THRIFT STORES GUIDE

BUSINESS STARTUP GUIDE AND WORKBOOK

VETERAN'S STRATEGIC SOLUTIONS LLC

SOMEBODY ELSE'S CAST-OFFS

SOMEBODY ELSES CAST-OFFS

A start-to-finish guide to the secondhand retail business

A START-TO-FINISH GUIDE TO THE SECONDHAND RETAIL BUSIN

For-profit thrift, resale, consignment and booth rental

Read this page first

READ THIS PAGE FIRST

One fact shapes everything in this business: your biggest competitor gets its inventory for free and you do not.

A 501(c)(3) can offer donors a tax deduction. A for-profit thrift store can accept donations but cannot. In practice the charity down the road is handed its stock, and you have to buy yours.

That is not a reason to walk away. The market check in Part 10 found the charity stores in one corridor being criticised by their own customers for overpricing — which is the opening. But you have to know the disadvantage exists before you design around it, and Part 3 is entirely about how.

And one legal fact you cannot skip. CPSC's rules apply to you by name, it is illegal to sell a recalled product, and a CPSC study found nearly 70% of resale stores were selling at least one recalled, banned or non-compliant item. That is not a technicality. It is the most likely way this business hurts somebody.

What this business actually is

WHAT THIS BUSINESS ACTUALLY IS

You acquire used goods cheaply, make them presentable, and sell them for more than you paid. Clothing, housewares, furniture, tools, books, toys, décor.

Three things are true at once, and holding all three is the job:

- It is a retail business. Rent, hours, staff, point of sale, seasonality.
- It is a sorting business. Most of your labour is not selling. It is receiving, sorting, cleaning, checking, pricing and hauling away what you cannot use.
- It is a treasure hunt for the customer. People come back because the stock changes. A shop that looks the same in March as it did in January is a shop nobody revisits.

What it is not

WHAT IT IS NOT

It is not free money because the goods were cheap. Your cost is labour and rent, not inventory.

It is not a charity, and you must not imply that it is. If you are a for-profit, say so plainly when someone offers you a donation.

And it is not a place to store things that did not sell. The discipline of getting rid of stock is the discipline of the whole business.

The honest gut check

THE HONEST GUT CHECK

1. Can you throw away things that are perfectly good? A large share of what comes through the door cannot be sold. If you cannot bin it, your shop fills up and your floor stops turning.

2. Can you handle other people’s dirt? Boxes from garages and estates. Some of it is unpleasant, and all of it needs handling before it earns you anything.

3. Can you keep full retail hours? The market check found independents open nine to fifteen hours a week. That is a hobby with a lease.

Snapshot

SNAPSHOT

Startup cost	$20,000–$150,000
Licence	Retail: sales tax permit, resale certificate, business licence, zoning
Federal exposure	CPSC — recalled products, children's products
Extra licensing	Bedding and upholstery, in many states
Gross margin	40–60%
Inventory cost, for-profit	~45% of revenue, versus roughly zero for a charity
Staffing	Owner plus two part-time
Liquidation pallets	10–30 cents on the dollar
Consignment split	40–60%
The constraint	Processing labour
The killer	Selling something recalled, unsafe or broken

PART 1 — Making it a real business

PART 1 MAKING IT A REAL BUSINESS

1. Structure. An LLC, or a 501(c)(3) if you are genuinely running a charitable operation — see Part 3, because this is the biggest decision in the guide and it is not a formality. 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 for it.

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

4. Sales tax permit and resale certificate. Secondhand goods are still taxable in most states — being used does not exempt them. Some states exempt clothing; some provide exemptions for nonprofit sellers. The resale certificate lets you buy pallets and lots without paying tax on inventory.

5. Local licence and zoning. Retail zoning, a business licence from the local tax office, and — because this trade involves donation drop-off, outdoor displays and skips — check the sign, parking and refuse ordinances too.

6. Ask about secondhand dealer rules before you open a buy counter. Buying from members of the public may trigger secondhand dealer requirements — recording seller ID, reporting to police, and holding items before resale. These are anti-fencing laws and they vary by city and state. Goods bought from retailers and liquidators generally do not trigger them; goods bought from walk-ins may. One call to your police department settles it.

7. Check whether you need a bedding and upholstery licence. See Part 5. In several states this is a separate registration with its own inspections, and it catches anything with filling in it — not just mattresses.

8. Insurance. General liability, contents coverage on inventory, and ask specifically about product liability on used goods. You are putting other people's appliances, furniture and electrical items into homes.

