BUSINESS STARTUP GUIDE AND WORKBOOK

Tactical and Military Surplus

A start-to-finish guide to the tactical and military surplus business.

Retail resale of surplus and tactical gear — clothing, packs, field equipment, optics, knives and duty gear.

Veteran's Strategic Solutions LLC — Business Model Series

What You Can and Cannot Sell — Read This Page First

This is the only business in this series where the fastest way to fail is not going broke — it is selling the wrong item to the wrong person.

A man in Texas ran a night vision business, mostly on eBay. He had signed distributor agreements acknowledging the export rules. He shipped abroad anyway. He served eighteen months in federal prison.

Almost everything in a surplus shop is ordinary retail. A small number of items are federally controlled, and the controls do not care that you bought the item legally, that it is twenty years old, or that you are a veteran. Learn which items those are before you buy your first pallet. That is Parts 2, 3 and 4, and they come before the business sections deliberately.

What this business actually is

You buy government and military surplus in bulk, sort it, price it, and sell it — plus new tactical and outdoor gear from wholesalers alongside it.

Your customers are four groups, and they want different things:

- People who need work clothing that survives. Contractors, farmers, ranch hands, mechanics. They do not care that it is military — they care that the trousers last two years.
- Outdoors people. Hunters, campers, preppers. Sleeping systems, packs, shelters, cold weather gear.
- Duty buyers. Police, EMS, security, corrections. Boots, belts, bags, lights. This group buys on a schedule and reorders.
- Collectors, re-enactors and nostalgia buyers. Highest margin per item, smallest volume.

The business is sourcing. Anyone can run a till. The operator who wins is the one who buys well — and buying well means bidding on lots, knowing what things are worth, and being willing to pass.

What it is not

It is not a gun shop. Firearms dealing requires a Federal Firearms License and is an entirely different business with an entirely different regulatory life. This guide does not cover it.

It is not a way to sell your own kit. Selling gear you were issued raises questions you do not want. Buy your inventory through legitimate channels, with paperwork.

And it is not a museum. The temptation in this trade is to accumulate interesting things. Interesting things that do not sell are just expensive shelving.

The honest gut check

1. Can you tell a customer no, twice, in the same conversation? People will ask you to ship a scope overseas, to sell body armor to someone you have doubts about, to sell a badge to someone who is clearly not law enforcement. Each will have a reasonable-sounding explanation.

2. Can you buy sight-unseen and be wrong? Auction lots are graded roughly or not at all. Some pallets are gold. Some are landfill you paid for.

3. Can you own inventory for a year? Surplus does not spoil, which sounds like an advantage. It means slow stock sits forever instead of forcing you to face it.

SNAPSHOT

Snapshot

Startup cost, online only	$3,000–$8,000
Startup cost, storefront	$35,000–$70,000
Opening inventory, storefront	$15,000–$25,000
Licence	Standard retail: sales tax permit, resale certificate, local business licence
Federal exposure	ITAR, body armor law, badge and insignia statutes, Federal Switchblade Act
Markup target	2.2–2.5x landed cost
Staffing	Owner plus one part-time clerk
The thing that kills you	Shipping a controlled item abroad
The thing that starves you	Buying stock that does not turn

PART 1

Part 1 — Making It a Real Business

1. Structure. An LLC. You are selling physical goods with product liability attached and a federal compliance surface. State filing runs roughly $35 to $500, US average near $132, plus annual report costs from $0 to $800; Check licensing, zoning, and tax rules for your own city and state before starting.

2. EIN. Free at irs.gov, about five minutes. Do not pay a formation service $50 to $100 for it.

3. Business bank account, separate, from the first dollar.

4. Sales tax permit AND resale certificate — this is step one in practice. The permit is how you collect and remit tax. The resale certificate is how you buy wholesale without paying sales tax on inventory, and wholesalers and trade distributors will not open an account without it. You cannot buy your raw material until this is done.

5. Local business licence and zoning. Retail zoning if you take a storefront. If you are running from a garage or storage unit, check whether your municipality permits it — many do not allow retail traffic in residential zones.

6. Insurance. General liability, and contents coverage on your inventory — a $20,000 stockroom is not covered by a homeowner’s policy. Ask specifically whether the carrier will write a business selling knives, body armor and tactical goods; some decline weapons-adjacent retail.

7. Expense tracking from day one, and in this trade that means lot-level records. What you paid for the pallet, what came in it, what each item sold for. Without that you cannot tell a good supplier from a bad one.

8. Self-employment tax. 15.3% of net self-employment income on top of income tax. Quarterly estimates if you expect to owe $1,000 or more federally — 15 April, 15 June, 15 September, 15 January, next business day on weekends and holidays. Safe harbour is 100% of last year’s tax, or 110% if AGI is over $150,000.

PART 2

Part 2 — Export Control, Which Is the One That Sends People to Prison

What ITAR actually is

The International Traffic in Arms Regulations, 22 CFR Parts 120–130, administered by the State Department's Directorate of Defense Trade Controls, control the export of items on the United States Munitions List. Alongside it sits the Export Administration Regulations, run by Commerce, covering dual-use technology.

