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Murad Auctions Expansion Plan

by

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Advisor: Dr. Bradley J. Allen

**An Honors Thesis in partial fulfillment of the requirements for the degree Bachelor of
Science in Business Administration in Finance and Economics**

**Sam M. Walton College of Business
University of Arkansas
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Company Overview

Murad Auctions is a full-service fundraising auctioneer and consultant company, founded in 2000 in Dallas, Texas by Claire and Louis Murad. Louis is a licensed, full time, professional charity auctioneer that has a staff of six auctioneers who help their clients successfully navigate live auctions. Louis is a member of the National Auctioneers Association and holds the Benefit Auction Specialist designation. Claire operates the registration, check out, and managing online and mobile bidding auctions. The key to their business is bringing each event to the “next level” by providing better services and consulting practices to each and every client. This has been the key to standing ahead of competitors and being defined as an “A” level auction company in the DFW area.

Murad Auctions offers professional auctioneers, bid spotters, travel packages, custom bid paddles, event engineering, and registration & checkout. Each of these services play as a key role in either the live auction or silent auction packages offered by Murad Auctions. Murad Auction’s first service offered was auctioneering. Auctioneers bring a level of excitement to any event that keeps the guests engaged and provides a platform for next level fundraising. Louis started his charity auction career after being employed by Go Industries and realizing that there was a charity auction niche that no one was filling. Murad Auctions was created to be an auction company that’s main focus was charity auctions.

Through COVID-19 Murad Auctions worked quickly to pivot and adapt to the new climate of charity events. With most events cancelling last Spring, Louis and Claire have worked with their software partners to create a platform to hold virtual events as in person events have been suspended. Through this they have gained clients across the United States, serving them virtually. Although we will touch on some aspects of how Murad Auctions has been affected by the COVID-19 virus we will mostly remain with the outlook that soon the virus will slow, and they will return to pre-covid ways of business.

Louis and Claire base their whole business plan based on two main ideas, being servant hearted and taking care of their clients as they would like to be taken care of and going above and beyond expectations. Murad Auction’s serves 24 states with their services, but their main area of business is in Texas with 500 of their previous and present clients being located there and 416 of those being within the DFW area. The main focus of this research report is to find the best way to expand Murad Auctions beyond their Texas and DFW walls.

Executive Summary

Murad Auctions has been very successful, especially in the last five years, by perfecting their business to meet their clients’ needs through live and silent auction events. They have done this through relentlessly putting the client first and taking steps to provide their clients with the right tools to become a successful and securing Murad Auction’s as a necessary service and consultant company. Through this research we are searching for the key problems that Murad Auction is facing and where Murad Auctions can enhance and broaden their services beyond the DFW area.

Murad Auctions has been successful on many fronts, they first began their business as an auction company that specialized on non-profits in contrast to the other auctioneers in the DFW area that focused mostly on cattle or industrial auctions and took on non-profits as extra jobs. They realized this niche need and took on the responsibility of becoming a successful non-profit auction company. Soon enough they found great success in the process of the event by creating a smooth process for check-in and check-out. They now offer a large variety of services from custom bid paddles to software consultation.

Murad Auction's client base is 99.5% nonprofits with the exception of one art auction that takes place twice a year. Most of their clients are located in the DFW area with a few scattered throughout the United States. Murad Auctions needs to find a way to increase this client base within the DFW area as well as expanding their horizons outside of the Dallas metroplex. This focus of growth may need to take a new perspective away from client calling and perhaps a look into client referrals and finding a way to incentivize this shift.

Before COVID-19 the main problem that Murad Auctions faced was staffing. They only have one full time employee other than themselves on the Murad Auctions staff. The key to their business is having Event Planners that organize and run the events with the help of day of event staff. These roles are not full-time positions and Louis and Claire usually target stay at home moms that are looking for a bit of "fun money" that will take on these part-time roles. In order to expand beyond where they are at the moment, they will need to recreate the structure they have in Dallas in other places.

To understand the business and the growth potential, there must also be an understanding of what Murad Auctions is up against through a competition and software standpoint. There are several auctioneering and software groups across the country that offer similar products as Murad Auctions. There are four main competitors in the nonprofit world located in across the areas of DFW, Austin, Houston, San Antonio, Oklahoma, and Chicago. These four groups have captured some of the business in the Dallas metroplex, but also people to look to for more advanced technologies and newer systems.

Although Murad Auctions has a formula for successful events and has a very happy client base, there are ways that Murad Auctions can expand within their business services to provide a more knowledgeable business base for their clients. There is room for growth within the Audio and Visual (AV) area of their business, the fundraising consulting, and Travel and Experience arm of their company. This project will look into where Murad Auctions has been successful, their current client base, where they are struggling, and where they are going next. This project will be focusing on diving deep into expanding their business and discovering if franchising is the best option or if there is a better route that Murad Auctions can take to expand their services across the United States. This could be done through franchising, expanding the services throughout the DFW area, and an establishment of plans and procedures.