9. Self-employment tax. 15.3% of net self-employment income on top of income tax, with quarterly estimates if you expect to owe $1,000 or more federally — 15 April, 15 June, 15 September, 15 January. Safe harbour is 100% of last year's tax, or 110% if AGI exceeds $150,000.

PART 2 — Product safety, which is not optional and not obvious

PART 2 PRODUCT SAFETY WHICH IS NOT OPTIONAL AND NOT O

CPSC's laws and regulations apply to anyone who sells or distributes consumer products — and its guidance names thrift stores, consignment stores, charities, and people holding yard sales and flea markets specifically.

CPSC publishes a Resellers Guide to Selling Safer Products and runs a Resale/Thrift Stores information centre. Download the guide, print it, and keep it in your processing area. It is free and written for exactly this business.

The rule

THE RULE

It is illegal to offer for sale, sell, or distribute a recalled product — and resellers are required by law to know the recall status of the products they sell.

The number that should set your attitude: a CPSC study found nearly 70% of resale stores were selling at least one recalled, banned or otherwise hazardous product. CPSC ran a “Resale Round-up” campaign with the National Association of Resale & Thrift Shops and the Salvation Army to address it. CPSC inspects resale stores and can fine.

Children’s products — the sharp edge

CHILDRENS PRODUCTS THE SHARP EDGE

Here the rule has an unusual shape and people get it wrong in both directions.

You are not required to test or certify used children’s products for lead, phthalates or toy standards. CPSC has said so explicitly for thrift and consignment sellers.

But you cannot sell one that exceeds the lead limit, and resellers who do “could face civil and/or criminal penalties.”

No testing duty. Strict liability on the outcome. So CPSC’s practical instruction is avoidance: do not stock the categories likely to contain lead unless you have information showing otherwise — children’s metal jewellery, painted wooden or metal toys, and flimsy toys that break easily into small parts.

A children’s product means one designed or intended primarily for children 12 and under, and that reaches further than people expect: toys, clothes, furniture, books, jewellery, blankets, games, strollers and footwear.

The specific list

THE SPECIFIC LIST

- Cribs. Do not sell recalled cribs, or cribs that fail the current federal standard. Nursery products have caused deaths and been recalled in the millions.
- Any nursery item that is broken, wobbly, unstable or missing parts — even if never recalled.
- Drawstrings in children’s clothing: remove them.
- Small parts and magnets on toys — choking and ingestion hazards.
- Hairdryers without an integral immersion-protection device — the block-shaped plug on the cord. CPSC advises destroying them.

CPSC’s own rule of thumb, and the one to train staff on: “When in doubt, throw it out.”

Build it into your process, not your memory

BUILD IT INTO YOUR PROCESS NOT YOUR MEMORY

Check recalls before an item reaches the floor, not after. SaferProducts.gov lists CPSC recalls; subscribe to the recall emails and use the Recalls.gov app.

Keep a reference binder of common recalls in the processing area. You cannot memorise them, and staff turnover means the knowledge has to live somewhere other than your head.

Write a “do not accept” list and post it at intake: cribs, car seats, helmets, drop-side anything, recalled items, and anything electrical that does not work.

Two categories to handle deliberately

TWO CATEGORIES TO HANDLE DELIBERATELY

Car seats and helmets. Most established resale stores refuse both outright — they expire, impact damage is invisible, and history cannot be verified. Follow them.

Appliances and electricals. Test everything that plugs in, before it goes out. The market check found a store that sold a washer and dryer set for close to $800, took it back to repair, supplied a replacement washer that also did not work, and had still not resolved it two weeks later. That is one review, permanently, and a plug socket in the back room would have prevented it.

PART 3 — The decision that defines your economics

PART 3 THE DECISION THAT DEFINES YOUR ECONOMICS

For-profit or nonprofit

FOR-PROFIT OR NONPROFIT

A 501(c)(3) can offer donors a tax deduction. A for-profit cannot. For-profits can accept donations, and some do, but as one industry source puts it, they “often struggle to solicit donations, as community members aren’t motivated to give them items.”

So the charity’s cost of goods is roughly zero and yours is roughly 45% of revenue. That is the competitive picture in one sentence.

The nonprofit route is real if the mission is real. It brings donated inventory, grant eligibility, volunteer labour and goodwill. It also brings governance, a board, Form 990 filings and receipting duties — donations over $250 require a written receipt to the donor, and over $500 the donor must complete IRS Form 8283. Do not choose it as a tax dodge; choose it because you are actually funding something.

And do not underestimate how small this can be. A real filed Form 990 for a small community thrift shop shows revenue of $24,872, expenses of $23,418 and net income of $1,454 for the year. That is a functioning, useful, entirely legitimate organisation — and it is not an income.

