

FREE CHAPTER

Profit Is Made When You Buy

Chapter 2 of “A Little Trading Beats a Ton of Work”

Thirty years of trading, written down in one short book.

ARKADIUS BIZAK

Chapter 2. Profit Is Made When You Buy

In the previous chapter you learned to look like a trader, to see an opportunity where others see an ordinary object.

But spotting an opportunity gives you nothing by itself. Profit does not appear at the moment of sale. Profit is created earlier, at the moment of purchase.

If you buy badly, no sale will fix it. If you buy well, the sale becomes a formality.

How to Set Your Maximum Purchase Price

Before you ask "how much can I sell this for?", ask the reverse question: "what is the most I can pay for this so the deal still makes sense?"

A simple formula I use:

Maximum purchase price = real selling price minus (the margin you want + all costs + a cushion for risk)

You set this number BEFORE the negotiation, not during it. If you walk into the conversation without that number in your head, the seller, consciously or not, will lead you to where it is convenient for him, not to where it pays for you.

Margin, Costs, Fees, Repairs, and Risk

The purchase price is not the only cost. The real margin only shows up after you subtract everything:

- Direct costs: repair, cleaning, authentication, appraisal, shipping
- Fees: the sales platform, a middleman, the credit card processor
- Time: how many weeks or months the money will be "frozen" in this item before it sells
- Risk: the chance that the item turns out to be faulty or incomplete, or that the market shifts before you sell it

The amateur counts: "I bought for 1,000, sold for 1,500, made 500."

The trader counts: "I bought for 1,000, repair 100, fees 100, two months of frozen capital. Real profit is 250, not 500."

Why Cheap Does Not Always Mean Good

A low purchase price is not the same as a good deal.

An item may be cheap because:

- it has a hidden defect you will only discover after buying,
- it is hard to resell (low market liquidity),
- it needs an expensive repair that will eat the whole margin,
- the seller is hiding an important piece of information.

The question is not "is this cheap?" The question is "is this cheap compared to what I can realistically and quickly sell it for, after all costs?"

When to Walk Away, Even If You Love the Item

This is the hardest skill in this chapter, and the most important.

The more you like an item, the easier it is to go over your maximum purchase price "just a little." That "little" is exactly what usually eats the whole margin.

The rule I have kept for years: if the price exceeds your limit and the seller will not come down, you walk away. Not because the item is bad. Because the deal has stopped making economic sense.

Emotional attachment to an object is a cost that appears on no invoice, but it exists.

Exercise

Take the object you chose in the exercise from Chapter 1. Calculate its maximum purchase price using the formula from this chapter, including costs, fees, and risk, not just the selling price.

Checklist

- I calculated the real selling price (the market price, not the asking price)
- I subtracted direct costs (repair, cleaning, shipping)
- I subtracted fees (platform, middleman, card)
- I included a cushion for risk and for the time the capital is frozen
- I have one number written down: my maximum purchase price

This prepares the ground for Chapter 3: Don't Buy on Emotion.

Want the whole book?

Nine more chapters on the trader's eye, valuing an item, negotiating without fear, trading online and a 30-day plan for your first profitable deal.

Get the e-book — \$9.99

arkadiusbizak.com/en · Questions? arkadius@bizakaid.com