Where Murad Auctions Have Been Successful

Live Auction Services

Murad Auctions is a consultant and service company that specializes in fundraising events. The first of the many services Murad Auctions provides expertise on is live auction services. A live auction is the often used at charity events to bring excitement and energy to fundraising for the charitable cause. Murad Auctions has a team of six professional auctioneers that bring entertainment to the event. They also have a team of trained bid spotters that keep the audience informed and up to date on the progress of the auction as well as assisting in a call for cash or a fund-a-need. A call for cash and fund-a-need are separate from the fast pace auction bidding but are solely profit based by asking attendees to give donations to a specific cause within the charity or the charity in general. Live auction items are usually bigger and pricier items including experiences and trips, Murad Auctions works with Auction Packages and Travel for Good, through this partnership they are able to plug their clients with consignment travel packages that allow nonprofits to have them at their auctions at no risk to themselves. These trips can be used in live auctions, silent auctions, or as a raffle prize. Another aspect that they offer are custom bid paddles. Bid paddles are assigned to each patron when they walk into the event and are used as a tool to signal when bidders would like to place a bid on an item in the live auction. Murad Auctions can make these unique to the occasion by adding the client or event logo on the paddles. Having bid paddles increases bidding during the live auction and gives the client a reliable way to keep track of sales during the event. They also offer printing of bid sheets, item display sheets, and bid stickers.

Event Engineering

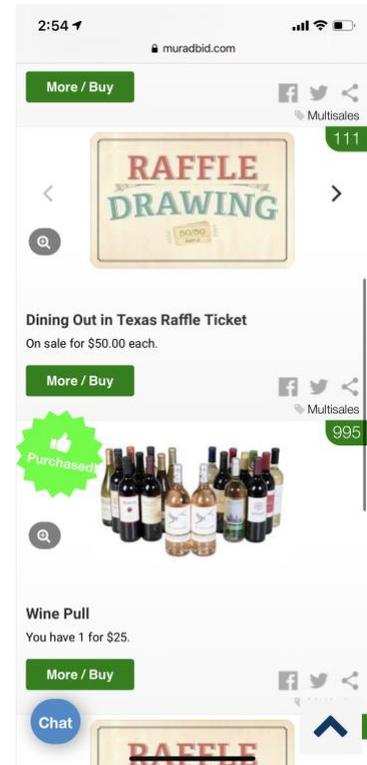
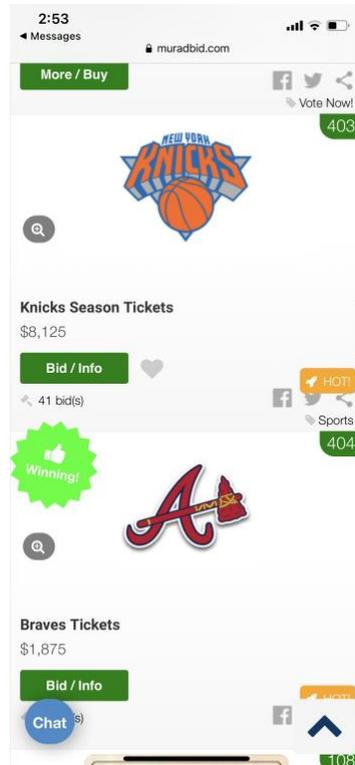
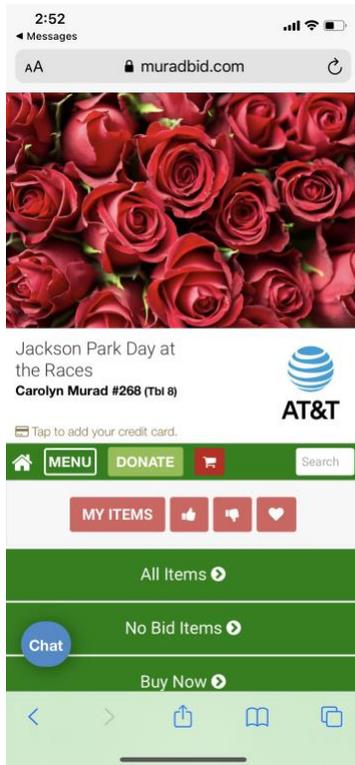
Murad Auction also specializes in event engineering, which consists of helping nonprofits with the efficiency and flow of the event. They pride themselves in bringing their client's events to the "next level." They work alongside their clients to bring ideas and procedures to their events that increases the money raised and the flow of the event. The largest part of the Murad Auction business is their expertise and experience with registration and checkout during events. They work with multiple platforms such as Greater Giving, OneCause, and Clickbid to ensure quick and efficient registration and a relaxed and stress-free check out process. The registration process is important to the fundraising company because this ensures they are able to get their attendees information and ensure each patron's credit card and contact information is taken at the door. The check-out process is just as important to ensure there is a seamless transition at the end of the night where the high bidders can collect their receipts and prizes with ease.