Then choose your model, deliberately

THEN CHOOSE YOUR MODEL DELIBERATELY

Model A — buy and resell. You source, own, price and keep the margin. Full control, full risk, and the processing labour is yours.

Model B — booth rental or multi-vendor. You provide the space, the hours and the till; independent vendors rent booths and stock them. You collect rent and commission instead of margin.

Model C — consignment. You take goods on consignment and pay the seller only when the item sells, typically a 40–60% split. No upfront inventory cost; the seller carries the risk.

The market check has an opinion about this and it surprised me. In the corridor examined, the two highest-rated secondhand businesses were both multi-vendor booth marketplaces — 4.8 from 110 reviews and 4.6 from 95 — and the best-rated clothing operator was a consignment boutique at 4.7. The conventional thrift stores rated between 2.7 and 4.5.

Models B and C engineer out the problem this Part opened with. No inventory cost, far less processing labour, and revenue that arrives whether or not a given item sells.

The catch: the booth model needs a vendor pool, which needs population. In a small town there may not be thirty people who want a booth. Run Part 10 before you decide, and read Part 4 before you commit — being a landlord to thirty small businesses is a different job from retailing.

PART 4 — Running the booth model

PART 4 RUNNING THE BOOTH MODEL

If you choose Model B, you are no longer only a retailer. You are a landlord, a payment processor and — legally — still the seller. That last point is the one that catches people, so it comes first.

You are the seller, whatever the vendor agreement says

YOU ARE THE SELLER WHATEVER THE VENDOR AGREEMENT SAYS

CPSC liability attaches to whoever sells the product, and your customer is buying from you at your till. A recalled crib in booth 14 is a recalled crib sold by your business.

So the safety rules in Part 2 do not become the vendor’s problem. They become a term of the lease.

- Put the prohibited list in the vendor agreement and make compliance a condition of tenancy: no recalled items, no cribs, no car seats or helmets, no non-working electricals, no children’s metal jewellery or painted toys, no unsanitized bedding or upholstery.
- Reserve the right to remove any item from any booth at any time, without argument and without notice. Write it in plainly.
- Walk the floor weekly and actually look. A landlord who never inspects has a policy and no system.
- Require vendors to acknowledge the list in writing at signing, and re-issue it annually.

The vendor agreement

THE VENDOR AGREEMENT

Get one written properly and use the same one for everybody. It needs:

Term and rent. Monthly rate, what size booth, due date, and what happens when rent is late. Month-to-month with thirty days’ notice is standard and keeps you flexible.

Commission. Whether you take a percentage of sales on top of rent, and how much. Rent-plus-commission is common because rent covers your fixed costs and commission aligns you with the vendor’s success.

Who sets prices. Normally the vendor. Decide in advance whether you can discount — for a storewide sale, for a slow-moving item, or at the end of a term — and put the answer in writing. This is the single most common source of friction.

How the transaction works. You ring up every sale at a central till, tagged to the vendor's booth number. The customer pays you; you pay the vendor. State the payout schedule — monthly is typical — and that card processing fees are deducted.

Who is responsible for the booth. Stocking, pricing, tidying, and to what standard. Set a minimum: a booth must be at least this full, this tidy, and refreshed this often. An empty, dusty booth in your front window damages every other vendor's sales.

What happens to a booth that stops performing. Give yourself a stated remedy — a warning, then the right to terminate. Vendors who lose interest and stop restocking are the most common operational problem in this model, and it happens quietly.

Abandoned property. What you do with stock left behind after a vendor leaves or stops paying, and after how long. Without this clause you have a storeroom of somebody else's things you cannot legally dispose of.

Insurance and loss. State plainly that you are not insuring the vendor's inventory against theft, damage or fire, and that they should carry their own cover. Then check your own policy — a general liability policy written for a retailer may respond differently when the goods are not yours.

Sales tax. You are the seller of record and you collect and remit. Make sure the vendor understands that the payout they receive is after tax and fees, and give them a statement showing it.

What it actually takes to run

WHAT IT ACTUALLY TAKES TO RUN

Recruiting vendors is the job. Thirty booths do not fill themselves, and every vacancy is rent you are not collecting. Local crafters, resellers, estate clearers, antique dealers, people already selling on marketplaces. Ask existing vendors for referrals — this is a community and it talks.

A vendor waiting list is your best asset. It lets you replace a poor performer immediately instead of tolerating them.

Keep the till discipline absolute. Every sale tagged to the right booth, every time. Getting a vendor's payout wrong once costs you their trust; twice costs you the booth.

