

RAGS TO RICHES



Thrift Shops Good Business Practices!

**Mary McCormack, CAVS
Information enterprises**

THRIFT SHOP MANAGEMENT

HOURS OF OPERATION

What are the most profitable operating days and times?

- What are the best hours for your Shop?
 - Sample Hours: 8:30 AM-2:00 PM, 9:00 – 4 PM
- Sample Days:
 - (Tuesday, Thursday and Saturday, everyday but Wednesday)
 - More days during high tourist season
 - Attract campers from local state park
- Less may produce more profit! Too many days can deplete stock from smaller shops.

OVERHEAD

How can you reduce the overhead costs to increase your net profits?

- Rent versus Ownership
- Utilities (Heat/air conditioning, electricity)
- Telephone (Charges, fax equipment)

SAFETY OF MERCHANDISE

How can you insure the safety of resale items (especially electrical)?

- Testing of electronics
- Training and safety of volunteers who provide the testing
- Adequate fire response equipment

SECURITY AND THEFT PREVENTION SYSTEMS

- Alarm system
- Insurance
- Shoplifting: Do you prosecute? Do you have a sign saying that you do?
- Switching of price tags
- Placing smaller items inside of larger containers
- Secure expensive items behind the counter or in locked cases

SPACE

What can you do to maximize the square footage profitability?

- Location of merchandise (most popular items at the back of the shop)
- Balance between sales floor area and donation receiving/pricing area
- Track your increase in sales based up innovative merchandising ideas

TRANSPORTATION

How can you increase the quality of items to be picked up?

- Truck for pick-up of donated items
- Screen donations before pickup for large items
- Spread the word that you expect high quality items

MARKETING

BRANDING

- Catchy name for Thrift Shop: Nu 2 U, Nu-N-Nuf, White Elephant Shop,
- Include the word “thrift” if possible and emphasize the connection and benefit to the hospital
- Thrift Shop Logo (easy to read and recognize) Distinct design
- Consistent Signage throughout store and outside of building

MARKETING BUDGET

- Plan for annual advertising in local media.
- Plan for printing costs for receipts, price tags, and other supplies
- Spend money to make money. Budget for attractive displays/equipment.

ADVERTISING

- ❖ ½ price advertisement in local paper
- ❖ Huge sign outside shop
- ❖ Buy ads from garage sale section...less expensive and more attention by potential buyers
- ❖ Market to hospital employees and volunteers/auxilians with flyers

LOCATION

- Proximity to healthcare organization important
- High visibility to public
- Convenient parking

PRICING AND PAYMENTS

- Price to sell! Quick Turnover = Larger Profits
- Missing tag? Return to back for pricing (discourages destroying tags)
- Know your collectables and antiques.
- Don't know? Have merchants appraise...they may bid on it!
- Payment Options: Cash, Checks, Charge, Bank Debit, Payroll Deductions,

COLOR CODING SYSTEM




- Pink price tags
- Yellow price tags
- Purple price tags
- Green price tags
- Blue price tags
- Seasonal white price tags
- Colors indicate dates when donated
- After 30 days, ½ price sale by color
- Add size tag on side of clothing so customers can see it easily from the aisles





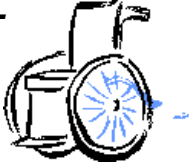

DISPLAYS

- ✿ Group by value
- ✿ Group by color
- ✿ Group by size
- ✿ Group by category
- ✿ Fine Treasures (under glass and lock/key)
- ✿ Put most popular sellers both in front and in the back to encourage customer traffic throughout shop
- ✿ Window displays draw attention and bring customers in!
- ✿ Change displays frequently.
- ✿ Use themes (seasonal, holidays)

