handy eBay relisting or Sell Similar features. When your auction ends on eBay, links pop up offering to relist your listing or to Sell Similar. If you want to run a different auction with a similar HTML format to the one that just ended, simply select the Sell Similar option and cut and paste the new title and description into the Sell Your Item page of your new listing.
- ✓ **Auction management software:** See the "Software you can use" section in this chapter and see also Chapter 9, in which I detail various programs to integrate into your eBay business.

Only you can decide how much time you want to spend researching going rates for items on eBay and deciding which day or time your item will sell for the highest price. You can take great photos and write brilliant descriptions, but cashmere sweaters won't sell for as much in the heat of summer as they do in winter. Doing your research can take up a good deal of time when you're selling a varied group of items.

You also have to consider how much time it takes to shop for your merchandise. You may have to travel to dealers, go to auctions, or spend time online discovering new ways to find your auction merchandise. Many sellers set aside a full day each week for this undertaking. Your merchandise is what makes you money, so don't skimp on the time you spend identifying products. The time you spend on this comes back to you in higher profits.

Here's a list of various activities that you must perform when doing business on eBay:

- ✓ Photograph the item
- ✓ Clean up and resize the images in a photo editor (if necessary)
- ✓ Upload the images to eBay Picture Services when you list or before listing to your ISP or third-party hosting service

- ✓ Weigh the item and determine the shipping cost
- ✓ Choose an auction title with keywords
- ✓ Write a concise and creative description
- ✓ List the auction on eBay
- ✓ Answer bidder questions
- ✓ Send end-of-auction e-mails
- ✓ Carry out banking
- ✓ Perform bookkeeping
- ✓ Pack the item safely and securely
- ✓ Address the label and affix postage
- ✓ Go to the post office

Time yourself to see how long it takes to accomplish each of these tasks. The time varies when you list multiple items, so think of the figures that you come up with as your *baseline*, a minimum amount of time that you must set aside for these tasks. This information can help you decide how many hours per month you need to devote to running your part-time eBay business.

Jumping in with both feet: Making eBay a full-time job

As you can see in the list in the preceding section, the tasks required for your eBay business can be time consuming. But careful planning and scheduling can turn your business into an online empire.

The best way to go full time on eBay is to first run your business part time for a while to iron out the wrinkles. After you become comfortable with eBay as a business, you're ready to make the transition to full-time seller. The minimum gross monthly sales for a Bronze-level PowerSeller is \$1,000. If you plan your time efficiently, you can easily attain this goal. Head to Chapter 3 for more information on the PowerSeller program.

Running a full-time business on eBay is the perfect option for the working parents who prefer staying at home with their children, retirees looking for something to do, or those who'd just rather do something else than work for their boss. Read some real-life profiles of happy full-time sellers in Chapter 18.

See Figure 1-1 for an example of the eBay home page, the first stop for most buyers on eBay. Note how eBay makes an effort to reflect some sort of promotion to better market the items you put up for sale.

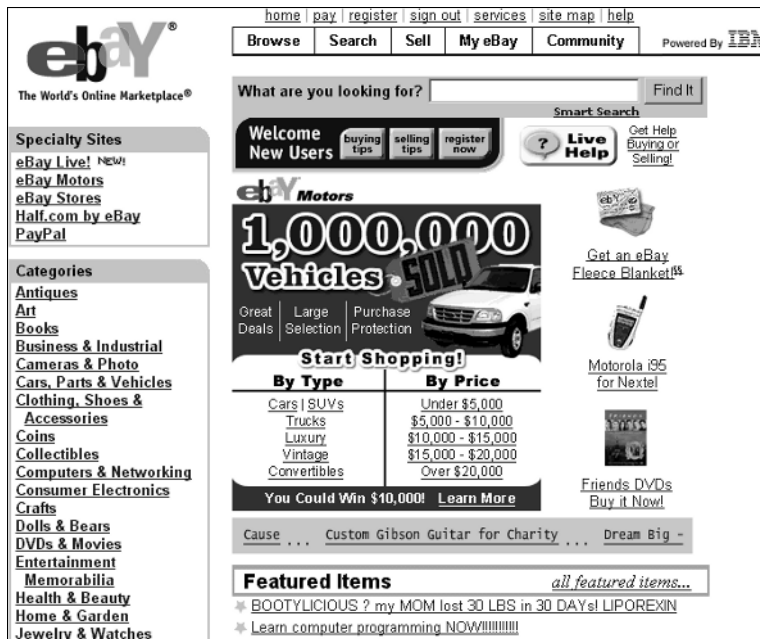


Figure 1-1:
The eBay
home page,
where it all
starts!

