

## Consignment sales franchise reorganizes after growth

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Daven and Paul Tackett own and operate the nation's largest children's and maternity consignment sale for the Just Between Friends Franchise Systems. (D. Ray Tuttle)

TULSA – Just Between Friends Franchise Systems Inc. continues to grow in spite – or maybe because of – the economy.

In three years, the Tulsa-based company founded more than a decade ago has more than doubled its number of franchises.

Co-founder and President Shannon Wilburn said part of that reason is sales have grown by an average of 30 percent each year since 2008.

Just Between Friends Tulsa had the company's largest children's and maternity consignment sales events in 2010. Topping more than \$100,000 at a single sales event earned the franchise JBF's Top Achiever label.

"We significantly added Top Achievers this year," Wilburn said. "They did it by working at the grass-roots level."

Designed around the consignment sale, JBF has 121 franchises in 24 states. Each has two sales a year – one in the spring and the other in the fall; with sales lasting from three to seven days. Families across the country participate as consignors, earning up to 70 percent of the sale price.

In most cases, the sales use armies of volunteers who are usually selling items, said Paul Tackett, husband of company co-founder Daven Tackett and co-owner of the Tulsa franchise.

Depending on the number of hours they volunteer to work, the volunteer-consignors earn a higher return on their products – up to 70 percent. Volunteers can also shop the sale prior to the public event.

Wilburn said capital costs to open a JBF franchise can be as high as \$31,000, including a \$12,900 franchise fee.

"And out of that they have to pay the rest, advertising, everything it takes to run an event," she said. "We tell our franchisees not to expect to make any money in the first three years they are in business."

Still, once those up-front costs are covered, she said a franchisee can earn between 35 and 40 percent of gross sales.

With growth strong and sales increasing, Wilburn and Daven Tackett said they have reorganized the company. Wilburn stepped into a corporate role full time, while Tackett and her husband took over the Tulsa franchise.

"Going forward, we are where we want to be," Daven Tackett said.

The Tacketts have introduced new technology and plan to unveil a new website and a universal consignment number for customers. Currently, consignors in each city have a number that can overlap. For example, someone in Owasso might want to sell at the Tulsa event, but would need a different number.

"We had outgrown the original system," Daven Tackett said.

Sales records supplied by the company demonstrate its record-setting growth. In 1997, records show JBF generated about \$4,460 in sales – \$1,800 from the spring sale and \$2,660 from the fall event. Ten years later sales had skyrocketed to \$463,000 for the spring and \$450,000 for the fall – more than \$900,000. Companywide revenues were \$4 million 2008. That figure grew to \$11 million in 2009, and to \$15 million in 2010.

That growth, Paul Tackett said, comes from a unique business model that helps families make ends meet.

"The consignor wins," he said. "The shoppers win. The volunteers win. Charities win."

Launched in 1997 by 17 people who pooled their clothing and sold it first in a living room and then a garage, JBF has been growing at about 18 percent annually. That growth took off in 2007, when the company saw a huge jump in sales, Daven Tackett said.

"We were growing like any good company but four years ago we had a spike – crazy over the top," she said.

In 2007, the company grew its franchises by 31 percent and while that growth has slowed, JBF has continued to expand every year since 2007.

Wilburn said the company goal is to add 10 franchises annually.

"Every year we average 14 to 15 new franchises," Wilburn said. "But with the economy tanking and people wanting to take hold of their future, many of those turned to franchising."

The growth is across the board in every state, Daven Tackett said.

In Oklahoma, the franchise has proven very successful.

In fact, the husband-and-wife team with the Tulsa franchise had the No. 1 sales events, topping \$500,000 in both spring and fall for a total of \$1.4 million. A majority of that revenue, at least 65 percent, went to families in the community, according to the company.

"We want to oil the machine," Daven Tackett said. "We are looking at getting the process down perfect. Everything is already well-organized – in fact people are shocked at how well-organized it is and that is why people continue to return."

In addition to selling inexpensive clothing, Just Between Friends Tulsa gives items from each event to a local charity.

In Tulsa, 300,000 items from 1,500 families – valued at about \$80,000 – were sorted and tagged for last year's summer event. About 15 percent of those items, or 45,000 items, were donated to Catholic Charities and Emergency Infant Services.

"You know you have found a niche when you see the success we have in a relatively a minor market," Paul Tackett said.

And even though the Tulsa sales event may have fewer people than other cities like the Dallas-Fort Worth area or Sacramento, Calif., those larger cities have yet to reach the dollar volume Tulsa does, Paul Tackett said.

"That is because in the heartland, people understand what it takes to make money, that you have to work hard for it, but then you get to decide where that money goes," Daven Tackett said. "And they see the events as a good value."

The rough economy has propelled sales, too, Daven Tackett said.

"The JBF advantage is that people are able to come under one roof, touch and see the items," Wilburn said. "They can see the quality merchandise."