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# ***Whitehorse Community Thrift Store Feasibility Study***

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Submitted to Volunteer Bénévoles Yukon and the  
Community Thrift Store Steering Committee

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## Executive Summary

This study examined the feasibility of opening a new thrift store in Whitehorse. The study was commissioned under the aegis of Volunteers/Bénévoles Yukon with the participation of several other non-profit groups and interested individuals in the Steering Committee. The feasibility study was funded by the Yukon Government's Community Development Fund and by Volunteers/Bénévoles Yukon.

The consultants identified the conditions under which a new thrift store could succeed and provided a substantial amount of information that should prove useful in the detailed business planning process.

Twenty interviews were conducted with other thrift stores Outside the Yukon, and organizations and consignment stores in the Yukon. The study team, with the assistance of members of the steering committee, developed a questionnaire to be administered to representatives of existing and closed thrift/free and consignment stores, and pawn shops. Separate questionnaires were created for the City of Whitehorse and Raven Recycling. The interviews tried, generally successfully, to obtain information in 20 different areas of interest:

1. Store Origins
2. Organizational Model:
3. Operational Business Model:
4. Philosophical model (non-profits only):
5. Physical Facility:
6. Equipment and Furnishings:
7. On-Site facilities:
8. Incoming Materials:
9. Quality Control and Sorting
10. Quantity Control – How Much
11. Pricing - quality and condition:
12. Environmental considerations:
13. At the till:
14. Advertising, Promotion, Marketing
15. Staffing and Volunteers
16. Management staff
17. Funding & Accountability (non-profits only):
18. Financial Questions (non-profits only):
19. Financial advice from Private Enterprises:
20. General Conclusions

The interviews and financial analysis led to a number of conclusions and recommendations. Some of the most important are:

- Annual sales are likely to eventually be around \$400,000.
- The break-even financial analysis shows that a thrift store could be financially viable in Whitehorse assuming it can sell about \$400,000 worth of goods per year. Based on that sales assumption of \$400,000, the total salaries & rent should not exceed \$357,000 to ensure there is enough remaining to cover other unavoidable fixed costs.

- The required initial capital outlay needed to open the store could vary greatly: estimated between \$67,000 and \$186,000. The required amount could be reduced through donations of supplies and equipment, but a substantial cash outlay will nevertheless be required.
- Three full-time staff would be required to operate the store to ensure that two can be present at all times. The store will also additional need part-time staff and/or volunteers. Adequate resources must be devoted to staff and volunteer training, not only in operations, but also on safety and security.
- Control, sorting and pricing of incoming merchandise is perhaps the most critical element in the success of stores.
- As well, merchandise must be moved at a fairly rapid pace, with unsold items be offered on sale or free or otherwise disposed of after a certain period.

**The fundamental conclusion of this feasibility study is that a new thrift store could be successful in Whitehorse with proper planning and policies, and adequate start-up resources.**

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# 1 Introduction

There is no question that it will be challenging for any organization to step into – and successfully fill - the vacuum left by the closure of the Salvation Army Thrift Store in Whitehorse in the spring of 2017. The Salvation Army gave two reasons for closing their store with a 40-year history of service to the community: increasing O&M costs, and excessive staff time required to sort through donated junk.

Additionally, those four decades created a community culture in Whitehorse, indeed in the entire Yukon. Any organization opening a new thrift store should graciously acknowledge the expectation that exists in the community and make a sincere attempt to recognize, if not meet, those expectations.

In other jurisdictions there are however, many thrift stores who are doing well – making a surplus every year and continuing to support their parent organizations and chosen faith and community groups as well as serving their communities. The groups and managers operating these stores are observant and imaginative. They are compassionate, community-minded and frugal and above all, they are not attempting to be all things to all people.

## 1.1 Background

Residents of Whitehorse and other Yukon communities have been feeling the “second-hand sting” since the Salvation Army Thrift Store closed its doors. To add to the dismay of the diverse and dedicated second-hand community, within a few months on either side of the thrift store closure, Whitehorse also lost its two free stores operated by the City of Whitehorse (closure late 2016) and Raven Recycling (closure May 2017).