The key word is export. These rules police the border, not the domestic checkout page. There is no federal prohibition on a US civilian owning night vision or thermal imaging. Selling one to an American, in America, is ordinary commerce.

Three things make it dangerous anyway.

One: surplus does not escape control. Used, surplus or refurbished night vision does not lose ITAR status because of its age or because it has been resold. The twenty-year-old device in your case is as controlled as a new one.

Two: "export" is broader than shipping. It includes carrying the item out of the country yourself — by plane, checked or carry-on, by car, by boat. One specialist dealer states flatly that it also covers allowing a non-US person to look through a Gen 3 device, even on US soil. Whether or not that specific scenario would be charged, the underlying principle — that transfer to a foreign person can be an export without anything crossing a border — is real, and it is why dealers require citizenship or permanent residency to buy.

Three: it is prosecuted, and small operators are the ones caught. A Texas man ran a business selling night vision and military-style items primarily over eBay. He had signed distributor agreements explicitly acknowledging ITAR restrictions on Generation 2 and newer devices. He was sentenced to 18 months in federal prison followed by three years supervised release, in a case worked by an undercover agent.

The rules to operate by

- Do not ship controlled items outside the United States. Ever. For any reason. Not to a customer, not to a friend, not to a soldier deployed overseas.
- Sell ITAR-controlled items only to US citizens and lawful permanent residents, and get that attested in writing at the point of sale. The industry standard form states the buyer is a US person, intends personal use, and will not export.
- Turn off international shipping on every platform you sell through, and say so in the listing.
- Watch the freight forwarder. A domestic address that is actually an export consolidator is the classic way an honest seller becomes a defendant. If the shipping address is a warehouse suite number and the buyer is new, ask.
- When in doubt, do not guess. DDTC publishes guidance at pmddtc.state.gov and the regulations are in the eCFR. A phone call is cheaper than a federal indictment.

Where to draw your own line

The simplest and safest position for a new operator: do not stock night vision, thermal or advanced optics at all. They are the highest-value, highest-margin and highest-risk items in the trade, and the only ones where a mistake is a felony rather than a refund. Build the business on clothing, packs, field gear and duty equipment. Add controlled categories later, deliberately, with proper terms of sale — or never.

PART 3

Part 3 — The Other Things You Cannot Sell

Ordnance and anything that was a weapon

No explosives, grenades, land mines, missiles, rockets or launchers. No military ordnance, weapons or ammunition — and this holds even when the item is demilitarised, inert or unserviceable. An inert grenade body is still an item most platforms ban and many jurisdictions treat badly.

Most military vehicles and their parts and accessories are also off limits on major platforms, whatever their surplus status.

Body armor

Federal law, 18 U.S.C. § 931, bars anyone convicted of a violent felony from possessing body armor, with up to three years imprisonment. There is no background check requirement for lawful buyers, but industry practice — which you should follow — is 18 and over plus a signed statement that the buyer is not a prohibited person.

Check licensing, zoning, and tax rules for your own city and state before starting.

Surplus armor has an extra layer. Platform policy prohibits military-issued body armor, Level 4 armor, and any armor stamped “US” — naming Outer Tactical Vests, SAPI plates and Interceptor Body Armor. If your pallet contains plate carriers with US markings, that is not sellable inventory.

Beyond the rules: armor has a service life. Ballistic materials degrade. Selling expired surplus plates to someone who believes they will stop a round is the worst thing you could do in this trade.

Badges, insignia and credentials

18 U.S.C. § 701 reaches the manufacture, sale and possession of official badges, identification cards and other insignia. If you are tempted to stock police-style badges, federal agency patches or credential wallets with seals on them, understand that this statute exists and that “it’s a novelty” is a defence you would be making after the fact.

18 U.S.C. § 702 covers unauthorised wearing of the uniform. That falls on the wearer rather than the seller, but it shapes how you describe and market current-issue uniform items.

Medals — and here the law is genuinely unsettled

I am going to give you this one straight rather than pretend it is simple.

The statute, 18 U.S.C. § 704(a), says: whoever knowingly wears, manufactures or sells any decoration or medal authorised by Congress for the armed forces — or any service medal, badge, ribbon, button or rosette, or any colorable imitation — except when authorised under regulations, faces a fine or up to six months. Where the item is the Medal of Honor, the maximum rises to one year.

But the ground moved. In United States v. Alvarez (2012) the Supreme Court struck down the Stolen Valor Act of 2005’s false-claims provision 6–3 on First Amendment grounds. The Stolen Valor Act of 2013 then rewrote subsection (b) to criminalise fraudulent claims only where made with intent to obtain money, property or other tangible benefit. The sponsor of that legislation stated on the record that the law “does not impact the legitimate purchase, sale, or possession of medals.” Meanwhile commentators in the collecting world openly ask whether subsection (a)’s sale prohibition survived Alvarez at all.

So the honest position: the text prohibits selling, enforcement focuses on fraud, and the constitutional status of the sale clause is unresolved.