MERCHANDISE CATEGORIES

<p>WEARING APPAREL</p> <ul style="list-style-type: none"> ☆ Men ☆ Women ☆ Children ☆ Infants/Baby ☆ Haute Couture 	<p>OUTERWEAR</p> <ul style="list-style-type: none"> ☆ Coats ☆ Sweaters ☆ Jackets ☆ Shoes 
<p>JEWELRY</p> <ul style="list-style-type: none"> ☆ Fine jewelry ☆ Costume jewelry ☆ Wearable Art 	<p>LITERATURE</p> <ul style="list-style-type: none"> ☆ Hardback books ☆ Paperback books ☆ Comic Books ☆ Rare books
<p>ENTERTAINMENT</p> <ul style="list-style-type: none"> ☆ Video Game Systems ☆ Stereos ☆ Tape Recorders ☆ Record Players ☆ CD Players ☆ DVD Players ☆ VCR Players ☆ Televisions <p>VEHICLES</p> <ul style="list-style-type: none"> ☆ Boats ☆ Cars 	<p>FURNITURE CATEGORIES</p> <ul style="list-style-type: none"> ☆ Antiques ☆ Bedroom sets ☆ Loveseats ☆ Entertainment Centers ☆ Chairs ☆ Couches/Sofas ☆ End Tables, Coffee Tables ☆ Dining Room Tables ☆ Kitchen Tables ☆ Rugs (Oriental, throw rugs) ☆ Outdoor Furniture (Chaise lounges, Wicker Furniture)
<p>KITCHEN ITEMS</p> <ul style="list-style-type: none"> ☆ Dishware ☆ Stemware ☆ Pots and Pans ☆ Utensils 	<p>LAMPS</p> <ul style="list-style-type: none"> ☆ Table lamps ☆ Chandeliers ☆ Ceiling fixtures
<p>EXERCISE EQUIPMENT</p> <ul style="list-style-type: none"> ☆ Treadmills ☆ Stationary bicycles ☆ Stair Steppers ☆ Free Weights ☆ Home gymnasiums ☆ Exercise videos 	<p>ELECTRONICS</p> <ul style="list-style-type: none"> ☆ Desktop Computers ☆ Laptop computers ☆ Printers ☆ Monitors ☆ Cameras (Regular and Digital) ☆ Camcorders 

MERCHANDISE CATEGORIES

<p>HOUSEHOLD ITEMS</p> <ul style="list-style-type: none"> ☆ Knickknacks ☆ Valuable collectibles ☆ Pictures ☆ Clocks ☆ Window coverings ☆ Bedding, mattresses 	<p>SMALL APPLIANCES</p> <ul style="list-style-type: none"> ☆ Vacuums ☆ Toasters ☆ Coffee Makers ☆ Electric Grills
<p>SEWING CENTER</p> <ul style="list-style-type: none"> ☆ Arts and crafts ☆ Patterns ☆ Yarn ☆ Buttons, thread ☆ Fabric 	<p>LARGE APPLIANCES</p> <ul style="list-style-type: none"> ☆ Stoves ☆ Microwaves ☆ Refrigerators ☆ Washers ☆ Dryers 
<p>DURABLE MEDICAL</p> <ul style="list-style-type: none"> ☆ Walkers ☆ Crutches ☆ Wheelchairs ☆ Scooters 	<p>ART</p> <ul style="list-style-type: none"> ☆ Fine Art (Auction/EBay) ☆ Prints ☆ Photographs ☆ Celebrity Art
<p>OTHER IDEAS:</p> <ul style="list-style-type: none"> ☆ ☆ ☆ 	<p>OTHER IDEAS:</p> <ul style="list-style-type: none"> ☆ ☆ ☆ 

ESTATE DONATIONS

- Have written policy/guidelines about what you will accept (quality, size, quantity, weight)
- “Clean out the basement and take what you want.” Trash collection service?
- Cars and boats
- Jewelry
- Household goods
- Acknowledge everything with good manners.

INTAKE OF DONATIONS

- Put your donation guidelines in each outgoing bag
- For pickup, have a donation question form that you fill out when the call comes in. Screen donations gently.
- Maintain transportation vehicle in good working order.
- Conduct driving under the influence background checks on drivers.

STORAGE AND OVERSTOCK

- ❖ Unless you have unlimited storage, balance donations to accommodate your space.
- ❖ Recommend that overstock is not kept for the next season. Mark it down drastically or donate it to another non-profit.

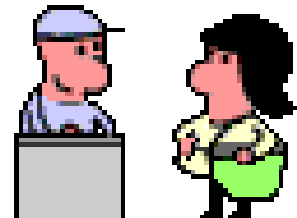
QUALITY OF DONATIONS

- ❖ Set standards of donation acceptance...emphasize quality.
- ❖ Discard broken, dirty, or questionable donations.

MANPOWER

AUXILIAN/VOLUNTEER STAFFING

- ❖ How many volunteers/auxilians work in your Thrift Shop? (Range 20-91)
- ❖ Do you cross-train volunteers to work in any area?
- ❖ Do you train volunteers to operate the cash register only?
- ❖ Who prices the merchandise?
- ❖ Service positions: Cashier team, Pricing/sorting team, Floor walkers, Maintenance (cleaning/dusting displays), Display team, Collections Team, Transportation Team, Training team)



STAFF FTEs

- ❖ Do you have a paid manager? Who pays salaries?
- ❖ Do you have paid drivers for donation pickup and transportation?
- ❖ Who supervises staff?

