

**Who is the Consignee? (Business Owner)**

Consignee is the person or the party that receives the goods (consignment) from the owner of the goods. This person then stores it on display at his shop for selling purposes. The consignee does not have ownership of the goods but acts as the custodian or the designated receiver of goods, till the goods are sold off to a buyer.

**Who is the Consignor? (Product Owner)**

Consignor is a person or party that has complete ownership of the goods or material. They send their goods to the consignee for sale, resale, or transfer purposes. Though the entire time, the goods are with the consignee, the complete ownership is with the consignor until the goods are sold off to the buyer.

**Objectives of Consignment:**

- To increase sales volume by attracting different customers.
- Consignment is a great way of starting a business and getting good returns.
- To launch a new product and capture the market for it.
- To grow and expand the business
- To increase sales by utilizing the talent and expertise of the consignee.
- To fill square footage without overhead expenses.

**Advantages for Consignee:**

- The consignee has to pay for only those goods that are sold.
- Capitalize on trends in the market.
- Increased sales and margin opportunity for business growth.
- Lesser inventory hold cost and not using working capital tied up in inventory that may not sell.
- The consignor is responsible for all the risks, expenses, damages, loss, and profit.
- Consignee will sell goods and unsold inventory will return to the consignor.
- If the consignee is well versed with the product, he may sell the goods faster thereby increasing his share of the revenue.

**Advantages for Consignor :**

- Increased sales and margin if the consignor is assigning the responsibility of the goods to a skilled and experienced consignee.
- The consignor gets an opportunity to sell his products through a well-established and experienced person or shop.
- Since the ownership is with the consignor, he may at any time reclaim those goods in the case of any default from the consignee's end.
- Less inventory holding as the goods are sent to the consignee and not stored.
- More exposure and potential product growth.

### **Consignment Percentage:**

The consignment percentage differs from company to company and also it depends on the type of goods, the business environment, and the agreement between the two parties. However, normally it is a 60:40 ratio. Where 60% goes to the seller (consignor) and 40% is for the retailer (consignee).

Consignment Agreement:

A consignment agreement is a type of contract between two parties, the consignor and the consignee. The agreement will consist of the details of the agreement for a service like a sale, resale, transport, storage, or use of particular goods. This is held by both parties for business to be carried out smoothly.

### **The consignment agreement should have the following:**

1. Name and address of the consignor.
2. Name and address of the consignee.
3. Itemized list of the products with description.
4. Selling price and consignor percentage.
5. Minimum price to sell the consignment.
6. Consignee fee.
7. Location of the items- where they will be sold.
8. Insurance- the consignee shall maintain insurance coverage.
9. Timeframe - In the event that all the consigned items are not sold by a certain date, shall be returned to the consignor.
10. Terms and Conditions of the consignment.
11. Add no subletting to the agreement so the space is strictly theirs for their business only.
12. Payment to consignor-how payments will be made, the frequency of payments, and what day of each payment period will payments be due.
13. Applicable law by state for laws, sales taxes, etc.
14. Termination and product pick up deadline (note if items are not picked up to be donated)
15. Return Policy
16. Expenses.
17. Termination of contract.