And accept the trade-off. Your shop's reputation is now the average of thirty people's judgement about what is worth selling and what it is worth. That is why the walk-through and the removal right matter more than they look.

PART 5 — Furniture, bedding and upholstery

PART 5 FURNITURE BEDDING AND UPHOLSTERY

The highest-ticket category in most secondhand shops, and the one with its own body of law. Read this before you take your first sofa.

It may be a separate licence

IT MAY BE A SEPARATE LICENCE

Many states regulate bedding and upholstered furniture under their own statute, with registration, inspections and law-label requirements. Not the general retail licence — a separate one.

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

The pattern to take away: retailers are held to a stricter standard than private individuals, and “I saw someone selling one on Facebook” tells you nothing about what you may do.

Enforcement is real and federal

ENFORCEMENT IS REAL AND FEDERAL

The FTC ran an initiative called “Project Rest Easy”, settling with used-mattress retailers and — together with Arizona, California and Florida — bringing twelve law enforcement actions against manufacturers and retailers, either for selling used mattresses as if new or for failing to properly sanitize them.

Two rules follow. Never describe a used item as new or rebuilt unless it genuinely is. And never remove a law tag — only the final consumer may.

Flammability labelling

FLAMMABILITY LABELLING

Upholstered furniture covered by TB-117-2013 must carry a permanent label stating that it “Complies with U.S. CPSC requirements for upholstered furniture flammability” under 16 CFR 1640.4. Missing or removed labels on upholstered goods are worth noticing, both because of what they may indicate about the item and because of what your state requires you to display.

Bed bugs, said plainly

BED BUGS SAID PLAINLY

Extension-service guidance to consumers is blunt: do not expect secondhand stores to sanitize or inspect for bed bugs. Consumers are told to inspect before buying, clean on arriving home, and heat-treat what they can in a dryer.

That is a reputational opportunity and an operational necessity.

The risk to you is not one item — it is your whole floor. An infested sofa in the back room becomes an infested store, and a store with a bed bug reputation in a small town does not recover.

Build a protocol and follow it without exception:

- Inspect at intake, outside or in a segregated receiving area — never straight onto the floor. Seams, tufts, folds, underneath, and the frame joints.
- Quarantine upholstered items and bedding before they go out.
- Heat-treat what you can. Clothing and soft goods through a hot dryer cycle.
- Refuse freely. A free sofa is not free if it costs you the shop.

• Then advertise the protocol. In a market where customers are told not to expect inspection, being the store that inspects is worth saying out loud.

The floor-space problem

THE FLOOR-SPACE PROBLEM

Furniture eats floor space at a rate nothing else does, and floor space is your scarcest asset. A sofa occupies the footprint of several rails of clothing and sells once.

Three consequences:

- Price furniture to move faster than anything else you stock. A sofa sitting six weeks has cost you more in space than the margin it will ever earn.
- Offer delivery, or accept that you will lose sales. Most people cannot move a sofa. A delivery service — even at cost, even subcontracted to a man with a truck — converts browsers into buyers.
- Consider furniture on consignment rather than purchase. It is the highest-value, slowest-moving, most space-hungry category you carry, which makes it the best candidate for somebody else's risk.

PART 6 — Sourcing, for a for-profit

PART 6 SOURCING FOR A FOR-PROFIT

Retail overstock and liquidation pallets. Bulq, B-Stock, DirectLiquidation and similar sell pallets of customer returns and retailer overstock at 10 to 30 cents on the dollar. The goods are new or near-new, which lifts the whole look of your shop. Because they come from retailers rather than individuals, secondhand dealer requirements typically do not apply — verify locally.

Charity outlet bins. Goodwill outlets sell by the pound. Cheapest per item, most labour per item, and you are buying what the charity stores already rejected.

Storage unit auctions. Bid on whole unit contents. Occasionally excellent, frequently a skip fee.

Estate and yard sales. Best margin, least predictable, and the tier where knowing values matters most.

Consignment and store credit. Bring goods in without buying them. Store credit is particularly effective — it costs you inventory rather than cash and it brings the person back into the shop to spend it.

Donations, honestly. You can accept them. You cannot offer a deduction, and you must say so before the person hands anything over.

Two disciplines

TWO DISCIPLINES

Track cost at lot level — what the pallet cost including freight, what came out of it, what sold, and what you paid to throw away. The unsellable fraction is a real cost and it is the number new operators forget.

And check prices on your phone before you buy, not after. The guide tells you later that customers have phones and will check your prices. The same tool works on the buy side, and thirty seconds on a phone before you agree a number on an estate lot is the difference between a good buy and an expensive education. Check the going rate for the three or four items you are actually buying the lot for.