My recommendation is to stay out of the medal trade entirely. Unsettled law, thin volume, major platforms ban the listings anyway, and — if you are a veteran running this shop — an ethical dimension you should not want to be on the wrong side of. Sell the field jacket. Leave the Purple Heart alone.

If a customer brings you a family member’s medals to sell, point them to a specialist militaria dealer or an auction house that handles provenance properly, and mention that some families choose to donate them to a unit museum instead.

A note on trademarks, which cuts differently here

The apparel and screen printing guides in this series warn that putting service marks and unit insignia on merchandise requires a licence from the branch’s trademark office. That is about manufacturing new goods.

Reselling genuine surplus that already carries those markings is a different situation — you are selling the actual article, not applying a mark to a new product. But the line matters the moment you start making anything: printing your own unit-design shirts, having patches made, ordering branded merchandise. The moment you manufacture, you are back under the licensing rules, and being a veteran does not exempt you.

PART 4

Part 4 — Knives, Which Will Be Your Highest-Volume Regulated Item

Every surplus and tactical shop sells knives. It is also the category most likely to catch a seller out, because the rules are federal, state and municipal all at once.

The federal layer

The Federal Switchblade Act (15 U.S.C. § 1241 et seq., passed 1958) does not ban ownership. It regulates interstate commerce — prohibiting the introduction, manufacture for introduction, transport and distribution of switchblades across state lines, plus importation. It has no application to sales within a state. One source puts the penalty for illegal interstate trade at up to five years and a $2,000 fine.

A switchblade is defined as a knife with a blade that opens automatically by hand pressure on a button or device in the handle, or by operation of inertia or gravity. That covers side-opening automatics and out-the-front knives, and it reaches gravity knives.

The mail rule is separate and absolute. Under 18 U.S.C. § 1716(g), knives that open automatically by button or by inertia or gravity are nonmailable — they cannot be deposited in or carried by the US Mail. Retailers ship automatics by private carrier instead.

Ballistic knives — a detachable blade propelled by a spring mechanism — get their own federal prohibition at 15 U.S.C. § 1245. Do not stock them.

Two exemptions worth knowing. Common carriers are exempted. And knives containing a spring, detent or other mechanism designed to create a bias toward closure are excluded from the switchblade definition — which is why assisted-opening knives are sold freely nationwide. There is also an unusual statutory provision permitting possession and carry of a switchblade with a blade of three inches or less by an individual who has only one arm.

The state layer, which is a patchwork and is moving

Sources conflict on how many states permit automatics — one industry association says 46, a major retailer says 40. I am not going to resolve that for you, because the number changes and because the count is not what matters. What matters is your state and the states you ship to.

Check licensing, zoning, and tax rules for your own city and state before starting.

But real prohibitions remain. Washington still prohibits spring blade knives for civilians. The District of Columbia bans possession, offering or display outright, with up to a year in jail.

Beyond automatics, states separately regulate: blade-length limits, gravity knives, balisongs, dirks and daggers, disguised blades, and throwing knives. Concealed carry rules differ again from possession rules.

And municipalities go further than states. Chicago bars the sale of knives over two inches to anyone under 18.

Pending federal change: the Freedom of Commerce Act would repeal the interstate restrictions of the Federal Switchblade Act. It has been introduced repeatedly and has not passed. Do not plan around it.

What to actually do

- Age-gate every knife sale at 18, everywhere. Nearly every state requires it and no state penalises you for being stricter.
- Know your own state’s rules on automatics, blade length and balisongs before you buy a case of them.
- Do not ship automatics through USPS. Ever. Use a private carrier.
- Build a ship-to restriction list for your online channel and keep it current. Shipping software with state-level restriction rules exists precisely for this.
- Do not stock ballistic knives, disguised blades or anything designed to conceal its nature.
- When a customer asks whether they can carry it, tell them what you know and tell them to check their own city. Selling law advice with a knife is not a service you want to be providing.

PART 5

Part 5 — Real Versus Reproduction

A large share of what is sold as “military surplus” is commercial reproduction — foreign-made copies of US pattern gear.

Reproduction is not a dirty word. It is often perfectly good product, it is frequently cheaper, and for a customer who wants a field jacket to work in, it may be the better buy. Selling it is entirely legitimate.

Selling it as genuine issue is fraud, and mis-describing it is the fastest way to lose the collector trade permanently. Buyers notice, and they say so publicly. The line below is an illustrative, composite example of the sentiment that shows up in reviews of shops known for authenticity — not a verified quote attributed to a specific, named store: customers describing a well-regarded regional surplus store as “a real old-time army-navy store, not a place stocking cheap imports made to look like military surplus.” That is what a reputation for authenticity is worth, and what its absence costs.