Silent Auctions

Although a large focus for events is the live auction, a subtle, yet effective part of events are the silent auctions, which can take place throughout the event. These usually last between one to three hours that encourages donations from local businesses to show their support for the given cause and a place for patrons to enjoy the excitement of bidding at a lower cost than the live auction items. Silent Auctions normally have smaller, less expensive items that are set up inside the venue or on a webpage for everyone to see. Murad Auctions provides designers that specialize in silent auction set up who display the items according to the theme and décor of the event. For bidding in the silent auction, Murad Auctions is proficient in both mobile and paper bidding. Mobile bidding began to emerge in 2010 for Murad Auctions as they first began with tablets and now run most of the mobile bidding on the personal phones of the event attendees.

Paper bidding is less common now, but it is still an available and simple way to keep track of your silent auction by providing the client with custom paper for each item and bid stickers that allow the attendees to bid on their favorite items throughout the night. Murad Auctions is also able to help their clients gather donated items for their live and silent auctions.

Below is what mobile bidding would look like at an event. The picture to the left is the home page, the second picture is what bidding in a silent auction would look like, and the last photo is what multisale items look like such as raffles and wine pulls.



Multisales

Multisales are a profitable way for nonprofits to use smaller donations during their event. These items are not biddable, but rather purchases that can be bought multiple times for a set price. Popular multisale items include wine pulls that are individually wrapped, usually donated, wine bottles that create a mystery aspect selling for around \$25. Raffle tickets can be sold for a chance to win a larger item or for a live auction steal where whoever wins is awarded the live auction item of their choice. Mystery boxes and grab bags use small items have been donated and make bags that are worth \$50 a piece. Jewelry pulls are prepackaged pieces of jewelry that are creates a fun mystery feel similar to the wine pull. Gift card donations can be used in a gift card pull where the attendees pay a set amount, and they are given a gift card ranging from \$20-\$100.

COVID-19 Impact

When COVID-19 hit the United States in March 2020, Murad Auctions had to look for ways to adapt to the new virtual environment that was not compatible with their normal in-person events. They worked closely with Clickbid and OneCause to create an event software that was useable and efficient for the clients to host events fully online. They have made themselves a necessity among the non-profit world during this unprecedented time. Through this online auction platform their clients are able to live stream their virtual event with a lag time of less than a second ensuring that bidding and event programming are able to take place as close to real time as possible. They are also able to showcase any missions' videos, speakers, presentation, the silent auction, and have a live auction that allows virtual attendees to participate. The patrons are able to view events through their iPhone, iPad, and computers. Murad Auctions provides the training, software, and equipment to make the events a professional experience. As COVID-19 has slowed and vaccines are being distributed they are able to take this technology and transform it into hybrid events where those who want to attend are welcome to an in-person event, but those who are still cautious about the current climate are able to enjoy the live event from their home. For hybrid events they are able to live stream the auction and input bids from online attendees.

Clients of Murad Auctions

Murad Auctions currently has a client list of 786 people with 500 of these being in Texas. Murad Auctions works with all non-profit clients except for an Art Auction that they do twice year. These non-profits include charities, schools, and churches. As stated previously the majority of their clients are located in Texas with an emphasis on the DFW area, but they also have served clients in Massachusetts, Maine, Connecticut, New Jersey, New York, Pennsylvania, Virginia, Georgia, Florida, Alabama, Kentucky, Indiana, Missouri, Arkansas, Oklahoma, Colorado, Arizona, New Mexico, California, Nevada, and Hawaii. Murad Auctions serves a total of 200 events per year with around a 90% rebooking rate. All of the 786 clients receive monthly newsletters from Murad Auctions and continue to be contacted to see if they are interested in a rebooking. In the past few years Murad Auctions has introduced multi-year contracts, which have helped with rebooking. By utilizing a multi-year contract their clients are able to benefit from a price reduction. A three-year contract allows the customers a 13% discount compared to a single year contract.

