

The Beginning of Two Auto Auction Giants

By Wally Koster, SCN Staff Writer

Auctions are one of the oldest forms of conducting business. They date back to ancient Babylon and Greece where art, land animals and crops were sold via public market. In fact, the Roman Empire itself was auctioned in 193 A.D.

Automobiles were first offered for sale to the public around the turn of the 20th century and it didn't take long before this successful form of commercial exchange was adopted by a fledgling U.S. auto industry. In 1938, the first auto auction was created after an inquisitive farmer and owner of an auto sales company by the name of J.M. Rawls wondered if automobiles could be sold at auction like cattle. He decided to try. The first auto auction showcased 50 vehicles including a Ford Model A.

Manheim Auto Auction

A subsidiary of media giant Cox Enterprises, Inc., Atlanta, Georgia-based [Manheim](#) is today the world's largest wholesale automobile auction company, conducting more than 130 auctions around the United States, England, France and Asia. Manheim also provides a number of auction industry services such as financing, title work, transportation, recovery, auto body repair, dealership management systems, dent repair and remarketing technology.

The origins of Manheim date back to 1945 when Arthur F. Walters, owner of a Firestone Tire dealership in Lancaster, Pennsylvania, and Ben Mellinger, a Ford dealer from nearby New Holland, met at a farm machine auction and wondered if cars could also be sold at an auction in the same way.

Walters and Mellinger enlisted three additional partners, Jacob H. "Jake" Ruhl, Paul H. Stern, and Robert Schreiber. Each contributed \$5,000 to the new venture. Together they bought a building, in need of much repair, and seven acres of land in Manheim, a small town about 60 miles west of Philadelphia in the heart of Amish country.

While construction of a new building was underway, the partners held their first car auction in a horse barn. It was a humble beginning. Three cars were offered, each entered with a nickel's registration fee and only one of them sold.

The company fared much better when its new building opened in 1947. At the first sale, 33 cars were sold from a single lane. At first, anyone who wanted to attend was welcome, but the partners soon

realized the auction was taking away business from their dealerships, so they decided to limit the sale to dealers only. Other important changes also followed. A system of colored lights was introduced to quickly alert bidders to the condition of the car on the block. An arbitration system was also established to equitably settle disputes between buyers and sellers.

By 1959 the auction was running three lanes of cars and was recognized as the largest auto auction in the world. A fourth lane was added in 1962 and a fifth four years later. Each lane was monitored on closed-circuit television and sold about 45 cars per hour or 700 cars on a typical Friday night. In 1965, Manheim purchased National Auto Dealers Exchange of Bordentown, N.J., and in 1967, purchased Fredericksburg Auto Auction of Fredericksburg, VA. Cox Enterprises acquired Manheim in 1968 and moved its headquarters to Atlanta, GA. By 1989, Manheim grew to 25 auction locations nationwide and in 1991, to 46 auctions after a merger with the auction group of General Electric Capital Corp. In 2009, Manheim operated 130 locations worldwide, handled nearly 10 million used vehicles and facilitated transactions representing more than \$50 billion in value. Jacob H. "Jake" Ruhl, the founder of Manheim, served as NAAA President in 1963 and was inducted into the NAAA Hall of Fame in 1974.

National Auto Auction Association (NAAA)

Only three years after auto auction giant, Manheim opened its first auction; the [NAAA](#) got its start in 1948. Following World War II the demand for automobiles reached a fever pitch yet production of new vehicles was only slowly coming back to its full strength. Amid the chaos, a few concerned individuals recognized the need for the young auto auction industry to establish clear and concise trading policies. C.B. Drake, owner of the Drake Auto Auction in Decatur, Illinois, took the initiative and invited a group of twenty-five auto auction owners from six Midwestern states to hammer out guidelines and concepts that could help them avoid frauds in the auto auction market. They dubbed the new group the National Auto Auction Protection Association. Membership was open to all auction owners, and despite its rocky finances and sparse membership throughout the 1950's, the group pushed forward. In 1954, the word "protection" was dropped from the Association's title to reflect a wider range of goals in the industry.

Since then, the NAAA has grown in both influence and membership. Throughout the 1960's and 70's, the Association was involved with many important advances in the auto auction industry. Today, the average NAAA auction member operates a 7-lane facility on 74 acres, employs 141 people with a payroll of \$3.1 million, and contributes \$26,750 annually to charity.

The wholesale auto auction industry has evolved substantially since its earliest beginnings. The path has been blazed by business pioneers too numerous to mention. The torch is now passed to a new

generation of dedicated professionals who are faced with nothing less than a technological revolution as they help the industry fully embrace e-commerce in the 21st century.