PART 7 — Processing, which is the actual business

PART 7 PROCESSING WHICH IS THE ACTUAL BUSINESS

Most of your labour is here, and it is what people underestimate.

The flow, every item, every time:

- Receive and rough sort — sellable, repairable, recycle, bin.
- Safety check — recalls, condition, missing parts, electrical test, bed bug inspection on soft goods.
- Clean. A wiped-down item sells for twice a dirty one.
- Price and tag.
- Merchandise — on the floor, right section, facing out.
- Rotate. Colour-tag by week and discount on a schedule.

Two rules that keep a shop alive:

Nothing sits forever. Colour-tag by intake week and run a standing markdown schedule — full price for four weeks, half price for two, then out. Publish it to customers. It converts your dead stock problem into a reason to visit weekly.

Put out new stock every single day. The customer's reason to return is that the shop has changed. A store that restocks once a week is visited once a week at best.

And budget for disposal. You will pay to remove what you cannot sell — skip hire, dump fees, textile recycling. Rag and salvage buyers take bulk textiles by weight; set that up before you need it.

PART 8 — Shrinkage

PART 8 SHRINKAGE

Nobody puts this in a business plan and every operator deals with it.

Secondhand retail is unusually exposed. Open floors, crowded racks, low-value high-volume stock, frequently one person working, and customers who expect to handle everything.

And the structural problem: you often do not know what you own. In conventional retail, inventory is counted and a discrepancy is visible. Here, an item that walks out was never in a system, so the loss is invisible. You cannot manage what you cannot measure, which is why this needs designing rather than policing.

The three things that actually happen:

Tag switching. A $40 tag comes off a lamp and a $4 tag goes on. The fix is tags that do not transfer easily — tagging guns through the item, printed labels that tear on removal, or writing the item description on the tag so a mismatch is obvious at the till. Train staff to read the tag, not just scan the number.

Concealment. Fitting rooms, bags and pockets. The fix is sightlines — low fixtures, mirrors, a till positioned to see the door, and a fitting room with a counted item limit and someone attending it.

Internal loss. Uncomfortable and real, particularly around desirable items that come in through donations or lots. The fix is process, not suspicion: everything gets priced and tagged before it reaches the floor, staff purchases go through the till with a receipt and a manager present, and nobody prices an item they intend to buy.

Two more that are specific to this trade:

The back room. Unprocessed stock is untracked stock. Process quickly and keep the receiving area closed to customers.

Booth models. If you run Model B, vendors will report shortages. Some are theft; many are pricing errors, mis-rung sales or items moved between booths. Reconcile carefully, take reports seriously, and keep till discipline tight — because a vendor who believes you are losing their stock will leave and tell the others.

Set an expectation rather than a target of zero. Some loss is the cost of an open, browsable shop, and a store locked down hard enough to eliminate it is a store nobody enjoys visiting. Know roughly what it is costing you and decide deliberately what you are willing to spend to reduce it.

PART 9 — Pricing

PART 9 PRICING

Gross margins in this trade run 40 to 60%.

Price to move, not to maximise. Your enemy is stagnant stock, because floor space is your scarcest asset and a shelf that has not changed in six weeks earns nothing.

And here is the verified opening. The market check found the charity incumbents criticised repeatedly for being expensive. One review of a large charity store: “heavily overpriced… items do not move quickly enough. Eventually, most of these great donated items will just end up as trash.” Another: “priced as much or more than they cost new.” Another store drew “holes in jeans for silly prices.”

The organisation with free inventory is not winning on price. The assumption that you cannot compete with a charity on price is, in at least one real market, wrong. Check yours before conceding the point.

Practical rules:

- Round numbers and simple tiers. $1, $3, $5, $10. Individually pricing every item is labour you cannot afford.
- Price the known separately. Brand-name clothing, tools, furniture and collectibles justify individual pricing. Everything else goes in a tier.
- Anchor with a dollar section. One store in the market check advertises a “dollar room” and customers mention it by name.
- Never price used above about half of new, and check the new price on anything you are unsure about. Customers have phones.

PART 10 — Finding out whether your town supports this

PART 10 FINDING OUT WHETHER YOUR TOWN SUPPORTS THIS

Step 1 — Count and categorise. Charity thrift, for-profit resale, consignment, booth marketplaces, antique malls. They compete differently.

Step 2 — Read the one-star reviews of the charity stores specifically. This is where you find out whether the price opening exists in your market.

Step 3 — Write down everybody’s opening hours.

Step 4 — Visit on a weekday afternoon and count cars.

Step 5 — For a booth model, ask the existing marketplaces whether they have a waiting list, and ask two local crafters or resellers whether they would take a booth.