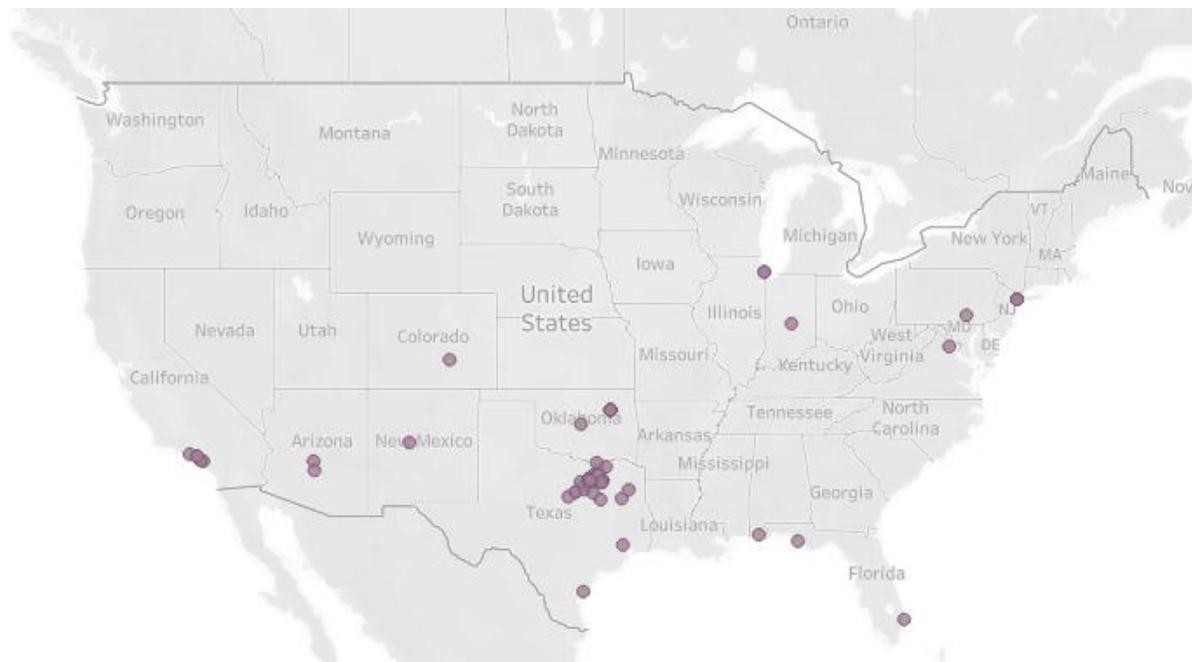
The main reason clients chose to not rebook is because of the continuous turnaround on developmental directors. Usually, developmental directors have the control when it comes to events and which companies the nonprofits work with. The nonprofit world is relatively small and previous relationships do play a factor in which auctioneers and companies are booked. Murad Auctions has also benefitted from the loyalty of developmental directors. People often move around from nonprofit to nonprofit and when new directors come into an organization it is common for them to go with companies which they have previous relationships.

According to Cause IQ, there are 36,580 nonprofit organizations in the DFW metroplex that includes Dallas, Fort Worth, Denton, Arlington, Grapevine, Irving, Richardson, and Plano. Of these 36,580 organizations only 2,744 of these organizations have employees. The sizes of these organizations vary where 7,264 organizations have revenues of less than \$250,000 per year, 1,994 have revenues between \$250,000 and \$1 M, 1,089 organizations making between \$1M and

\$5M, 478 nonprofits making between \$5M-\$25M, 140 nonprofits have a revenue between \$25M to \$100M, and only 77 produce a revenue of greater than \$100 million. All of these organizations consist of many types of nonprofits. In the DFW area there are 8,169 religious' organizations, 6,045 educational institutions, 3,327 human service organizations, 3,046 foundations, 2,180 recreation, social, and sports clubs, 2,036 business and community development organizations, 1,966 arts, humanities, and culture nonprofits, 1,195 youth development organizations, 945 mutual assistant organizations, and 781 health organizations¹. This list is an opportunity for Murad Auctions to expand their services within the DFW metroplex. Obviously, all of these organizations do not have events, but it allows a bigger picture of the opportunity that still lies within the Dallas area.

Claire Murad began building the business by cold calling nonprofits and developmental directors, as Murad Auctions has grown over the past twenty years, she has seen most of their new business come through client referrals. A client referral takes place when a current client of Murad Auctions refers their services to another nonprofit or event for their support. To expand this opportunity there could be an incentive put into place where clients receive a discount on their contract for each referral that they provide. This will give the clients a reason to go out of their way to recommend Murad Auctions.

Below is a map that shows the spread of Murad Auction's clients and their distribution throughout the United States**. You can see from this map the heavy concentration of clients within the DFW area.



** Hawaii and Alaska have been removed from this map to provide a closer view

Where Murad Auctions is Struggling

Employees

As previously stated, Murad Auctions is essentially confined to the state of Texas with a few exceptions across the United States. The main issue with expanding to other places is the cost of travel to get to the locations that the events are taking place. This is why the DFW area is such a base to their business because most of their employees live in the DFW area and are able to travel by car to their events without costing the client extra expenses. Murad Auctions is in a business that does not have the necessity for full time employees for most of their business needs. Since most events take place on weekend nights, a large amount of their employee base is stay-at-home moms or college students. The main way they find people to run their events is through seeking out outstanding volunteers at events to come and work for Murad Auctions. The key to their current success is their COO, Event Managers, and the leadership of Louis and Claire. The key to move to a new area that would have a similar growth potential as Dallas would be to find a detail-oriented person to serve in the current role of Claire Murad for a new city.