Deciding What to Sell

What should I sell? That is *the* million dollar question! In your quest for merchandise, you're bound to hear about soft goods and hard goods. *Soft*, or nondurable, goods are generally textile products, such as clothing, fabrics, and bedding. *Hard* goods are computer equipment, housewares, and anything else that's basically nondisposable.

Following are just a few points to consider when you're deciding what to sell:

- ✓ **Shipping costs:** Some differences exist between shipping hard and soft goods. Soft goods can fold up and be packed in standard box sizes, available from the USPS, or (better yet) in bubble or Tyvek envelopes for much lower shipping costs. Most hard goods come in their own boxes, which may or may not be individually shippable. You'll also need to use Styrofoam peanuts or bubble cushioning or double package the item in an oddly sized box. See Chapter 17 for the lowdown on shipping and packing.
- ✓ **Other shipping considerations:** Do you want to handle large boxes and deal with the hassles of shipping them?
- ✓ **Possible storage problems:** Do you have the room to store enough merchandise to keep you going? Soft goods can take up considerably less space than hard goods.



You don't always have to buy your items in bulk to make money on eBay. The first things you sell might be items you find in your garage or attic. To find out about some other fun ways to acquire goods to sell, check out the next section.

Turning your hobby into a business

C'mon, you've got a hobby; everyone does! Did you collect stamps or coins as a kid? Play with Barbie dolls? Maybe your hobby is cars? Did you inherit a bunch of antiques? Been collecting Hummel figurines for a few years? eBay has a market for almost anything.



You can't possibly be an expert on everything. You need to keep up-to-date on the market for your items, and following more than four or five basic item groups may divert your attention from selling.

Selling within a particular category or two can be a good idea for repeat business. Should you decide to major in miscellany and sell anything and everything, you may not realize the highest possible prices for your items. This can be okay if you have a source that permits you to buy items at dirt-cheap pricing.

Collectibles: Big business on eBay

Pierre Omidyar started eBay with the idea to trade collectible Pez dispensers. eBay now lists fifty main categories of collectibles (see Figure 1-2), and those categories are divided into thousands of categories, subcategories, and sub-subcategories. Almost anything that you'd want to collect is here, from advertising memorabilia to Girl Scout pins to Zippo lighters!

If you have a collection of your own, eBay is a great way to find rare items. Because your collection is something dear to your heart and you've studied it on and off for years, you could probably call yourself an expert. Bingo — you're an expert at something! I recommend that you hone your skills to find things in your area of expertise at discount prices (you're liking this more and more, aren't you?) and then sell them on eBay for a profit. Start small and start with something you know.

If there's one thing you know, it's fashion!

Are you one of those people who just knows how to put together a great outfit? Do you find bargains at Goodwill but people think you've spent hundreds on your garb? Do you know where to get in-season closeouts before anyone else does? Looks like you've found your market (see Figure 1-3).



Figure 1-2:
The eBay
Collectibles
hub with
links to
categories.



Figure 1-3:
eBay area
for clothing,
shoes, and
accessories.