Run the method in your area

RUN THE METHOD IN YOUR AREA

Use the five steps above in your own market to compare store formats, prices, hours, inventory quality, and vendor demand.

PART 11 — The numbers

PART 11 THE NUMBERS

Model A — buy and resell, 2,500 square feet

MODEL A BUY AND RESELL 2500 SQUARE FEET

Transactions	50/day × 6 days
Average sale	$17
Revenue	$260,000
Cost of goods at 45%	$117,000
Gross profit	$143,000 (55%)
Two part-time staff, 25 hrs each at $15.50	$40,300
Payroll burden ~15%	$6,045
Rent	$24,000
Utilities, insurance, POS, card fees, marketing, disposal	$18,000
Owner's earnings	about $54,600

Why two part-timers and not zero. Processing is the constraint, not selling. Every item is received, sorted, recall-checked, cleaned, priced, tagged and put out — and a meaningful share is rejected and hauled away at your expense. One person cannot process the intake and hold a six-day floor open. The owner's hours go to buying, which determines margin.

On the wage. $15.50 sits just below the national retail average of about $16.30 from job postings and the BLS median of $16.62 for retail salespersons — defensible for processing work and above most state minimums. Check yours.

Model B — booth rental

MODEL B BOOTH RENTAL

30 booths at $200 a month is $72,000 of predictable annual revenue before a single item sells, plus commission on vendor sales and margin on your own stock.

What it removes: cost of goods, most of the processing labour, and the risk that an item never sells.

What it costs you: control, and a different job — recruiting vendors, chasing rent, filling vacancies, reconciling payouts, and mediating. See Part 4.

And it needs a vendor pool. In a town too small to produce thirty sellers, this model does not exist.

The honest comparison

THE HONEST COMPARISON

Model A pays you a margin on every item and demands labour, capital and floor discipline. Model B pays you rent and demands a population. The higher-rated operators in the market I checked chose B. One corridor is not a law, but it is evidence, and it points at the question to answer before you sign a lease: do you want to be a retailer or a landlord?

PART 12 — Getting customers, and getting stock

PART 12 GETTING CUSTOMERS AND GETTING STOCK

Customers

CUSTOMERS

Consistency of hours beats everything. Given what the market check found, simply being reliably open is a differentiator.

Post your new arrivals. A daily photo of three good items on a local Facebook page is the cheapest marketing in this trade, and it answers the only question that matters: has the stock changed?

Publish the markdown schedule. Colour tags with dates turn browsing into a game and give people a reason to come on a specific day.

Serve the categories nobody else does. Large sizes, work clothing, children's clothing in bundles, furniture with delivery.

Take cards. Two shops in the market check are cash-only and their customers complain in writing.

Stock, if you are for-profit

STOCK IF YOU ARE FOR-PROFIT

Say what you are, plainly: "I'm a for-profit shop, so I can't give you a tax receipt. I can pay you cash today, give you store credit worth more than the cash, or take it on consignment and pay you when it sells."

Store credit is your best offer — it costs inventory rather than cash and brings them back through the door.

Be the easy option. Estate clearances, downsizing, landlords clearing units, PCS moves in a garrison town. Turning up with a van and taking the whole lot is a service people will pay you for, and you keep what is worth keeping.

PART 13 — Money help for veterans starting the business

PART 13 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 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: if you go the nonprofit route, grant funding opens up that is closed to an LLC — community foundations, local government and corporate giving, particularly where the mission is veteran-facing.

And the retail warning applies: inventory is collateral, lenders will lend against it, and borrowing to buy pallets that have not proven themselves is how a shop becomes a debt.

PART 14 — The three places people get stuck

PART 14 THE THREE PLACES PEOPLE GET STUCK

1. The shop fills up

1 THE SHOP FILLS UP

What it looks like. Six months in, the aisles narrow, the back room is impassable, and the same jacket has been on the same rail since spring.

Why it is tempting. Everything in the building cost money, and throwing it away feels like burning cash.

The fix. It already is a loss — the only question is whether it also occupies your floor. Run the colour-tag markdown schedule from day one and enforce it mechanically. Nothing stays past eight weeks. Space is the asset, not the stock.

2. Selling something you should not have

2 SELLING SOMETHING YOU SHOULD NOT HAVE

What it looks like. A recalled crib. A car seat with a history you cannot know. An appliance that does not work. An unsanitized sofa. Nobody checks, because checking takes time and there is a queue at the till.

Why it is tempting. The item looks fine and the customer wants it.