The functions of their employees are listed below to have a clear understanding of what is needed and expected of present and future employees when Murad Auctions is looking to potentially expand to other parts of the United States.

- City Owner
 - Be knowledgeable and proficient in presenting virtual and in person software and event demos
 - Be knowledgeable about the product
 - Identify prospective customers, lead generation and conversion
 - Contact new and existing customers to discuss needs
 - Emphasize the features of products to highlight how they solve customer problems
 - Be knowledgeable in product information in order to answer questions
 - Negotiate prices and terms and prepare sales agreements
 - Collaborate with colleagues in many different sectors
 - Maintain contact lists and follow up with customers to continue relationships
 - Be proficient in how to utilize social media to attract new customers in their area
 - Efficient at networking at seminars and nonprofit association meetings
- Chief Operating Officer:
 - Design, plan and implement business strategies, plans and procedures
 - Set comprehensive goals for business growth and success
 - Establish policies and procedures that promote company culture and vision
 - Oversee daily operations and the work of employees working from the office three days per week when other employees are present, create job descriptions for all employee positions, conduct employee performance reviews and pay plans
 - Lead employees by example
 - Be a motivator for other employees
 - Analyze and interpret data and metrics
 - Create reports for management
 - Take the lead in expansion activities
 - Maintain relationships with partners and vendors

- Monthly meeting with Louis & Claire to discuss strategies and progress toward company goals.
- Part-time office employee:
 - Payroll
 - Ensure hours are entered into QuickBooks
 - Enter payroll into QuickBooks and email to COO to review
 - Once reviewed, print and have checks signed, then mail
 - ZOHO
 - Rebooking emails, responsible for meeting with the COO at the beginning of each month to go over monthly upcoming rebooking
 - Send out post event surveys
 - Help COO ensure Auctioneering Live \$ amount are up to date in ZOHO monthly
 - Responsible for food and meeting details for the in person planning meeting
 - Equipment
 - Ensure equipment list is up to date and inventory of new equipment
 - Help Event Planners get equipment ready
 - Responsible for keeping track of hotspots and activation/data usage of sim cards
 - Responsible for keeping supplies inventory up
 - Keeping bid paddles organized and order more when low
 - Employee Records
 - Add new employees' information to Staff
 - Create file in Employee Forms and add forms as necessary
 - Do Background Checks for new employees
 - Add to Insurance and keep Insurance list current
- Event Mangers
 - Attend Event Manager Meetings each Monday at noon. Once a month these meetings are in person at our Dallas office on I-35 and the other meetings are conference calls.
 - Oversee the planning process and guide our clients in making decisions about the auction set up, check in and checkout process, and post event wrap-up.
 - Provide software training for website set up.
 - Hold 2 – 3 planning meetings per event with each client. One of these meeting is likely to be an in-person meeting or venue walk through with the client. The others will most likely be conference calls.
 - Follow each meeting with instructional emails and/or Run of Show.
 - Provide phone support when clients have questions.
 - Be easily accessible by phone and email daily. You will be provided a Murad Auctions email address to be loaded on your mobile phone for easy access.
 - Respond to client emails in a timely manner (usually within 3 hours).
 - Must have a working knowledge of Microsoft Office products.
 - Attention to detail and a positive and professional attitude is a must.

Competition

When talking to Louis and Claire about the current competition they face in the DFW area and across the United States they stated Dean McCurry Auction Services, Tony Wisely, Auction Source, and Renee Jones. Dean McCurry is located in Dallas, TX and offers several similar services to Murad Auctions. He offers virtual and hybrid auction services as well as bidding technology and travel packages. He provides AV and streaming abilities for the virtual events and support for check in and check out. DM Auctioneering is the most direct competitor to Murad Auctions in the DFW area providing, on paper, virtually the same services as Murad Auctionsⁱⁱ. Tony Wisely is the owner of Benefit Auctioneer and is located in Oklahoma and provides Event Consultation, Professional Auctioneers and bid spotters, Computerized Event Management, Credit Card Processing, and Online Bidding. Tony also wrote his own software for bidding and check in and check outⁱⁱⁱ. Auction Source is located in Austin, Dallas, Houston, and San Antonio and specialize in event support such as express check-in and check-out and event solution. Auction Source is only a support company and does not provide auctioneer or bid spotter services^{iv}. Renee Jones works under National Fundraising Solutions and specializes in auctioneering but has a trained staff for live and silent auctions, operational equipment rentals, and training for volunteer staff and software training. Her website says that they have offices in strategic cities nationwide. The main auctioneer, Renee, is located in Chicago^v.