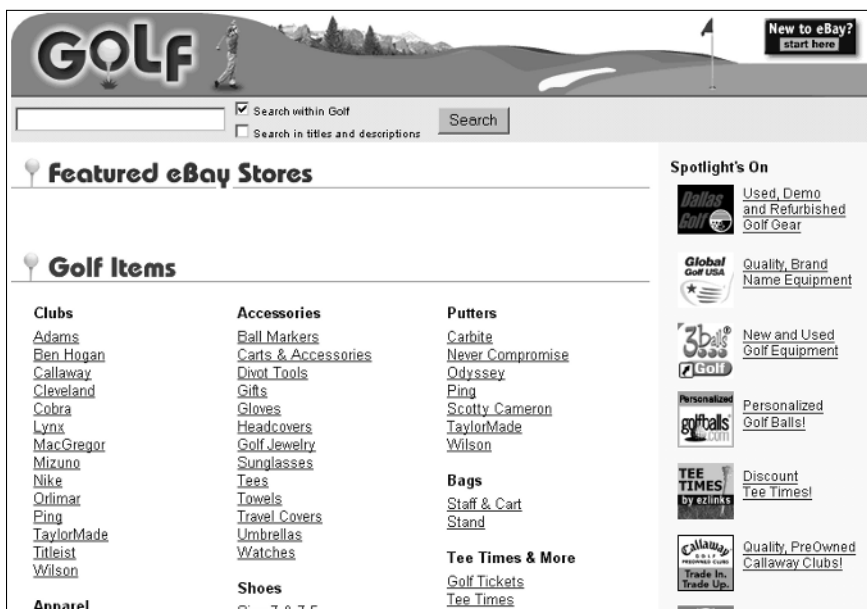
Buy as many of those stylish designer wrap dresses (you-know-whose at you-know-where) as you can, and set them up on the mannequin you've bought to model your fashions for eBay photos. (For more on setting up fashion photos on eBay, check out Chapter 11.) Within a week, you just may be doubling your money — 'cause sweetie-darling, who knows fashion better than you?

If a ball, a wheel, or competition is involved — it's for you

I don't want to preach in generalities, but I think I'm pretty safe in saying that most guys like sports. Guys like to watch sports, play sports, and look good while they're doing it. I see that as opening up venues for a profitable empire on eBay. I don't want to leave out all the women out there who excel and participate in many sports. Women may have even more discriminating needs for their sporting endeavors! I know I do. My golf game stinks — but I do make a point to at least look good when I go out there, with respectable equipment and a fabulous outfit.

eBay has an amazing market going on right now for soccer equipment, and I don't even want to go into how much football and golf stuff is selling on eBay. And the last time I looked, golf items totaled more than 57,000 listings! What a bonanza! New stuff, used stuff — it's all selling on eBay (see Figure 1-4). It's enough to put your local pro shop out of business — or perhaps put *you* in business.

Figure 1-4:
Sporting
goods
on eBay.



Including the whole family in the business

Sometimes just the idea of a part-time business can throw you into a tizzy. After all, don't you have enough to do? School, work, soccer, kids glued to the TV — you might sometimes feel as if you've no time for family time. However, the importance of family time is what brought me to eBay in the first place. I was working long hours in my own business, and at the end of the day, when my daughter Susan wanted to go shopping, perhaps for some Hello Kitty toys or a Barbie doll, I was just too tired. (Can you relate?)

I'd heard about AuctionWeb from a friend and had bought some things online for my own collections. (Okay, you got me; I collected Star Trek stuff — call me geek with a capital G.) I'd also browsed around the site and found some popular toys selling for reasonable prices. So one evening I introduced Susan to eBay, and life has never been the same. We'd go to toy stores together right when they opened on Saturday morning, so we'd get first dibs on shipments of the hottest, newest toys. She'd go to the dolls and I'd go to the action figures. We'd buy several, go home, and post them for sale on eBay. We made money, yes, but the best part was our toy runs. They will always remain a special memory.

Susan has since graduated from college (she majored in business and marketing — must have been inspired by our eBay enterprise) but she still calls home when she finds a hot CD or closeouts of a top-selling item. We still purchase and list items together. The family that eBays together . . . always does.

My short trip down memory lane has a point: A family business can succeed and everyone can enjoy it. I was in charge of the financing and the packing while Susan looked up ZIP codes on the Internet and put pins in a 4' x 5' map showing every city that we bought or sold from. She learned some excellent lessons in marketing, advertising, and geography, all in one swoop.

Toys, books, and music — oh MY!

Having children in your home brings you closer to the latest trends than you could ever imagine. I remember sitting at a Starbucks a couple of years ago watching some dads and their sons pouring over notebooks full of Pokémon cards. (Actually, the kids were off playing somewhere and the dads were coveting the cards.)

And what about Star Wars? Star Trek? G.I. Joe? Can you say action figures? (If guys have them, they're not dolls — they're action figures.) If you have access to the latest and greatest toys, buy them up and sell them to those who can't find them in their neck of the woods.