Since then, a variety of local organizations and businesses have attempted to help fill the void, some with greater success than others:

- The Humane Society began holding flea-market style fundraisers, but it became inundated by goods after the closure of thrift and free stores, so they stopped.
- Changing Gear, a local sporting goods consignment store, began organizing a series of summer flea markets after the Sally Ann Thrift Store closed. They donate a percentage of flea-market proceeds to the Humane Society.
- The Seventh-Day Adventist Church currently hosts a second-hand clothing bazaar every Tuesday at their church in support of Syrian refugees, accepting donations only during hours of operation.
- North Star Mini-Storage and Raven Recycling co-hosted an indoor community garage sale in February 2018 at the Canada Games Centre.
- In December 2017, Zero Waste Yukon initiated a one-year pilot program called “Perfectly Good - A Household Goods Re-use program. Again, in conjunction with North Star Mini-Storage, they collect, inventory and disseminate used household goods to needy local organizations.
- Since closing their free store, Raven Recycling is baling roughly 800 lbs per day of donated clothing. The Whitehorse Fire Department is a beneficiary, collecting and selling baled bins of donated clothing as a fundraiser.

In the midst of this rally to help mitigate the loss of the free stores and the Sally Ann thrift store, Volunteer Bénévoles Yukon (VBY) hosted an information-sharing session in September 2017. Approximately 20 people from a wide variety of backgrounds and associated with numerous local not-for-profit groups participated.

In December, this group, now calling itself the Whitehorse Community Thrift Store (WCTS), identified four social goals:

1. to increase waste reduction/diversion and promote environmental conservation
2. to provide a retail space to offer pre-used clothing and household items at low cost
3. to provide work experience and skills development for Yukoners with employment barriers
4. to assess the potential for creating a self-sustaining revenue stream for Yukon NGOs

In January 2018, the group formed sub-committees to attend to specific tasks. One sub-committee prepared a successful Community Development Fund grant application under the umbrella of VBY to hire a team of local consultants to complete a Thrift Store Feasibility Study. This is an important building block for the venture. If NGOs are going to commit time, energy and money toward the creation of a thrift store they need to be sure the enterprise has a good chance of success.

The CDF decision process was delayed by two weeks when a local consignment store owner expressed opposition to the thrift store, seeing it as a business threat. CDF informed the WCTS group that there is no guarantee of future funding without full support from local businesses. Opportunities to secure other sources of seed money are therefore critical to this venture.

In February, the WCTS participated in a Zero Waste Flea Market at the Canada Games Centre, hosting the front table and gathering contact information from dozens of volunteers and interested people. On behalf of the WCTS, VBY applied for the Yukon Innovation Prize.

In March, a small group of interested and skilled individuals became involved in the WCTS Steering Committee. Also in March, VBY learned that their project was a recipient of a \$10,000 Yukon Innovation Prize, some of which was used to hire a Project Coordinator to advance the WCTS. In April, work on the Feasibility Study started.

In early May, the WCTS hosted their first Pop Up Thrift Store called “Love2Thrift” at the Lake Laberge Lion’s Club Annual Trade Show, making their first direct contact with the community, and a chance to connect with local groups, businesses, agencies and the City to talk about partnerships and collaboration. Here WCTS gathered approximately 150 more volunteer contacts and put their first fundraising monies into the coffer. The WCTS held subsequent Pop Up Thrift Stores at the first three Fireweed Farmers Markets of 2018 and continued to build community awareness and excitement.

In late May, the first draft of this Feasibility Study confirmed that a community-based thrift store is viable for Whitehorse. The WCTS also confirmed they can register their not-for-profit group as the Whitehorse Community Thrift Store Society. It has since incorporated as a not-for-profit society, which will enable them to obtain a business license and open a bank account.