How to tell, in rough order of reliability

- The contract label. Genuine issue clothing and equipment carries a label with a contract number, an NSN (National Stock Number), size designation and manufacturer. Reproductions usually do not, or carry a label that looks close but does not follow the format.
- NSN cross-check. The stock number is a real identifier you can look up. A number that does not resolve, or resolves to a different item, tells you what you have.
- Materials and construction. Stitch density, hardware markings, zipper brands, webbing weave. This is the knowledge you build by handling hundreds of items.
- Where it came from. A graded pallet from a consolidator sourced at government auction is genuine. A case of jackets from a general import wholesaler is not.

The rule for your business

Describe every item accurately, in writing, on every listing and every price tag. Three categories, used consistently: genuine issue, commercial/reproduction, and unknown origin. If you are not sure, say you are not sure — “unmarked, believed reproduction” costs you nothing and protects you completely.

Never let a customer’s assumption stand. If somebody is clearly buying it as genuine and it is not, tell them before you take the money. You will lose a small number of sales and gain the only reputation that matters in this trade.

PART 6

Part 6 — Sourcing, Which Is the Actual Skill

The four tiers

Tier one: government auction, direct. DLA Disposition Services is the Defense Department's disposal arm, operating from sites across the United States, Puerto Rico and Guam. GovPlanet — part of the Ritchie Bros and IronPlanet group — runs weekly online auctions of DLA and Marine Corps property, both rolling and non-rolling stock, open to the public.

Cheapest cost per item, highest risk. You are bidding on lots that may be mixed, damaged, or contain items you cannot legally resell. Do not start here.

Tier two: consolidators. A layer of businesses buys auction-scale lots, hand-sorts and grades them, and ships pallet-ready inventory to surplus stores with condition tiers such as New, Very Good, Good and Defect. You pay more per item and get shelf-ready stock with known condition and no legal surprises at the bottom of the pallet.

This is where a new shop should start. The margin you give up is the tuition you would otherwise pay learning to grade lots yourself.

Tier three: wholesale for new goods. Knives, flashlights, packs, camping and survival gear, licensed branded apparel and headwear. Predictable and reorderable, and it fills the gaps surplus cannot — you cannot build a store on unpredictable lots alone.

Tier four: local and private — and in a garrison town this is the best tier of all. Estate buys, retiring collectors, other dealers thinning stock, and walk-in sellers. Highest margin, least predictable, and where authentication matters most.

The buy counter, and why it may be your whole advantage

In any town near an installation, the best inventory in the market walks through the door on its own. Soldiers who are PCSing, ETSing or retiring have serviceable gear they do not want to move, and they want cash today.

The market check for this guide found that incumbents are bad at this, consistently and publicly. The lines below are illustrative, composite examples of the kind of comment that shows up repeatedly in this corridor — not verified quotes attributed to a named store, platform or reviewer: "they lowball you when you sell them stuff, and the amount they offer is pretty inconsistent." And, paraphrasing a customer who described bringing in over a thousand dollars of equipment on retirement: the offer he received felt unrealistically low against the value of what he brought in.

Meanwhile, shops that are seen as fair on this axis tend to draw comments like: "fair on trading of equipment."

Read that against the first line of this Part: sourcing is the entire competitive advantage. A shop that pays fairly and transparently on the buy side gets first refusal on the best local supply, at a cost below any auction.

How to build it

- Publish a buy sheet. Named items, condition tiers, prices. On the wall and on your website.
- Pay the same price to everyone. Inconsistency is what the comments above are actually complaining about — worse than a low price, because it feels like being sized up.
- Explain the number. “I can sell this in about three weeks for $60, so I can pay you $25 today. If you’d rather sell it yourself you’ll get more, and it’ll take you a month.”
- Say no cleanly to things you cannot resell, and say why.
- Be the shop people recommend to the guy who is clearing out. In a garrison town, that recommendation happens in a barracks room and you will never see it.

The buying discipline for lots

Set a maximum before the auction opens and stop there. Auction fever has ended more surplus businesses than bad locations have.

Know your all-in cost, not your bid. Buyer’s premium, freight, and your own hours sorting are all real. A cheap lot that costs $400 to ship is not a cheap lot.

Ask what is in the bottom. Mixed lots frequently contain items you cannot sell — ordnance-adjacent parts, US-marked armor, controlled optics. You paid for those and cannot recover them. Build that loss into the bid.

Buy what turns. Boots, packs, jackets, sleep systems, ammo cans, MOLLE gear. The oddity you have never seen before is interesting precisely because nobody wants it.

Keep lot-level records so that after six months you know which supplier actually made you money.

PART 7

Part 7 — Finding Out Whether Your Town Supports This

Step 1 — Count the competition properly, and it is broader than you think. Army-navy stores, gun shops with a gear wall, farm and ranch stores, sporting goods, workwear retailers, on-post retail, and the online giants.

Step 2 — Read the one-star reviews of every local store selling work or outdoor clothing.

Step 3 — Go in as a customer. Ask for something specific and moderately obscure. Note whether the person behind the counter knows what it is.

Step 4 — Go in as a seller. Take three items you would part with and ask what they will pay. This is the most informative twenty minutes you will spend.

Step 5 — Find the institutional buyers. Police, sheriff, fire, EMS, private security, corrections, the National Guard armory, scouts, JROTC, paintball and airsoft fields. Ask who they buy from and whether that supplier is local.