If your home is like mine, books pile up by the tens! Old educational books that your children have outgrown (even college textbooks) can be turned into a profit. Remember that not every book is a classic that needs to be part of your library forever. Let another family get the pleasure of sharing children's tales!

If anything piles up faster than books, it's CDs and videos. Somehow the old lambada or macarena music doesn't hold the magic it once did. Or maybe, those zany kid comedies don't mesmerize you the way they used to. You can get rid of your own items and find plenty of stock at garage sales. Buy them cheap and make a couple of dollars.

Selling children's clothes

When I recently checked eBay for the number of infant and toddler clothes auctions in progress, I found more than 130,000 — and the bidding was hot and heavy. For stay-at-home parents, selling infant and children's clothing is a super way to pick up extra income.

If you've had a baby, you know all too well that friends and relatives shower new moms with lots of cute outfits. If you're lucky, your baby gets to wear one or two of these (maybe only for a special picture) before outgrowing them. These adorable portrait outfits can earn you a profit on eBay. Many parents, with children a few steps behind yours, are looking for bargain clothing on eBay — a profitable hand-me-down community. As your children grow up (and out of their old clothes), earn some money while helping out another parent.

Bringing your existing business to eBay

Do you already have an existing business? eBay isn't only a marketplace where you're able to unload slow or out-of-season merchandise. You can also set up your store right on eBay (see Figure 1-5). An eBay store allows you to list a fixed-price item at a reduced fee and keep the item online until it's sold. When you run your regular auctions for special items, they will have a link to your store, thereby drawing in new shoppers to see your store merchandise.

Here are a few ways you can expand your current business with eBay:

- ✔ **Opening a second store on eBay:** How many people run stores that sell every item, every time? If you're a retailer, you've probably made a buying mistake. Many times the item that *isn't* selling in your store *is* selling like hotcakes in similar stores elsewhere in the country. eBay gives you the tools to sell those extra items to make room for more of what sells at your home base.

Perhaps you just need to raise some cash quickly. eBay has tens of thousands of categories in which you can sell regular stock or specialty items. For a caveat on what's verboten, check out Chapter 4.



Figure 1-5:
eBay Stores
central.

- ✓ **Selling by mail order:** If you've been selling by mail order, what's been holding you back from selling on eBay? It costs you far less to list your item on eBay than to run an ad in any publication. Plus, on eBay, you get built-in buyers from every walk of life. If your item sells through the mail, it will sell through eBay.
- ✓ **Licensed real estate agents:** Plenty of land, homes, and condos are selling on eBay right now. List your properties online so that you can draw from a nationwide audience. When you offer listings on the Web, you're bound to get more action. Give it a whirl and read more about selling real estate on eBay in Chapter 2.

You won't find a cheaper landlord than eBay. Jump over to Chapter 5 if you really can't wait for more information about how to set up your eBay store.

Getting What It Takes to Sell

I've heard many sellers-to-be say they want to start a business on eBay so that they can relax. Since when is running any business a way to relax? Granted, you don't need a whole lot of money to get started on eBay and you won't have a boss breathing down your neck. But to run a successful eBay business, you need drive, determination, and your conscience to guide you, as well as a few solid tools, such as a computer, and an Internet connection. In this section, I give you the lowdown on these things and more.

Computer hardware

First, you're gonna need a computer. In my basic assumptions about you (see the book's introduction), I figure that you have one and know how to use it. Your computer doesn't have to be the latest, fastest, and best available. It does help if your computer has a good deal of memory to process your Web browsing and image touchups. One of my eBay selling computers is an antique Pentium 3, an absolute turtle next to my new 4.3GHz model. But combined with a speedy Internet connection, my little machine enables me to run many eBay auctions easily.



One thing to keep in mind is that hard drives are getting cheaper by the minute. The bigger your hard drive, the more space you'll have to store images for your auctions. (Individual pictures shouldn't take up much space because each should max at 50K.) A caveat: The bigger the hard drive, the more chance for making a mess of it by losing files. When you get started, be sure that you set up a sensible filing system by using folders and subdirectories.

Check out Chapter 11, in which I talk more about the other stuff you might need, such as a scanner and a digital camera.