Since December 2017 the WCTS Steering Committee has continued to refine the social goals it originally identified to help influence and inform the design and operational model for the Thrift Store enterprise. The refined goals (now five) are as follows:

1. to promote waste reduction and divert materials from the landfill, reducing our individual and collective ecological footprints
2. to educate the public to transform how waste is viewed, “waste to wealth”, and to alter patterns of consumption and disposal
3. to create access to quality affordable used items to low income families and individuals and artists
4. to support work experience and skill development for people with employment barriers
5. to potentially generate revenue for redistribution amongst Yukon NGOs after the business is well established

Across the continent, community-based thrift stores support a broad range of local social needs, such as providing; local employment, work experience and skills development for people with employment barriers, opportunities for volunteerism, clothing, novelty and household items for individuals and families in need and other members of the community.

Thrift stores may be operated by non-profit or faith-based organizations, groups or other charities, or for-profit enterprises. In addition to serving many social needs of community, the local thrift store also plays a role in environmental stewardship by promoting re-use, one of the main pillars of waste reduction and landfill diversion. Our team has prepared this report to identify what other thrift stores consider best practices to help in designing a successful thrift store enterprise for Whitehorse.

The organizations originally represented on the Community Thrift Store Steering Committee represented a range of Whitehorse NGOs, some of which are more directly aligned with the local social aspects of the Thrift Store model—such as promoting volunteerism, providing job opportunities and skills development—others that could potentially benefit financially from sharing the influx of materials and potentially a percentage of sales generated by the Thrift Store, and finally other NGOs and local businesses whose overarching vision aligns with the goal of increasing social awareness and inclusivity.

In their public explanation of the Whitehorse thrift store closure, the Salvation Army reported that increasing staff time required to sort incoming material as well as costs related to disposal of un-sellable items became unmanageable and played a significant role. This is not an isolated situation. The issues that plagued the Whitehorse Sally Ann are echoed across the country in recent articles about numerous thrift stores drowning in huge volumes of unsellable donations. Sorting through, cleaning up and disposing of dumpster-quality donations is an increasingly common occurrence and puts a huge drain on thrift store funding.

In addition, the Salvation Army store had been operating at a deficit for a number of years, with the deficit being covered by loans from the Salvation Army. Typically, the Salvation Army uses profits from its thrift stores to fund other programs offered by the church. In Whitehorse, the opposite had been occurring. The situation became untenable despite attempts by the last



manager to remedy the situation and start repaying the debt in the last two years of operation and the Salvation Army decided to close the store.

Closure of the landfill free store put additional pressure on the situation. According to reports from the City, the landfill free store closed after the discovery of a hypodermic needle, a potential threat to landfill staff and public safety. There were also concerns about the volume and quality of incoming materials into an unstaffed area. Space and staffing at Raven Recycling's free store was simply not equipped to handle the phenomenal increase in volume of incoming material (and outright garbage) after other facilities shut down.

Efforts to maintain a standard of good quality in used items donated to thrift stores for re-sale is undoubtedly compromised by donations that originate from the ever-increasing presence of inexpensive low-quality primary retail outlets.

## 1.2 Methodology

This study is partially the result of 20 interviews between March and May 2018 with 16 individuals involved in 15 thrift and consignment stores in four provinces/territories as well as four interviews with individuals representing three Yukon organizations: the City of Whitehorse, Raven Recycling, and the Mount Lorne Landfill.

A questionnaire was developed by the study team in conjunction with the Steering Committee spearheading the development of a thrift store in Whitehorse. The questionnaire was used to interview the thrift stores. Separate questions were prepared for the City and Raven Recycling. These questionnaires and a summary of the responses are provided in the Appendices. We have also provided a narrative of the responses in a "What we Heard" section in the body of the report.

To understand the context of a new thrift store endeavour, we wanted to understand the reasons associated with closure of the previously existing thrift store, consignment stores and free stores in Whitehorse. The main purpose of the interviews, however, was to gather information on operational considerations – including the skills, resources and tools necessary to operate a successful thrift store through Local and Outside interviews.

Our market analysis examined potential revenue scenarios and identified revenue strategies to cover costs and potentially offer some revenue to sponsoring volunteer organizations. The study also sought to determine the capital requirements, revenue, operating costs and financial sustainability options to create a successful Thrift Store enterprise. To this end, we prepared a list of options for capital equipment and working capital requirements and identified a range of start-up costs. We also examined the revenue potential as well as a reasonable set of operating costs, yielding an initial *pro forma* income statement. The income statement established the conditions for a financially sustainable Thrift Store.