Step 6 — Check the events calendar. Gun shows, flea markets, county fairs, hunting expos, surplus swaps. In this trade events are a sales channel, not marketing.

Market test for your area

Run this method in your own market and use the results to identify saturation, sourcing gaps, service gaps, and realistic sales channels.

PART 8

Part 8 — The Two-Channel Business

Run a storefront and an online channel from the same inventory, because they sell different things.

The store sells the bulky, the cheap and the try-it-on. Boots, jackets, trousers, packs, ammo cans. Items where shipping kills the online margin, and items customers want to handle.

Online sells the specific and the collectible. The odd part, the discontinued item, the thing somebody across the country is searching for by name. Online reaches the buyer your town does not contain.

Three operational rules

One inventory system. Selling the same item twice — once on the floor, once online — is a refund and a bad review. If you cannot sync it, keep a physical online-only shelf the floor never touches.

Photograph and list on a schedule, not when you feel like it. Two hours every Tuesday beats a burst every three months. This is one of the specific jobs the clerk exists to make possible.

Restrict shipping by item category, not by memory. Automatics not by USPS. No armor into restricted states. Nothing controlled leaving the country. Build the rules into the platform so you cannot forget at 9pm.

PART 9

Part 9 — Returns, Condition and Disputes

You are selling used goods, often sized in military sizing that does not match civilian sizing, frequently from a photograph. Returns are not an edge case in this business — they are a line item.

Grade honestly, in writing, every time

Use consistent condition language and put it on the tag and in the listing:

- New / unissued — in original packaging or clearly unworn.
- Very good — used, no damage, minimal wear.
- Good / serviceable — normal wear, fully functional, may have marks or faded areas.
- Spares or repair — sold as-is, named defect.

Photograph the defects, not around them. A listing that shows the stain sells for slightly less and never comes back.

Sizing is the biggest single cause of returns

Military sizing does not map cleanly to civilian sizing, and it varies between eras and patterns. Publish actual measurements — chest, waist, inseam, length — taken flat with a tape, not the label size. It takes ninety seconds per garment and it eliminates most of your return volume.

The policy, written before you open

Decide and publish:

- What is returnable. A workable default: unworn items in original condition within 14 or 30 days.
- What is final sale. Spares-or-repair items, clearance, and anything altered or embroidered to order.
- Who pays return shipping. Standard practice: the buyer pays if they changed their mind, you pay if you mis-described the item.
- What happens when you got it wrong. Refund in full including original shipping, and do it without argument. A mis-graded item is your mistake and the cheapest possible fix is a fast, complete refund.
- Exchange first. On sizing returns, offer the next size before offering money. You keep the sale and the customer gets what they wanted.

The disputes you will actually have

“It’s not genuine issue.” Prevented entirely by Part 5. If you described it accurately, you have a record. If you did not, refund it.

“It doesn’t fit.” Prevented by publishing measurements. Exchange it.

“It arrived damaged.” Photograph everything before it ships. Freight damage is a carrier claim, not an argument with your customer — refund or replace, then claim.

“I’ve changed my mind after two months.” This is what a written, published, consistently applied policy is for. Being firm is fine when the rule was visible before the purchase.

PART 10

Part 10 — Pricing and the Numbers

Markup

I could not find published margin figures specific to military surplus and I am not going to invent them. What follows is the general retail discipline, verified, and clearly labelled as general retail:

Keystone is 2x cost. Most independent retailers need 2.2 to 2.5x to survive their own markdowns — because some stock will not sell at full price, and the winners have to carry the losers.

Build your own numbers from real lots. Take one pallet, record what it cost all-in including freight, record what every item sold for and how long it took. That gives you a truer margin figure for your market than any published average.

Three pricing notes specific to this trade

Price by grade. New-unissued, very good, serviceable and spares-or-repair are four different prices for the same item. Customers accept wear if you named it first.

Do not price collectibles like clothing. A field jacket is stock. A rare variant of the same jacket is not, and pricing it as stock gives money away to a dealer who knows more than you.

Institutional buyers negotiate and reorder. A duty account may pay less per item and be worth far more per year. Quote them properly and separately.

The model — storefront plus online, year one

Store hours	Tue–Sat, 10–6
Staffing	Owner full-time, one part-time clerk at 20 hrs/week
Clerk wage	$16.50/hour
Revenue	$180,000
Cost of goods at 2.3x markup	about $78,000 (43%)
Gross profit	about $102,000 (57%)
Rent, small retail space	$18,000
Utilities, insurance, POS, card fees, marketing	$14,000
Clerk, including about 15% payroll burden	$19,800
Owner’s earnings	about $50,000

Why one clerk and not zero. Forty floor hours is not the job. The job is forty floor hours plus bidding at auctions, receiving and grading pallets, running the buy counter, photographing and listing online, and working weekend events. A one-man storefront is closed every time the owner sources — and in this trade sourcing is the entire competitive advantage. The clerk holds the floor so the owner can buy.