Connecting to the Internet

If you've been on eBay for any length of time, you know that your Internet connection turns into an appendage of your body. If your connection is down or you can't log on due to a power outage, you can't function and instead flounder around, babbling to yourself. I understand because I've been there. If you're selling in earnest, I recommend pulling the plug on your dial-up connection unless you have no choice.

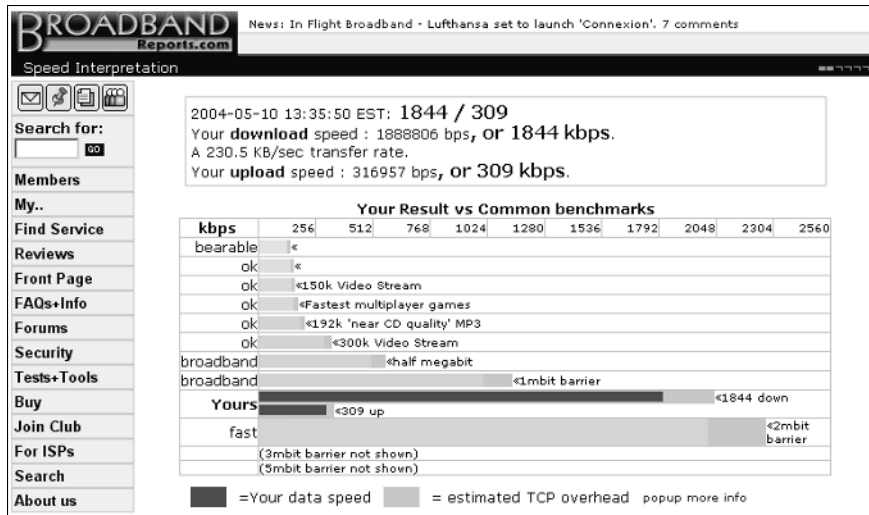


Before investing in any broadband connection, visit www.broadbandreports.com (see Figure 1-6) and read the reviews of ISPs in your area. Users from around the country post their experiences with the many providers across the country, so you can get a good idea of what's in store in your neighborhood in the connection arena. The site also has more testing tools than you can imagine and will test the speed of your (or your friend's) Internet connection at no charge.

Dial-up connections

If you must use a dial-up connection, avail yourself of the many free trials that different Internet Service Providers (ISPs) offer to see which one gives your computer the fastest connection. After you find the fastest, be sure that it's reliable and has at least a 99 percent uptime rate.

Figure 1-6:
The results
of the free
speed test
of my cable
connection.



Most of the United States still logs on to the Internet with a dial-up connection, so what can be so wrong? This type of connection is painfully slow. An auction with lots of images can take minutes to load. The average eBay users want to browse many auctions and won't wait while your images load; they'll just go to the next auction.

To make the best use of your time when running your auctions and conducting research, you need to blast through the Internet. You need to answer e-mail, load images, and conduct your business without waiting around for snail's-pace connections. Although a modem is supposed to link up at 56K, FCC regulations state that it can't connect any faster than 53K. In practice, the highest connection I've ever experienced on a dial-up was 44K.

DSL

A confusing bunch of Digital Subscriber Line (DSL) flavors (ASDL, IDSL, SDSL, and more) are available these days, ranging from reasonably priced to out of sight. DSL, when it works as advertised, is fast and reliable. A DSL line depends on the reliability of your telephone service: Crackling or unreliable phone lines can be a barrier to using DSL.

The main problem with a DSL connection is that your home or office needs to be no farther than 18,000 feet from your local telephone office. The service runs from \$25 to \$100 a month, and it might cost even more if you get DSL through a *booster* that boosts the signal to a location farther away than the minimum 18,000-foot border.

Many homes and offices in this country fall out of range for DSL. If you can get it, true DSL service can give you a connection as fast as 1.5MB per second download. (IDSL is only 144K.)



I had DSL for about a year and was initially blown away by the speed. Unfortunately, every time it rained (it does rain occasionally in Southern California), my service went out. I had to call time after time to get a service call. Sadly, this is a well-known drawback of DSL. Your local telephone company (Telco in DSL-speak) owns your home or office phone lines. Because DSL goes over POTS (plain old telephone service), your DSL provider has to negotiate connection problems with the folks at your telephone company. As you might guess, one company often blames the other for your problems.

