

Ethics: the system of moral values

Ethical: conforming to right principles of moral conduct

What does that mean? What does that mean to a business?

Does your business reflect your personal ethics?

Can you separate the two?

Is it ethical to sell something for one price but tell the consignor it sold for a lesser price? This does not pertain to a tag or buyer fee if you are forthcoming and have that information included in your contract.

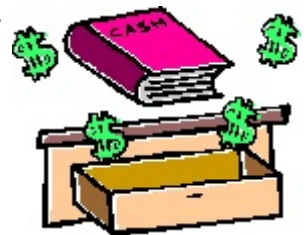
My experience 39 years ago still sticks with me. I was asked to work part time for a woman who ran a small consignment shop for an absentee owner. The first day on the job, I happened to notice in her ledger, the sale of a pantsuit I had bought myself. I knew what I paid for it but the ledger showed a lower sale price. Confused, I began to go from one rack to another checking prices and then running to the ledger and finding lower prices. I realized immediately what she was doing. She was selling the merchandise at higher ticket prices than it was consigned for and pocketing the difference on every item in the shop. I was incensed!

So, I retagged every item with the price that was in the book and when she came in, I told her all wide-eyed and innocently that I had corrected all of her mistakes. She was livid. I told the owner, he locked her out of the business and subsequently sold it to me and that was the beginning of my consignment career.

So many times through the years I have had people come to me and “report” another shop. They knew someone who purchased their merchandise but the shop owner denied it had ever sold and refused to pay them. I had to tell them I had no authority to do anything about any other shop. Many shops have gone out of business and just disappeared with the books, the money and the merchandise that was left.

Is it ethical to sell someone else’s merchandise and keep the money?

Where does the IRS fit into this picture? Well, first of all, they want an exact accounting of everything you sold and how much you received and where is their share? You had better keep really good records in case you are ever audited, they are not forgiving. They want to know your COGS (cost of goods) so they can tell your profit margin.



My friend was once told by the owner of a consignment shop that surely everyone had two sets of books, one for the IRS and one for your personal records. Wow! That’s living on the edge, isn’t it?

We all try to be honest, fair and ethical in our dealings for our own personal beliefs and character but even if you don’t have those, at least be honest so you won’t get caught! ☹

Patti Acquisto, NARTS Director and Past President, owns *Patti’s ReSale* in Owensboro, KY. With over three decades of resale experience, Patti is an industry icon and frequent NARTS speaker. Patti has presented workshops on ethics and the importance of accountability to the resale industry.