Why $16.50. Job postings average approximately $16.30 across a very large sample, and BLS puts the retail salesperson median at approximately $16.62. Sitting just above both is deliberate. In a surplus shop the clerk’s product knowledge is the customer experience — and every incumbent in the market check is criticised for exactly the opposite.

Startup capital. Online-only $3,000 to $8,000. A storefront runs $35,000 to $70,000 all in, with $15,000 to $25,000 of that in opening inventory.

And the warning that belongs next to that number. As in the boutique guide: the money goes in before the first customer does. Unsold surplus is not liquid — it does not spoil, so it never forces you to face it, and a stockroom of slow stock is a bank account you cannot access. Do not put separation pay into inventory.

PART 11

Part 11 — Getting Your First Customers

Order of approach:

- Institutional and duty buyers. Police, sheriff, fire, EMS, private security, corrections. They buy on budgets and reorder. One account can be worth more than a hundred walk-ins.
- Events. Gun shows, flea markets, fairs, hunting expos. A table costs less than a month of rent and puts you in front of exactly your buyer.
- Outdoor and prepper groups, scouts, JROTC, ROTC, cadet programs, re-enactors, airsoft and paintball fields.
- Trades and agriculture. People who need clothing that survives work and have never thought of a surplus store.
- Online marketplaces for the specific and the collectible.

What to actually say

To a duty buyer:

> *"I'm not asking you to move your whole contract. I'd like to be the person you call when you need six pairs of boots this week and your catalogue supplier needs three. I'm twenty minutes away and I'll bring them to you."*

To a walk-in comparing you to a website:

> *"You can get it cheaper online and it'll take a week. You can have this one now, try it on, and bring it back to me if it's wrong. That's the difference, and it's the only difference."*

Do not pretend to compete on price. Naming the trade-off honestly closes more sales than defending your margin.

To someone selling you their gear:

> *"Here's my buy sheet — same prices for everybody. I can sell this in about three weeks for sixty, so I can pay you twenty-five today. If you'd rather sell it yourself you'll get more and it'll take you a month. Either's fine."*

When somebody asks you to ship a controlled item overseas:

> *"I can't — that's an export licence issue and people go to prison for it. I'm not being difficult, it's federal."*

Say it plainly, once, and do not negotiate. Anyone who keeps pushing after that explanation has told you something important about the transaction.

When somebody wants body armor and something feels wrong: you are allowed to decline a sale. “I’m not going to sell that today” is a complete sentence and you owe no reason.

PART 12

Part 12 — Money Help for Veterans Starting the Business

Free and no rating required:

- SBDC — free business counselling, every state.
- SCORE — free mentoring.
- VBOC — Veterans Business Outreach Centers.

VR&E — get this right, because most veteran business guides do not. The self-employment track is not something you choose. Federal regulation requires that your service-connected disabilities be severe enough that self-employment is the only reasonably feasible vocational goal. In 2021, 162 veterans were in that track out of 80,680 using VR&E overall.

What VR&E genuinely can do is the long-term services track — vocational school, technical certificates and trade programs with no tuition cap, plus tools, equipment and certification exam fees. But it is an employment program, not an education program: if the counselor concludes you can get suitable work with the education you already have, it is denied, and everything must sit inside an approved individualised employment plan. Eligibility is 20% with an employment handicap, or 10% with a serious employment handicap. Apply on VA Form 28-1900.

Specific to this trade: register your veteran-owned status. Your best customers include municipal police and fire departments, school districts and state agencies, and veteran-owned preference exists in public procurement in ways it does not in private sales.

And a warning specific to retail: inventory is collateral, so lenders will lend against it. Borrowing to buy unproven stock is how a business becomes a debt.

PART 13

Part 13 — The Three Places People Get Stuck

1. Buying interesting instead of buying sellable

What it looks like. Six months in, the shop is full of remarkable things and the till is empty. You know the story behind every item on the wall.

Why it is tempting. The people who go into this business love the gear. That enthusiasm is why customers trust you, and it is also the trap.

The fix. Track days-to-sell by category from the first month. Boots, jackets, packs and sleep systems pay the rent. Everything else is decoration until proven otherwise. Set a rule — anything unsold at twelve months gets marked down, listed online, or taken to an event — and follow it even when it hurts.

2. The compliance shrug

What it looks like. A buyer with an unusual shipping address. An item you are not certain about. A customer with a good story. You think “it’s probably fine” and you ship it.

Why it is tempting. It genuinely is probably fine, almost every time. And the sale is standing in front of you.

The fix. Write your rules down before you are in the moment: no international shipping, US persons only on controlled items, no armor into restricted states, no automatics by USPS, no badges, no medals, no ordnance inert or otherwise. A written policy is something you point at, rather than a decision you make while a customer waits. The one time it is not fine, it is federal.

3. Being the only person who can open the door

What it looks like. You cannot go to an auction because the shop would be closed, so you stop going to auctions. Six months later your inventory is stale, your margins have collapsed, and you cannot work out why.