A friend of mine tried to get around this issue by getting DSL from the local phone company, which sounded great to me. It turned out to be not so great because it seems that the local phone companies tend to form companies to handle high-speed connections. So even though the two companies are technically the same, the two will still argue about who's responsible for your problems. Broadband with this much difficulty can be too much trouble.

Digital cable

Eureka, I think I've found the motherlode of connections: cable. If you can get cable television, you can probably get a blazingly fast cable Internet connection. Your cable company is probably replacing old cable lines with newfangled digital fiber-optic lines. These new lines carry a crisp digital TV signal and an Internet connection as well. (These fancy new lines have plenty of room to carry even more stuff, and I'm sure it won't be long before cable companies have some hot new services to sell us.)

My digital cable Internet connection is generally fast and reliable. I just did a speed test on my line, and I'm downloading data at 1844 kilobauds per second. Compare that to the old-fashioned baud rate of dial-up (remember the old 300 baud modems?). So far, the service has been very reliable, and I've experienced little downtime. For \$40 a month, I consider my cable connection well worth the investment.

As far as the myth about more users on the line degrading the speed, a cable connection is more than capable of a 10Mbps transfer. That's already about 10 times faster than DSL. It would take a whole lot of degrading to noticeably slow down your connection. (Your computer still has to load the browser.)

Choosing your eBay user ID

"What's in a name?" I believe that's how the old quote goes. On eBay, there's a whole lot in your name! When you choose your eBay user ID, it becomes your name — your identity — to all those who transact with you online. They don't know who you are; they know you only by the name they read in the seller's or bidder's spot.

The lowdown on user IDs

When choosing your user ID, keep the following points in mind:

- ✓ Your ID must contain at least two characters.
- ✓ It doesn't matter if you use uppercase or not; eBay displays your ID in all lowercase letters.
- ✓ You may use letters, numbers, and any symbol except @ and &.
- ✓ You can't use URLs as your ID.
- ✓ You can't use the word *eBay* in your user ID; that privilege is reserved for eBay employees.
- ✓ You can change your ID every 30 days if you want to. When you do, you get a special icon next to your name, signifying that you've changed to a new ID. Your feedback profile (permanent record) follows you to your new ID.
- ✓ Spaces aren't allowed; if you want to use two words, you can separate them by using the underscore key (press Shift+hyphen to type the underscore key). You may not use consecutive underscores.
- ✓ Do I have to tell you this? Don't use a name that's hateful or obscene; eBay (and the community) just won't permit it.

Ever wonder why you don't see many banks named Joe and Fred's Savings and Loan? Even if Joe is the President and Fred is the Chairman of the Board, the casual attitude portrayed by their given names doesn't instill much confidence in the stability of the bank. Joe and Fred might be a better name for a plumbing supply company — or a great name for guys who sell plumbing tools on eBay! Joe and Fred strike me as the kind of friendly, trustworthy guys who might know something about plumbing.

Does your retail business have a name? If you don't have your own business (yet), have you always known what you'd call it if you did? Your opportunity to set up your business can start with a good, solid respectable sounding business name. If you don't like respectable (it's too staid for you), go for trendy. Who knew what a Verizon was? Or a Cingular? Or a Bubblefast, which is one of my favorite eBay shipping suppliers.

Are you selling flamingo-themed items? How about pink flamingos for your selling identity? Be creative; *you* know what best describes your product.



Stay away from negative sounding names. If you really can't think up a good user ID, using your own name is fine.

You've no doubt seen a bunch of lousy user IDs out there. Here are a few examples of what not to use: ISellJunk, trashforsale, mystuffisgarbage.



eBay protects and does not reveal your e-mail address. If another user wants to contact you, he or she can do so by clicking your user ID. The e-mail will be sent to you through eBay's e-mail system.

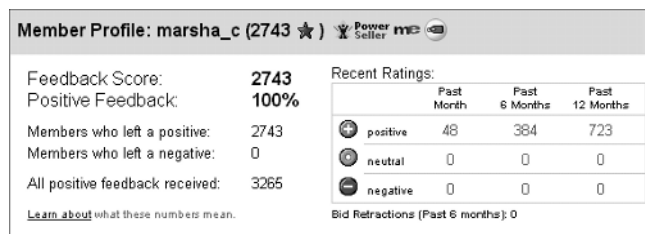


If you decide to change your user ID, don't do it too often. Customers recognize you by name, and you may miss some repeat sales by changing it. Besides, eBay places a special icon next to your user ID on the site to show others that you've changed your ID. This icon will stick with you for 30 days.