Software

Murad Auctions currently partners with several software companies. They are partners with OneCause, Greater Giving, and Clickbid. They are resellers of these software's and buy the software at a wholesale price. For OneCause, Murad Auctions buys their software for \$1,495 and sells this software to their clients for \$2,495 a year with the ability for the client to use the software for up to six events, which is useful for non-profits that host multiple events a year. Murad Auctions also receives half of the credit card processing fees. The credit card companies' charges 2.5% and OneCause marks it up to 3.5% to be paid by the client and Murad Auctions receives 0.5%. OneCause has a salesperson in the DFW area that sells directly to non-profits as competition to Murad Auctions. OneCause is also a larger company that does not pay attention to client requests and has become a more outdated software. Claire Murad said "they are coming up with a newer software, but they have been saying that for two year" when asked about OneCause. During COVID-19 they have not created a reliable virtual event platform. Clickbid is a smaller company that allowed Murad Auction to white label their website, which means when clients go to their event website the URL is "muradbid.com." This allows Murad Auctions to have free marketing and exposure to potential clients at events. Clickbid is very open to suggestions from clients and has allowed them to create a strong virtual platform for events during COVID-19. For Clickbid, Murad Auctions buys their software for \$850 and sells it to their clients for \$1,950 and can be used four times a year for client's needs. Both of these platforms can design their own website through the systems, but Clickbid is more user friendly for client use. There is also no competition in the Dallas area, and they often send Murad Auctions business in the DFW area. Murad Auctions can also support Greater Giving software, but they very rarely recommend this software to clients due to the inconsistent support, archaic technology, and high credit card fees. There is not a single software that provides the perfect need for each client, but this leaves Murad Auctions in the space as a consultant rather than just a provider of services.

Potential Murad Auctions Growth

Growth Opportunities

Although Murad Auctions offers a plethora of services there is always room to gain expertise in other areas. Murad Auctions has gained experience in Audio and Visual (AV) services through virtual events. To expand this side of the business into in person events they would need to expand their amount of equipment they own. To do virtual events you need a high-speed laptop, an atern switch that allows up to four camera and sound sources, a 1080P video camera, a wireless microphone, a light set that consists of two lights on the side and a center light, and a chroma green screen for a background. In order to open an entire AV side of their business they would need to have screens for projectors, projectors, microphones, and speakers for sound. For this to be a productive business investment they would need to gather 2-3 sets of equipment to be able to host multiple events a night totally to a \$50,000 investment.

Another opportunity for Murad Auctions would be to create a travel and experience arm of the company and bring this in house rather than outsourcing it to other companies. Murad Auctions could become to new provider of these trips and vacations. In order to do so they would need to hire a travel and experience expert that has experience in this field and has the connections to build and ensure the success of this portion of the company. This employee could either be salaried or commission based. Another aspect of the nonprofit world that Murad Auctions has not embarked on is the Peer-to-Peer fundraising aspect. This includes ambassador fundraising, which is another way for nonprofits to raise money through the supporters of their cause. This can be utilized through social media pushes, walks, or campaigns by supporters that generate donations from a wider base and utilizes the networks of others. Murad Auctions would make money off of this type of fundraising by partnering with a software company that provides this platform and selling it to the nonprofits on a commission standpoint. Murad Auctions would also act as a consulting company and providing each nonprofit with advice on which software is best for their particular cause and event outlook. This would shift Murad Auctions not only into the service business, but also the consulting.

Lastly, Murad Auctions could step into the software business and take their knowledge of what their clients' needs and work with a company to create an in-house auction software. This would be an opportunity to cut out the middleman and make full profit on their software instead of just the difference between retail and wholesale pricing and also the opportunity to have control over exactly what the software does and how it performs. Although this is a great opportunity it comes at the cost of producing the software, which would be around \$80,000-100,000 out of pocket and the burden to constantly update the software to keep with the ever-changing needs nonprofit world. Another thought to the software problem is the possibility of partnering with a software company and becoming exclusive partners with them and splitting the profits. This partnership would work as Murad Auctions is the front line and sees what their clients' needs are and the software company is able to take the Murad Auctions knowledge and create a platform that perfectly fits their needs. This would allow Murad Auctions to sell this software without worry of other auction companies using it and becoming competition.