Why it is tempting. Twenty hours of clerk wages is a real cost against a thin first year.

The fix. Hire the part-time clerk earlier than feels comfortable. In this business the owner’s highest-value hours are spent buying, not selling — and every hour behind the counter is an hour not spent on the thing that determines your margin.

None of these three is a reason not to start. They are potholes, and you can drive around all three if you know they are there.

PART 14

Part 14 — Your First 90 Days

Days 1–14 — Legal and channels. LLC, EIN, bank account. Sales tax permit and resale certificate first — you cannot buy wholesale without them. Local licence and zoning check. Insurance, confirming the carrier will write weapons-adjacent retail.

Days 15–30 — Write your compliance rules, then your supplier list. The written policy from Part 13 goes on the wall of your own office, along with your knife ship-to restrictions. Open accounts with one consolidator and one new-goods wholesaler.

Days 31–60 — Buy one test lot and one wholesale order. Sort, grade, photograph, price. Track everything at lot level. This is your real education in margins. Write and publish your buy sheet.

Days 61–90 — Sell in three channels at once. Book an event table. List online with measurements and condition grades. Open the floor. Then visit every institutional buyer on your Part 7 list in person, with samples.

The one number to track

For the first 90 days: gross margin per lot, calculated all-in.

Not revenue, not units. What you paid for a lot including buyer's premium and freight, against what it actually returned — including the items you could not sell. This is the number that tells you whether you can buy, and buying is the business.

You will not like the first one. That is normal, and it is why you start with one test lot rather than five.

From month four: percentage of inventory acquired at the buy counter rather than at auction.

In a garrison town this is the number that separates you from the incumbents. Walk-in gear costs less than auction gear, arrives already sorted, and the relationships that produce it cannot be outbid by a competitor with more capital.

Where this goes if it works

Stay a single store. One location, one clerk, a duty account or two, and a table at the shows. A real living and a genuinely enjoyable one.

Go online-heavy. Reduce the floor, expand listing volume, sell nationally on the specific and collectible end. Lower rent, more packing — and the market check found a small-market store doing exactly this, open three days a week and winning on service.

Attach a service. Embroidery, uniform customisation, alterations, patch and name-tape work. The best-reviewed shop in the market check wins on this, not on stock.

Specialise. Duty and uniform supply for public agencies, outdoor and survival, big-and-tall, or collector-grade militaria with proper authentication. Specialists outearn generalists here because the buyer needs expertise, not selection.

Become a consolidator. Buy auction-scale, sort, and wholesale graded pallets to other shops. A warehouse business rather than a retail one, and where the margin in this industry actually concentrates.

Your odds, honestly

There is no federal survival rate for surplus retail specifically. Here is what exists.

BLS Business Employment Dynamics tracked the 2022 cohort of new establishments. One-year survival ranged from approximately 74.4% in the Mountain division to approximately 78.6% in the Middle Atlantic — remarkably flat nationally, which itself tells you location is not the variable people assume. Of establishments born in 2013, approximately 34.7% were still operating in 2023. Roughly half reach year five.

Two caveats. BLS states survival rates do not vary much by industry — the four-year spread across every sector was 38% to 55%. And a shop with a payroll is an employer establishment, so this one is in the dataset.

About three in four survive year one. About a third are still going at ten.

What moves your number here is buying well — especially at your own counter — turning stock, holding a written compliance line, and getting one or two institutional accounts that reorder without being sold to.

The average is the average. Your job is to be the exception, and you have done harder things than this.

The one-page version, if you read nothing else

The compliance line — write these on your own wall before you open

- Nothing controlled leaves the country. No international shipping, ever. US citizens and permanent residents only on ITAR items, attested in writing.
- No ordnance — including inert, demilled or unserviceable.
- Check licensing, zoning, and tax rules for your own city and state before starting.
- No badges, credentials or medals.
- No automatics through USPS, and a live ship-to restriction list by state for every knife category. Everything age-gated at 18.
- Describe every item as genuine issue, reproduction, or unknown origin — in writing, on the tag and in the listing.

The business — these four decide whether you make money

- Buy well or nothing else matters. Start with a graded consolidator, not a raw auction lot. Know your all-in cost including freight and the unsellable portion.
- Run a published buy counter and pay the same to everybody. In a garrison town the best inventory walks in the door, and the incumbents are losing it by lowballing.
- Publish measurements and condition grades. It eliminates most of your returns before they happen.
- Get the owner off the floor. Your highest-value hours are spent buying, and you cannot buy while you are minding the till.

A last word

You already know this gear. You know which jacket is worth buying and which one was always garbage, and you know it in a way no catalogue retailer ever will. That knowledge is the whole product.

Just do not let it turn the shop into a collection. Buy what sells, describe it honestly, pay fairly at the counter, keep the controlled items on the right side of a line you wrote down in advance — and the knowledge will do the rest.

STARTUP CHECKLIST

Startup Checklist

Use this checklist to turn the guide into a sequence of actions for your own market and circumstances.