Finding your eBay feedback

The number that eBay lists next to your name is your feedback rating; see Figure 1-7 for my rating. Anyone on the Internet has only to click this number to know how you do business on eBay — and what other eBay users think of you. At the top of every user's feedback page is an excellent snapshot of all your eBay transactions of the past six months. For the lowdown on feedback, go to Chapter 3.

Figure 1-7:
My eBay
feedback.



If you're really serious about this business thing, and your feedback rating isn't as high as you'd like it to be, go online and buy some stuff. Even though eBay now distinguishes between Buyer and Seller feedback, the numbers will still grow. Feedback should always be posted for both buyers and sellers. Every positive feedback increases your rating by +1; a negative decreases it by -1. To get a high rating, you'd better be racking up those positives.

Making Your Auctions Run More Smoothly

In this section, I discuss a few more niceties that you'll need to round out your eBay home base. The following tools are important, but you must decide which ones you'll use. Some people prefer a totally automated office while others prefer to do things the old-fashioned way. One of my favorite eBay PowerSellers works with file folders, a hand-written ledger book, and hand-written labels. If it makes you happy, do it your way. I'm going to suggest a few options that will ease the pain of paperwork.

Software you can use

These days, software is available to accomplish just about anything. It would seem fitting that an all-encompassing software package exists that can help you with your auction, right? Well, maybe. It depends on how much you want your software to do and how much of your business you want to fully control. In this section, I describe some software examples that you might find useful.

Auction management

Auction management software can be a very good thing. It can automate tasks and make your record keeping easy. You can keep track of inventory, launch auctions, and print labels using one program. Unfortunately, most of these programs can be daunting when you first look at them (and even when you take a second look).

You have choices to make regarding the software: How much are you willing to spend for the software, and do you want to keep your inventory and information online? Maintaining your listing information online enables you to run your business from anywhere; you just log on and see your inventory. Online management software is tempting and professional, and may be worth your time and money.

A good many sellers prefer to keep their auction information on their own computers. This method is convenient and allows sellers to add a closer, more personal touch to their auctions and correspondence. Some folks say that keeping information local, on their own computer, is more suited to the small-time seller. I think it's a matter of preference.

In Chapter 9, I discuss the wide selection of management software available, including AuctionWorks.com, Auction Wizard 2000, and the eBay-owned Selling Manager.

HTML software

You may want to try some basic HTML software to practice your ad layouts. I tell you where to find some templates in Chapter 11, but you'll want to preview your auctions before you launch them.

You can use a full-blown Web page software package, such as FrontPage, to check out how your auction will look, or you may want to keep it simple. I use software called CuteHTML all the time because it's about as simple as it can get. Go to the following to download a 30-day free trial:

www.globalscape.com/cutehtml

If you like it, you can buy it for only \$19.99.

Spreadsheets and bookkeeping

Many sellers keep their information in a simple spreadsheet program such as Excel. The program has all the functionality you need to handle inventory management and sales info.

For bookkeeping, I like QuickBooks, which is as complete as it gets. It's straightforward, but only if you have a basic knowledge of accounting. It also integrates with spreadsheets. In Chapter 16, I discuss QuickBooks in some detail.

Collecting the cash

Credit cards are the way to go for the bulk of your auctions. Often, credit cards make the difference between a sale and no sale. People are getting savvy (and more comfortable) about using their credit cards online because they're becoming better informed about the security of online transactions and certain guarantees against fraud. So although you might truly love money orders, you need to take credit cards as well. In this section, I discuss another decision you need to make: Do you want your own private merchant account or would you rather run your credit card sales through an online payment service? For more about these options, read on.

Online payment services

Until you hit the big time, you may want to go with the services of an online payment service such as the eBay-owned PayPal. PayPal offers excellent services and their rates are on a sliding scale, according to your monthly dollar volume. Online payment services accept credit cards for you. They charge you a small fee and process the transaction with the credit card company. The auction payment will be deposited in an account for you. Unless your sales go into tens of thousands of dollars a month, an online payment service can be more economical than your own merchant account. For more about these services and accounts, see Chapter 13.