Marketing

Murad Auctions is in a niche business where marketing needs to go beyond tv commercials and social media campaigns. When it comes to finding new clients and getting their services in the spotlight it is not as straight forward as classic advertising. The main driver to clients hiring Murad Auctions is through word-of-mouth advertising and client referrals. Murad Auctions is currently working with TK Internet Marketing where they have found that 79% of their new business comes from google searches (54%) and YouTube videos (25%). Murad Auctions utilizes YouTube to provide insight on new way to successfully run an event and has especially utilized this platform throughout the pandemic. Over the years, Murad Auctions has updated their website to be more user friendly and has worked hard to make videos that helps their clients. They host webinars as an educational marketing tool that pulls developmental/ executive officers in with the free information they are providing as to how to run a successful event and then showing them the services, that Murad Auction provides. They have had great success in seminars that they have held, but know it is a long-term investment as each seminar they have anywhere from 20-100 participants but walk away with 2-3 more clients. They have run into the problem where most participants of their webinars or seminars are already their clients, but they want to use the webinars and seminars to find new people to share this information with. Murad Auction has a blog and social media that they utilize for ideas and as a tool to their clients. They also have a newsletter that goes out monthly and they send it to their current and prior clients that keeps the nonprofit world updated with anything new that is happening in the community or how to improve their next event to raise more money for their cause. Louis and Claire are currently working with Sales Navigator App to utilize LinkedIn Marketing where they are using Louis' LinkedIn to target anyone in the DFW area that says their job title is a Developmental Director and asking them to connect. This has allowed them to build a broader network. They are able to utilize this network when they host seminars or webinars and allows more Developmental Directors to be exposed to the Murad Auction name.

Franchising Murad Auctions

An option for growth for Murad Auctions would be through franchising their business procedures and operations across the United States. There are nonprofits and events in places outside the DFW area that Murad Auctions could take advantage of if they were to build their human capital through franchising. Franchising is a popular concept within the United States. Currently there are over 750,000 franchise locations in the states, employing eight million Americans each year. It takes place in all types of industries from fast food to automobiles^{vi}. The International Franchise Association defines franchising as a “method of distributing products or services involving a franchisor, who establishes the brand’s trademark or trade name and a business system, and a franchisee, who pays a royalty and often an initial fee for the right to do business under the franchisor's name and system.”^{vii}

The concept of Franchising gained momentum with Issac Singer after the invention of the sewing machine. There were two problems facing the sewing machine being sold country wide, the first being that the customers had to first be first be taught how the new machine worked. The second is that Singer did not have the capital to build enough machines to sell in mass amounts. Therefore, he and his business partners came up with idea to sell the rights so others could have the ability to teach and sell the Singer sewing machine. This led to the widespread success of the

Singer sewing machine. Other examples of famous franchisers are Coca-Cola and their selling of bottling rights and McDonalds^{viii}.

There are three popular types of franchising. The first is the Business Format Franchise which has three main parts, the first being a license to use Franchisor's trademark. The trademark is the brand or the name of the Company that you are franchising. This creates a consistent link between the initial business and the franchise. The second part to the business format franchise is being given access to the business' software and business procedures. This includes trainings, standards of procedures, and business plans. The final part to this type of franchise is the right to sell the service or product of the business. These factors change based on the type of franchise but can include recipes, services, or items of a certain brand. This is the most common form of franchising^{ix}.

The second type of franchising is called Distribution or Product Franchising. This type of franchising is based on the supplier- distributor relationship where the franchisee is responsible for distributing the goods. The trademark is given to the distributor, but the systems and business plans are not awarded. This is mostly done with large inventories such as John Deer Tractors or gas companies such as Texaco and Exxon^x. The third and final type of franchising is Manufacturing, which is when the franchisor sells the use of the trademark to produce their goods to the franchisee^{xi}.

Franchising is not a risk-free way to own a part of a business. There are advantages and disadvantages to embarking on a franchising. Franchises give individuals a level of freedom to lead an already successful business. It gives them the keys to that particular industry and takes away the stress and time it would take to come up with a business plan. Franchises also offer support to the Franchisee as they embark on the business journey. The disadvantaged to franchises is that you are not in complete ownership of the business, but rather the franchisee is responsible for carrying out the overarching business plan and responsibilities. Another downside to being a franchisee is that there are many fees that go along such as initial fees and royalties^{xii}.

An alternative to franchising is licensing, which is the selling of one's trademark for the use of their own business in exchange for royalties that come from the use of the trademark. Licensing exhibits far less control than franchising does. The main role of the licensor is to ensure the use of the trademark is consistent and to collect the royalties that follow^{xiii}.