The fix. Make the check part of the flow, not an act of memory. Nothing reaches the floor without a recall check and, if it plugs in, a function test. A printed do-not-accept list at intake. The CPSC Resellers Guide in the processing area. Nearly 70% of resale stores failed this in a CPSC study — assume you will too unless you build a system.

3. Opening nine hours a week

3 OPENING NINE HOURS A WEEK

What it looks like. You cut hours because footfall is thin. Footfall gets thinner because nobody knows when you are open. Google shows the wrong hours and you stop updating them.

Why it is tempting. Staff cost money and quiet afternoons feel wasteful.

The fix. Pick honest hours and keep them absolutely. Fewer days kept perfectly beats more days kept unreliably — and update your listing the day anything changes. One shop in the market check has an otherwise glowing review docked stars purely because the hours on Google were wrong and the phone was never answered.

PART 15 — Your first 90 days

PART 15 YOUR FIRST 90 DAYS

Days 1–14 — Legal and location. LLC or 501(c)(3) — decide properly. EIN, bank account, sales tax permit and resale certificate. Zoning and business licence. Call the police department about secondhand dealer rules. Call your state about bedding and upholstery licensing. Insurance including product liability on used goods.

Days 15–30 — Systems before stock. Download and print the CPSC Resellers Guide. Write the do-not-accept list, the processing flow and the bed bug protocol. Set up the colour-tag markdown schedule. POS that takes cards. Arrange disposal and a textile salvage buyer. If running booths, get the vendor agreement drafted and reviewed.

Days 31–60 — One test lot. Buy a single pallet or estate lot. Process it fully, tracking cost, time, sellable percentage and disposal. This is your real education in margin. If running booths, start recruiting vendors — you want a full floor on day one.

Days 61–90 — Open and stay open. Full posted hours, kept. New stock on the floor every day. A daily photo post. Ask every customer how they found you.

The one number to track

THE ONE NUMBER TO TRACK

For the first 90 days: sell-through rate by intake week.

Of everything you put out in a given week, what percentage sold within eight weeks? This single number contains your buying, your pricing and your merchandising, and it is the only early warning that you are buying the wrong things.

Below 50% and you are filling the shop faster than you are emptying it. That compounds silently, then all at once.

From month four: revenue per square foot per month.

Rent is fixed and floor space is the constraint. This tells you whether the space is earning its keep, and it is the number that decides whether a second location would work.

Where this goes if it works

WHERE THIS GOES IF IT WORKS

Stay one shop. A steady local business, a known name, and an owner who buys well.

Convert to booths. Lower labour, predictable rent, and — on the evidence of the market checked — better customer ratings. A different job.

Specialise. Vintage clothing, furniture, tools, books, baby and children’s goods. Specialists price higher and pull buyers from further away.

Add online. Specific and collectible items sell nationally for many times the local price. Photograph and list on a schedule, and keep online stock physically separate so you never sell the same thing twice.

Or go nonprofit and build it around a mission. Donated inventory, grants, volunteers — and a genuine reason for the community to bring you their goods rather than the charity down the road.

Your odds, honestly

YOUR ODDS HONESTLY

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

BLS Business Employment Dynamics tracked the 2022 cohort of new establishments. One-year survival ranged from 74.4% in the Mountain division to 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, 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 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, turning stock, checking what you sell, and being open when you said you would be.

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 ONE-PAGE VERSION IF YOU READ NOTHING ELSE

- Download the CPSC Resellers Guide and keep it in your processing area.

- It is illegal to sell a recalled product, and you are required to know. Nearly 70% of resale stores failed a CPSC study on this.
- No cribs, no car seats, no helmets, no broken nursery furniture, no drawstrings, no children's metal jewellery or painted toys. When in doubt, throw it out.
- Test everything that plugs in.
- Check whether your state licenses bedding and upholstery before you take a sofa or a mattress. Sanitize, label, and never remove a law tag.
- Inspect and quarantine soft goods for bed bugs. One sofa can cost you the shop.
- Decide for-profit or nonprofit properly — only a 501(c)(3) can offer a deduction, and that decides your cost of goods.
- Then decide retailer or landlord. If you choose booths, remember you are still the seller in law.
- Track cost at lot level including disposal, and check prices on your phone before you buy.
- Run a published markdown schedule, restock daily, keep full honest hours, and take cards.

The thrift store year

THE THRIFT STORE YEAR

Secondhand retail has a calendar, and buying against it is how you end up with sixty coats in June.

January. Your best donation and buy-in month of the year — people clear out after the holidays and act on resolutions. Sales are slow. Buy and process now; you are stocking for spring.

February to April. Spring cleaning drives intake, and tax refunds drive spending. The strongest combination of the year. Put out garden, outdoor and children's spring clothing.