We also assessed the potential for achieving intended social goals and concluded with recommendations for start-up needs and operations.

## 2 Interviews

### 2.1 Whitehorse Interviews

We conducted interviews with individuals from the following organizations with Free-Store experience in the Whitehorse area:

- the Education Coordinator with Raven Recycling (free store closed)
- the Environmental Coordinator with the City of Whitehorse (free store closed)
- manager of the Mt. Lorne Transfer Station (free store active)

The purpose of these interviews was to discuss the following topics:

- how did they manage intake and assessment of donated articles?
- what steps were taken (in addition to signage) to discourage donation of un-useable items,
- whether they collected information on volumes, type and final destination(s) of items,
- whether there was there any level of consistency in the quality of donations,
- whether there was any consistency in the clientele who donated to the Free Store,
- whether there was any consistency in the clientele who “shopped” at the Free Store,
- whether they would consider trying a Free Store again and if so, how could it be set up differently to meet its waste diversion objectives,
- perceived benefits and risks of operating a thrift (or free) store in the Whitehorse context

Specifically, for Raven Recycling:

- what is the potential for using/re-using/re-purposing unsellable items locally
- whether they would consider sharing equipment (such as their baler)
- what kind of relationship they would see Raven having with a new Thrift Store (pick-up of recyclables, participation in governance, collection point for thrift store items – single drop-off concept)
- whether they had any “outside the box” suggestions and ideas following the recent Zero Waste Forum

Specifically, for the City of Whitehorse:

- whether the City see itself being the end-point of the life cycle of items purchased locally?
- whether the City might consider waiving tipping fees or negotiating waste diversion credits for a Whitehorse Thrift store?

We also conducted interviews with individuals with thrift/consignment/pawn store experience in Whitehorse, including:

- staff and management of the previous Salvation Army Thrift Store
- owner of Sequels consignment store (via letter to Steering Committee)
- ex-owner of And-Again Consignment Store (closed)
- ex-owner of Second Show Kids consignment store (closed)

- owner of Changing Gear sporting goods consignment store
- a local pawn shop (who was only willing to participate in half the interview)

The purpose of these interviews was to find out about:

- internal operating procedures (intake, assessment and pricing of donated articles)
- staffing model, levels of training and experience, pay scale, hours, job description for employees and management
- who their main donors are
- how they achieve quality control
- the steps taken to discourage dumping/donation of un-useable items
- whether they tracked or estimated volumes, characteristics and final destination(s) of un-sellable items
- what marketing strategies/campaigns they use
- what they perceive as benefits and risks of operating a thrift (or free) store in the Whitehorse context

## 2.2 Outside Interviews

In-person and phone interviews were conducted with the following organizations in Calgary as well as four smaller communities in Alberta, BC and Ontario:

Interfaith Furniture Store (Calgary)  
Mission Thrift Store (Canada)  
Mennonite Central Committee (Calgary)  
Zoe's Thrift Store (Calgary)  
Thriftopia (Calgary)  
Cochrane Clothesline (Cochrane)  
Crossway Thrift Store (Canmore)  
Summerland Auxiliary Thrift Store (Summerland, BC)  
Beyond the Blue Box (Cobourg, Ontario)

The purpose of these interviews was to find out about the elements of a successful thrift store:

- accessibility, size, location
- staffing model, levels of training and experience, pay scale, hours, job description for employees and management
- whether they use volunteers, from where and to what extent
- how they ensure safety and security needs of staff and volunteers
- operating procedures (intake, assessment, pricing and display of donations)
- how they discourage dumping/donation of un-useable items
- how and whether they track volumes, characteristics and final destination(s) of un-saleable items
- opportunities for revenue generation and what other thrift stores do with profits
- marketing strategies/campaigns sales and discounts
- who are the primary suppliers of goods to be re-sold?
- how they achieve quality control
- some of the benefits and risks of operating a thrift store

## 3 What We Heard

This section provides a summary and compilation of what heard in the interviews.