Your own merchant account

As you may or may not know (depending on the amount of spam in your e-mail), thousands of merchant credit card brokers guarantee that they can set you up so that you can take credit cards yourself. These people are merely middlemen. You have to pay for their services, either in an application fee or as part of a hefty percentage as a processing software. Some of these brokers are dependable businesses and others are nothing more than hustlers. If you have decent credit, you don't need these guys: Go straight to your bank!

Your bank knows your financial standing and credit worthiness better than anybody. It's the best place to start to get your own *merchant account*, an account in which your business accepts credit cards directly from your

buyers. You pay a small percentage to the bank, but it's considerably less than you pay to an online payment service. Some banks don't offer merchant accounts for Internet transactions because ultimately the bank is responsible for the merchandise related to the account if you fail to deliver the goods. Remember that your credit history and time with the bank play a part in whether or not you can get a merchant account.

The costs involved in opening a merchant account can vary, but you'll need between \$300 and \$2,000 to get started. Here are some of the possible costs you may face:

- ✓ A monthly processing fee if you don't reach the monthly minimum set by your bank
- ✓ The discount rate (your bank's cut) of 15–45 cents per transaction
- ✓ About \$700 for software that processes your transaction costs
- ✓ A monthly gateway fee of as much as \$40

This is quite an investment in time and effort. In Chapter 13, I get into the details of a merchant account and explain exactly where all these costs go.

Home base: your Web site

eBay offers you a free page — the About Me page — that's the most important link to your business on eBay; see Chapter 3 for more information. The About Me page is part of your eBay store if you have one. You can insert a link on your About Me page that takes bidders to your auctions. You can link also to your own Web site from the About Me page!

If you don't have your own Web site, I recommend that you get one, especially if you're serious about running an eBay business. Check out Chapter 8, where I provide some tips on finding a Web host and a simple way to put up your own Web site.

You can keep your complete inventory of items on your Web site and list them as auctions or in your eBay store as their selling season comes around. Remember that there's no listing or final value fee when you have repeat customers on your Web site.

Setting up your shop

Office and storage space are a must if you plan to get big. Many a business was started at the kitchen table (that's how Pierre started eBay), but to be serious with a business, you must draw definite lines between your home life

and your online ventures. Concentrating when you have a lot of noise in the background is difficult, so when I say draw a line, I mean a physical line as well as an environmental one.

Your dedicated office

You must first separate the family from the hub of your business. Many eBay sellers use a spare bedroom. (I started my home business in a 10-by-12-foot room.) As time progresses and your business grows, you might have to move. I chose to sacrifice my detached two-car garage. I guess I could have made it into a one-car garage, but I decided to take over the whole thing instead.

Here's what I did: Zoning laws in Southern California require me to have a garage, so I put a false office wall in the back so that the garage door could open normally. I used that area for extra storage. My garage had been wired (for some guy who was going to use big-time power tools, I suppose) and had its own breaker box. I hired an electrician to come in and place outlets around my office and had a large window cut into the wall overlooking my backyard (to remove the claustrophobic feeling and for ventilation). I now had a window and electricity.

The phone man came by and brought a line into the garage; a friend installed double jacks all around to accommodate the two phone lines. I picked out some reasonably priced paneling and hired workmen to install it and to drop a paneled ceiling with florescent lights. Finally, I bought furniture from my local Goodwill store. Presto-chango — I had successfully transformed what was once a dark garage into a bright, gleaming 18-by-20-foot *private* office. And here I successfully ran my advertising and marketing business for more than ten years.

You, too, have adjustments and decisions to make, just as I did, because you're going to need office space and storage space too.



One PowerSeller that I know moved all the junk out of his basement and set up shop there. He now has three computers and employs his wife and a part-time *lister* (who put his auctions up on eBay) to run the show. His basement office is networked and is as professional as any office.

Your eBay room

If you're able to set up an office similar to mine, your storage space should be covered for a while. For a real business, a closet just won't do, even though most sellers begin their eBay careers with an eBay closet. Seclude your stuff from your pets and family by moving it into another room. You'll also have to get shelving and more supplies to organize things. I talk more about this in Chapter 17.