RECRUITMENT

- ❖ Recruit retired retail professionals to volunteer.
- ❖ Recruit volunteers/auxilians with excellent people skills.
- ❖ Auxilians can invite friends and family to get involved.

COMPETITION (There's enough for everyone!)

- ❖ Goodwill, Salvation Army, Humane Society Thrift Shops
- ❖ Consignment Shops
- ❖ Hospice, Battered Women's Shelters

SCREENING

- ❖ Do background checks on Thrift Shop volunteers.
- ❖ Do a credit check on volunteer cashiers.
- ❖ Get references on all volunteers.



RETENTION

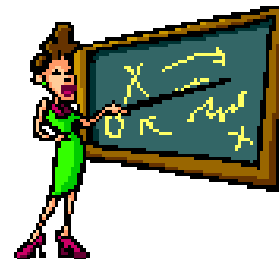
- ❖ Make it fun to work in your shop and retention will not be a challenge.
- ❖ Thank volunteers publicly frequently.
- ❖ Volunteers get a discount at Thrift Shop.
- ❖ Have an annual breakfast for the Thrift Shop staff and volunteers. After a short business meeting, ask for their thoughts on how to improve the shop and/or business practices.

AGING OF VOLUNTEERS

- ❖ As auxilians age, take into consideration their physical ability to stand for long periods of time or to lift heavy objects.
- ❖ Rotate volunteers to other areas within the shop to accommodate disabilities to keep them for as long as is reasonable and safe.

TRAINING

- ❖ Train about Customer Service
- ❖ Train about safety and security
- ❖ Train about work performance
- ❖ Document training for each volunteer.
- ❖ Who is best qualified to train for each service area?
- ❖ Do you have service guidelines for your Thrift Shop?



PROFITS: THE NAME OF THE GAME!



GROSS PROFITS AND NET PROFITS

- ❖ Gross- total monies before expenses
- ❖ Net- total monies after expenses
- ❖ \$275,000 net...\$540,000 gross...9,000 square feet (rent very high)
- ❖ \$200,000 net....\$300,000 gross...8,000 square feet (bought building for \$610,000)
- ❖ \$40,000 net.....\$50,000 gross.....smaller shop with quality donations (own building)

DISTRIBUTION OF FUNDS

- ❖ Is your shop a non-profit or for-profit organization?
- ❖ For profit: scholarships for nursing and medical students, social organizations that meet the medical needs of patients
- ❖ What do you do with your profits?
- ❖ Consider having an allocation committee under the hospital Foundation.

HANDLING OF DEPOSITS

- ❖ Are deposits made daily to the bank or through the hospital?
- ❖ Do you have security systems in place to safeguard against deposit theft (on the way to make the deposit)?

RECEIPTS

- ❖ Put the beneficiaries of funds on the back of receipts so customers know who is helped by their patronage.
- ❖ Recommend that the donation receipt details quantity, but not the value of donations. Have hospital/thrift shop logo on receipt.

BOOK-KEEPING AND ANNUAL AUDITS

- ❖ Have a checks and balances system for reconciling daily deposits from the cash register
- ❖ Conduct an annual audit with a Certified Public Accountant (CPA)

HIGHEST ITEMS AND CONSISTENT BEST SELLERS

What was your highest seller and best sellers?

- \$500 piece of fine art (bought by art dealer for resale)
- Crystal chandelier (\$100+)
- Broyhill mint condition dining room set sold for \$2,500
- Pendleton Jackets and skirts donated by a company going out of business. Each sold for \$25-\$30.
- Clothing (In Florida, immigrants can buy affordable clothes in the thrift shop.)
- Clothing (Teens like the well-worn look.)
- Household goods



BEST PRACTICES

- ❖ Host a Thrift Shop Fashion Show at annual luncheon to showcase best clothes which can be purchased on the spot
- ❖ Have free vouchers for clients of social services organizations to help the needy.
- ❖ Have a section of business clothes for people ready to interview for jobs that need nice business clothes.
- ❖ Donation guidelines on card placed in all purchase bags
- ❖ List of organizations that benefit from Thrift Shop printed on the back of receipts
- ❖ Have permanent, comfortable chairs strategically placed throughout the shop for spouses to sit in and read literature from book section while their relatives shop in peace.

YOUR IDEAS TO PUT IN PLACE WITHIN 48 HOURS OF RETURNING HOME:

- _____
- _____
- _____

Best wishes for large net profits, happy volunteers/auxilians,
safe environments, and generous support from your community.

Email me with your success stories!

Mary mary@keyspeaker.com