### 3.1 Store Origins

Stores with a variety of origins were interviewed to present a diversity of start-up models. Some are relatively new thrift stores while others have been fixtures in the community for decades. Some are “one-of-a-kind” operating in a single location, while others are “one-of-several” stores operating under an umbrella entity. Most stores have very humble beginnings associated with charitable activities in the community.

Some entities operate exclusively in one city, others operate up to 50 stores across Canada. Some have been operating for just a few months, while others have been in business for over 30 years. Sometimes thrift stores change location for a variety of reasons, primarily a need for more or improved space and better rent/lease arrangements.

### 3.2 Organizational Model

For the purpose of this study, a variety of organizational models was chosen to showcase the different ways a store can be managed. “One-of-a-kind”, not-for-profit stores tend to serve projects or outreach in their own community. Such stores are usually smaller and do not and not hold Charitable Status. The exceptions to this include Beyond the Blue Box in Cobourg Ontario and the Interfaith Furniture Store in Calgary – both “one-of-a-kind” enterprises which are registered Charities. The “one-of-several” stores tend have a large enough donation base that they are usually hold Charitable Status. Of the stores interviewed, 71% were “one-of-a-kind”, but only 57% of the total of the stores interviewed are registered charities.

In the case of the “one-of-several” model, the store owners are not directly involved in managing the store. In “one-of-a-kind” not-for profit stores, an umbrella group – usually a Board of Directors - hires a manager to run day to day operations. Owners of the “one-of-a-kind” private (for-profit) stores tend to be more, if not very, involved in the day-to-day management of the store. In two cases, the umbrella organization has a large membership and their Board appoints or recruits a committee tasked with overseeing the thrift store. Like a Board, committee members are usually in their role for two years.

One manager noted that it’s sometimes tricky to stay the course when the operational dynamics change as the Board membership or the lead contact representing the board or committee changes with an election every two years.



### 3.3 Operational Business Model

While thrift stores are all run as “businesses”, they can operate as **for-profit** or **not-for-profit** depending on the governance model. Faith-based groups are commonly, though not always, the backbone of the not-for-profit stores, donating profits to humanitarian or faith-based projects run by their organization.

Most of the stores interviewed hold special events in the community they serve. These include (and sometimes combine) the following events:

- customer appreciation events
- bag sales
- hockey swap
- fundraisers for specific programs
- flea-markets
- art auctions
- events with local musicians
- Stampede lunch
- annual volunteer lunch
- Boxing Day and Canada Day \$1 per item event (each day raised \$1200 last year)

One store participates an annual Art Sale that doubles as a volunteer recruitment event where people bid on artwork and the winner pays off the sale amount in volunteer hours at the charity of their choice.

Hours of operation for faith-based stores are usually five or six days per week, excluding Sundays and sometimes Mondays. Some non-faith-based thrift stores are open every day but closed on holidays.

### 3.4 Philosophical model

Questions on the philosophical model were only asked to non-profits.

**BENEFICIARIES:** Who benefits from the surplus funds from not-for-profit (and sometimes for-profit) stores? The list is almost endless - including women and families in need (shelters), First Nations health organizations, local churches, food banks, local and international humanitarian projects, Red Cross, owner organizations programs and activities and developmentally disabled individuals.

**BOARD OF DIRECTORS:** All the not-for-profit stores have a Board of Directors or are overseen by a committee of the board which, without much variation, is explicitly **not involved** in the day-to-day management of the store, providing policies and procedures and governance only. One store welcomes their board members as volunteers as long as they leave their “director’s hat” at the door and take direction from the manager. Several interviewees strongly encouraged hiring a manager who is strong enough to handle the demanding job and resist being micro-managed by a diverse Board with varying objectives.

**RECRUITMENT:** New Board members are typically recommended, recruited or nominated by standing Board members and must be approved by the Board and/or elected by membership at an

AGM. Some are required to provide a written rationale describing their reasons for wanting to become a Board member.