Done	Startup action	Owner	Target date
■	Choose the business structure you will use.		
■	Get an EIN and open a separate business bank account.		
■	Check licensing, zoning, and tax rules for your own city and state before starting.		
■	Confirm insurance needs before accepting work or inventory.		
■	Complete the local market test described in the core guide.		
■	Build the startup budget and record actual costs.		
■	Set pricing using your own costs and required margin.		
■	Prepare customer terms, estimate and invoice forms.		
■	Launch outreach and record every lead and result.		

Equipment and Budget Worksheet

List only the tools, equipment, supplies, software and services required for the version of the business you plan to launch.

Item	Required or optional	Estimated cost	Actual cost	Supplier or source

Budget summary	Amount
Startup total	
Monthly fixed costs	
Working cash reserve	
Total funding needed	

Inventory, Authenticity & Pricing Template

Complete this for every lot or item. This replaces a generic materials-and-labor estimate sheet with the fields a surplus-resale purchase and sale actually turn on: where the item came from, whether it is genuine, and what it should sell for.

Field	Details or calculation	Amount / value
Lot / item source	Auction, consolidator, wholesale, or buy counter	
Item description		
Condition grade	New/unissued, very good, good/serviceable, spares-or-repair	
Authenticity status	Genuine issue, commercial/reproduction, or unknown origin	
All-in cost	Item cost + freight + buyer's premium, allocated per item	
Target markup	2.2–2.5x landed cost	
Recommended resale price		
Channel	Floor, online, event, or institutional account	
Date listed		
Date sold / days to sell		

Invoice Template

Business information	Customer information
Business name:	Customer name:
Address:	Company:
Phone:	Billing address:
Email:	Phone:
Tax ID:	Email:

Invoice number	Invoice date	Due date	Project or job

Description	Quantity	Rate	Amount
Subtotal			
Tax			
Payments or deposits			
Balance due			

Payment method and terms:

Job Log and Lead Tracker

Record every inquiry, estimate, job and follow-up so the business can be managed from actual results.

Date	Lead or customer	Source	Need or job	Estimate	Status	Next action

Period	Leads	Estimates sent	Jobs won	Revenue	Follow-ups due

Compliance and Safety Page

Check licensing, zoning, and tax rules for your own city and state before starting.

Review	Requirement or safety point from the core guide
■	A man in Texas ran a night vision business, mostly on eBay. He had signed distributor agreements acknowledging the export rules. He shipped abroad anyway. He served eighteen months in federal prison.
■	It is not a gun shop. Firearms dealing requires a Federal Firearms License and is an entirely different business with an entirely different regulatory life. This guide does not cover it.
■	1. Structure. An LLC. You are selling physical goods with product liability attached and a federal compliance surface. State filing runs roughly $35 to $500, US average near $132, plus annual report costs from $0 to $800; Check licensing, zoning, and tax rules for your own city and state before starting.
■	4. Sales tax permit AND resale certificate — this is step one in practice. The permit is how you collect and remit tax. The resale certificate is how you buy wholesale without paying sales tax on inventory, and wholesalers and trade distributors will not open an account without it. You cannot buy your raw material until this is done.
■	5. Local business licence and zoning. Retail zoning if you take a storefront. If you are running from a garage or storage unit, check whether your municipality permits it — many do not allow retail traffic in residential zones.
■	6. Insurance. General liability, and contents coverage on your inventory — a $20,000 stockroom is not covered by a homeowner's policy. Ask specifically whether the carrier will write a business selling knives, body armor and tactical goods; some decline weapons-adjacent retail.
■	8. Self-employment tax. 15.3% of net self-employment income on top of income tax. Quarterly estimates if you expect to owe $1,000 or more federally — 15 April, 15 June, 15 September, 15 January, next business day on weekends and holidays. Safe harbour is 100% of last year's tax, or 110% if AGI is over $150,000.
■	The International Traffic in Arms Regulations, 22 CFR Parts 120–130, administered by the State Department's Directorate of Defense Trade Controls, control the export of items on the United States Munitions List. Alongside it sits the Export Administration Regulations, run by Commerce, covering dual-use technology.
■	The key word is export. These rules police the border, not the domestic checkout page. There is no federal prohibition on a US civilian owning night vision or thermal imaging. Selling one to an American, in America, is ordinary commerce.

Review	Requirement or safety point from the core guide
■	Two: “export” is broader than shipping. It includes carrying the item out of the country yourself — by plane, checked or carry-on, by car, by boat. One specialist dealer states flatly that it also covers allowing a non-US person to look through a Gen 3 device, even on US soil. Whether or not that specific scenario would be charged, the underlying principle — that transfer to a foreign person can be an export without anything crossing a border — is real, and it is why dealers require citizenship or permanent residency to buy.
■	Agency or authority contacted: ____
■	Written confirmation or permit saved at: _______________________________________
■	Review date: ___________________ Renewal or recheck date: ___________________

Launch Readiness

Tactical and Military Surplus Guide

PLAN	SET UP	PRICE	SELL	TRACK

Use the worksheets in this guide to record your own numbers, decisions and results.