Murad Auctions Recommendations

Murad Auctions is not done growing in the DFW metroplex. There are an estimated 2,000 charity events every year in the DFW area and Murad Auctions is only involved in ten percent of these, but there are so many opportunities for them to expand outside of their base city. The most profitable side of the business and the most easily replicated side is the support side, where they support clients in silent auctions and the check in and check out portion of their events. Claire Murad is the driving force of this area. She is responsible for the booking of clients and calling upon nonprofits and seeing if they are interested in their services. In order to move this business to another city, Murad Auctions needs to find another Claire Murad to take on their city as their

own. All of the software knowledge, the contacts, and the procedures of running each event would be transferred to this new employee, but their responsibility would be to find the new clients in the given area. This would be in the form of a business format franchise. The key to finding this person is someone who is already familiar with the nonprofit world. This person would be ideally previously an event manager for Murad Auctions or for another company such as OneCause or someone who was a developmental director for a nonprofit that understands what clients' needs would be and the best way to solve them. To set up a successful business format franchise Murad Auctions should create a code of ethics to ensure each new city follows the values and morals of Murad Auctions. A prospectus should be created, which is a document that defines Murad Auction's securities that are for sale. A prospectus often includes the companies' procedures, operations, and the purpose of the securities^{xiv}. A franchise disclosure document would also need to be produced, which is a legal document that is given to the patrons interested in buy part of a franchise. It must be given to them prior to the sale as part of the "pre-sale due diligence process." It includes information that is necessary for potential investors must know about before they decide whether or not to invest^{xv}. As these documents are created it would be important to work with a franchise lawyer to ensure all documentation is correct and in accordance with the law.

This person's salary could be based upon the commission that they bring in from this new city and the client base they provide, Louis and Claire could require a buy in of a certain dollar amount to be given all of the strategies and procedures to create an incentive to make the business in the new area successful. Murad Auctions does not have the capital to pay for a full-time salary and this person's paycheck would have to be a result of how much they are able to bring in through new clients. This also prevents complacency of this new employee and gives them a drive to make their city successful. To pick this new employee it would have to be someone that Louis and Claire already trusted that has been on the DFW team as an event planner or there would be an interview process that would ask these important questions, are they willing to make the personal sacrifices to make the city successful? Do they enjoy working with others? Are they a good supervisor? Are they organized? Are they willing to work for the common cause and towards the values of the company or are they just attracted to a potential profit? These are the important questions to ask to ensure that the brand would continue to be successful even if it is not directly under Louis and Claire.

It would be important for Louis and Claire to establish procedures that should take place in each new city or area they expand to. In the DFW area Claire hosts a planner meeting every Monday to go over previous and future events and the expectations that Murad Auctions has. This would be important to establish in new cities in order to keep an orderly function in place. It would be impactful to host weekly "owner" meetings that are organized by Louis and Claire and meet with the head of each city to ensure there is alignment across the board. These meetings could be meetings and discussions of how each city is being successful and how they could improve and create a space for accountability. To keep everything organized there could be a central hub that all proposals and contracts go through, so the business continues to function as a whole instead of acting as several separate companies. This could be through the current COO, so it is still the responsibility of each city owner to gain clients, but the records would still be kept in a central area and this would maintain the consistency of the company.

As Murad Auction is looking to take their business beyond their Texas borders it would be necessary for them to rebrand their business to no longer be tied to a family name, but rather a more versatile and memorable name that could be passed to new owners in a franchise or if the Murads decide to sell the business in the future to a non-Murad family member. As far as marketing and advertising their company, it would be useful to capitalize on the current route of word-of-mouth advertising and offering clients referral discounts on their contracts. Since the nonprofit world is so connected it would be useful to look at their client base in DFW and focus on nonprofits they work with that are Dallas branches of large organizations such as the American Heart Association or UNICEF. This would be a good starting point to get connected with other events in different locations by utilizing this existing network. Another space for advertising that Murad Auctions could employ would be sponsoring or C Philanthropy News Digest has an up-to-date calendar of philanthropy-related conferences and events that are put on across the country^{xvi}. This would be a great way to get Murad Auction's name out to the expansive nonprofit world.

Another recommendation is the utilization of the Cause IQ database for the areas that Murad Auction is already in and is planning on investing their time. This website provides an expansive look and a database of the nonprofits in specific areas. In this paper I was able to utilize their data for the DFW area and they also have information on each state and many areas within the states. You can access the list of nonprofits and their revenues, employees, assets, and NTEE codes. The National Taxonomy of Exempt Entities (NTEE) code is the system used by the U.S. Internal Revenue Service (IRS) and the National Center for Charitable Statistics (NCCS) to determine which class nonprofits are placed^{xvii}. The search can also be narrowed down by using keywords. Downloadable spreadsheets are available but come at a cost. A monthly subscription costs \$199/mo. and a yearly subscription cost \$250/yr. This cost is minimal if even one additional client comes from this database, but even so this website can be utilized at zero cost.

These recommendations stated above are not guaranteed to ensure Murad Auction's success when expanding, but rather create a platform for them to discover ways to expand in DFW and in other areas in the United States. In light of research conducted, I conclude that Murad Auctions is in a prime position to take advantage of low-risk business endeavors to bring their business to the "next level" to nonprofits across the country.

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