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Auto firm's strategy links car sellers with buyers

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STAFF WRITER

Each year, an estimated 13 million used cars are sold by their owners, rather than by auto dealers. Leslie Vander Baan looked at those numbers and saw a business opportunity.

When an individual buys a vehicle directly from the owner, there's usually pain on both sides of the transaction, notes Vander Baan, a third-generation auto dealer. Sellers have to deal with strangers coming to their residence to kick the tires, take a test drive and dicker on a price. And buyers face the anxiety of making a high-dollar purchase from someone they don't know.

"It's not that you can't do it on your own," she says of for-sale-by-owner deals. "It's (just) a pain."

To tap into that market, Vander Baan decided to borrow a concept from the clothing- and furniture-sales industries, selling cars on a consignment basis.

She launched Automotive Consignment in late 2003, running it with her father, Don Harris, an auto-sales veteran.

The operation works like this: Sellers pay \$195 upfront to display a car at the company's 120-space lot at 5000 E. Independence Blvd. Automotive Consignment receives 3% of the sale price. For an additional charge, it also offers a menu of services such as detailing and reconditioning.

In general, auto-consignment sales have been limited to high-dollar recreational vehicles or luxury models. But Vander Baan's 10-employee company handles virtually any make and model.

QUICKINFO

AUTOMOTIVE CONSIGNMENT

Business: Operates a for-sale-by-owner consignment automotive dealership

Founded: 2003

HQ: 5000 E. Independence Blvd., Charlotte, 28211

Principals: Leslie Vander Baan and Don Harris

Employees: 10

Phone: (704) 569-3950

Web: www.Automotive-Consignment.com

That approach is rare in North Carolina, says Jim Edwards, president of the Carolinas Independent Automobile Dealers Association.

"Consignments make perfect sense if you do it right," he says. "And Leslie is doing it right."

The key to her company's success has been quick turnover of the cars at Automotive Consignment. On average, 72% of the lot's cars are sold within 30 days, Vander Baan says. At a traditional lot, the turnover typically is 30 to 45 days, Edwards says.

Automotive Consignment has attracted sellers by giving their vehicles visibility, handling the salesmanship and taking care of the Department of Motor Vehicles paperwork. Buyers, meanwhile, have been attracted by the typically lower prices available when cars are purchased directly from the owner, instead of from a dealer with inventory expenses.

Vander Baan, who markets Automotive Consignment's services and vehicles primarily online, says the operation also benefits from its location on Independence Boulevard's row of car dealerships.

In 2001, Vander Baan and her husband moved here from Michigan, and she took a job in sales and fleet-lease management at ADESA Inc., an international auto-auction company. In mid-2003, she quit to develop the business plan for what would become Automotive Consignment.

From that modest start, Vander Baan says she has found "a solution to the inconvenience associated with selling a car on your own" — and a viable business.

Sold on consignment



photo NANCY PIERCE

Auto-sales veterans Don Harris and Leslie Vander Baan rely heavily on quick turnover of the vehicles marketed at Automotive Consignment's lot on Independence Boulevard.



photo NANCY PIERCE

Small Business

35 For sale by owner

Leslie Vander Baan (above) created Automotive Consignment to tap into a niche in the used-car market.

LESSON LEARNED:

Leslie Vander Baan found ways to tap into the for-sale-by-owner used-car market by creating a consignment operation that appeals to buyers and sellers alike.