May to July. Yard sale season competes with you for both supply and customers, and estate activity picks up with the moving season. In a garrison town this is PCS season — the single best window for buying whole households cheaply, and for selling to the families arriving.

August. Back to school. Children's clothing, uniforms, furniture for students and young renters. In a college town this is the peak, on both sides — students discard everything in May and buy everything in August.

October. Halloween. Costume-adjacent stock sells at prices it will never reach again — old formalwear, uniforms, odd hats, curtains, anything theatrical. Set it aside all year and put it out in late September.

November and December. Gift buying, decorations, and coats. Holiday décor is the highest-margin seasonal category you handle — nearly free to acquire in January, sold at full price in December.

Two rules that follow:

Buy off-season and store deliberately. Coats in July, décor in January, costumes all year. But cap it — storage is floor space you are not selling from, and a unit full of things you were clever about buying is still a unit you are paying for.

Rotate the floor to the calendar, not to your stock levels. Seasonal merchandising is the cheapest way to make the same inventory look new.

A last word

A LAST WORD

Everything in your shop belonged to somebody else first, and most of it arrived because of a death, a move, a divorce or a downsizing. People will tell you the story at the counter whether you ask or not.

That is the part of this trade nobody puts in a business plan, and it is why a good secondhand shop becomes a fixture in a town rather than just a place to buy a lamp.

Check what you sell, keep the floor moving, and open the door when you said you would. The rest is other people’s history, passing through your hands on the way somewhere useful.

General information for starting a business, not legal, tax or regulatory advice. Product safety rules are federal and enforceable, recall status changes constantly, and secondhand dealer, bedding and upholstery, sales tax and zoning rules vary by state and city. Check SaferProducts.gov, read the CPSC Resellers Guide, and verify locally.

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

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	

Pricing and Estimate Template

PRICING AND ESTIMATE TEMPLATE

Complete the cost fields with your own numbers. Use the pricing guidance in the core guide for the business-specific method.

Estimate field	Details or calculation	Amount
Customer and project		
Materials or inventory		
Labor hours and rate		
Equipment or venue		
Travel or delivery		
Subcontractors		
Overhead allocation		
Contingency or risk allowance		
Subtotal		
Applicable tax		
Estimated total		
Deposit and payment schedule		
Estimate expiration date		

Invoice Template

INVOICE TEMPLATE

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

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

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 501(c)(3) can offer donors a tax deduction. A for-profit thrift store can accept donations but cannot. In practice the charity down the road is handed its stock, and you have to buy yours.
☐	1. Structure. An LLC, or a 501(c)(3) if you are genuinely running a charitable operation — see Part 3, because this is the biggest decision in the guide and it is not a formality. 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. Secondhand goods are still taxable in most states — being used does not exempt them. Some states exempt clothing; some provide exemptions for nonprofit sellers. The resale certificate lets you buy pallets and lots without paying tax on inventory.
☐	5. Local licence and zoning. Retail zoning, a business licence from the local tax office, and — because this trade involves donation drop-off, outdoor displays and skips — check the sign, parking and refuse ordinances too.
☐	7. Check whether you need a bedding and upholstery licence. See Part 5. In several states this is a separate registration with its own inspections, and it catches anything with filling in it — not just mattresses.
☐	8. Insurance. General liability, contents coverage on inventory, and ask specifically about product liability on used goods. You are putting other people’s appliances, furniture and electrical items into homes.
☐	9. Self-employment tax. 15.3% of net self-employment income on top of income tax, with quarterly estimates if you expect to owe $1,000 or more federally — 15 April, 15 June, 15 September, 15 January. Safe harbour is 100% of last year’s tax, or 110% if AGI exceeds $150,000.
☐	A 501(c)(3) can offer donors a tax deduction. A for-profit cannot. For-profits can accept donations, and some do, but as one industry source puts it, they “often struggle to solicit donations, as community members aren’t motivated to give them items.”
☐	The nonprofit route is real if the mission is real. It brings donated inventory, grant eligibility, volunteer labour and goodwill. It also brings governance, a board, Form 990 filings and receipting duties — donations over $250 require a written receipt to the donor, and over $500 the donor must complete IRS Form 8283. Do not choose it as a tax dodge; choose it because you are actually funding something.
☐	So the safety rules in Part 2 do not become the vendor’s problem. They become a term of the lease.
☐	Agency or authority contacted: ____
☐	Written confirmation or permit saved at: ________________________________
☐	Review date: ________________ Renewal or recheck date: ________________

Launch Readiness

Thrift Stores Guide

PLAN — SET UP — PRICE — SELL — TRACK

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