**POLICIES AND PROCEDURES:** Policies and procedures documents are very specific to each store or organization and how their governance is structured. Likely for that reason, only two stores were willing to share their policy manual - upon request.

### 3.5 Physical Facility

Thrift store size varies significantly depending on what is available and affordable, what meets their needs – largely based on what materials the store accepts. Furniture, as more than one manager pointed out, is a big real estate footprint. Most stores have a significant sorting area, up to a third of the total building area.

One store interviewed has a very tiny sorting area compared to the overall square footage of the retail area, however they have a large year-round outdoor fenced and gated yard where primary sorting occurs, and the smaller space is mainly used for pricing. Another store has a large gated outdoor area which is also used year-round. The manager bought a sea-can, insulated it and added a heater. This now serves as a warm winter sorting station.

Thrift stores interviewed are mostly close to public transit and accessible for people with disabilities. Some stores have modified their existing space to make it easier for people with physical disabilities by installing ramps, widening doorways or aisles and allocating ample handicap parking. Some stores are on more than one floor or level, but since most stores are housed in leased or rented space, there is reluctance to undertake costly renovations as it diverts resources away from the organizations main purpose(s). Some managers are actively lobbying the building owner to make specific changes to increase accessibility.

Very few interviewees either knew or were willing to share the cost of their space or utilities.

*“Be sure to negotiate a good lease and make sure you understand the financial implications of the repairs and costs that will be your responsibility. Major repairs should be covered by the landlord.”*

*“Do not start too big – think small with a larger sort area – you can always get bigger”*

### 3.6 Equipment and Furnishings

All stores have at least one till. Some are fairly sophisticated while others are very basic. A till that enables sales to be categorized is very helpful – the more categories the till is capable of tracking, the better for tallying the types and volumes of inventory sold. All stores also have a debit/credit machine which is owned by a bank and fees are charged for each transaction. It is important to research which debit/credit provider is chosen, as there are varying fees and - more importantly - different contract and terms available. One store takes only cash and debit to avoid high fees for credit card transactions.

Most stores have a dolly and/or bins on wheels. Bins are very useful for moving materials from the sorting area to the retail floor. Wheels can be useful where there are no stairs to navigate. Plastic bins are used where staff and volunteers are carrying materials up a staircase. All stores have shelving and clothing racks with hangers. Glass cases – often lockable – are also common for displaying jewellery and other specialty items and valuables.

Mannequins are common but not ubiquitous – some stores prefer to create very appealing clothing and accessory displays using hangers only and displaying outfits on the wall or in a window. Two stores specifically noted that mannequins are nothing but a nuisance in a thrift store context. A mannequin in a regular retail store can stay dressed in the same outfit for several weeks – since there are multiples of every clothing article available for sale. Unlike the retail environment, a thrift store mannequin requires frequent and time-consuming re-dressing, as the one of a kind garments which the mannequins are wearing get sold. One store has named their mannequin “Thrift Me Spears” after a well-known actress/pop star.

In addition to the common items noted above, one store has two scales to weigh materials sold (an old grain scale and a medical scale). All weights are recorded for waste diversion credits. Several other stores own steamers to press wrinkles out of clothing.

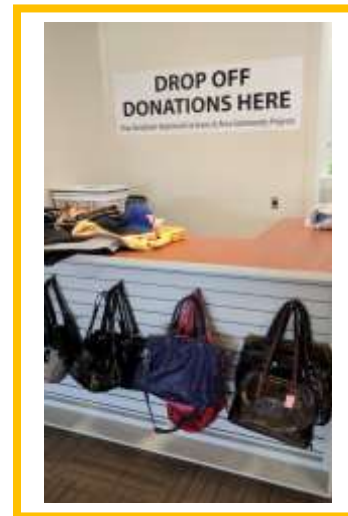
A few stores own a truck (usually a cube van) for picking up items from individual donors, estate sales, hotels and other donor venues. A vehicle is expensive (sometimes prohibitively so) to operate and maintain, requiring an additional part-time staff person (with an impeccable driving record) and often a second helper for moving larger items. While they offer great perambulatory advertising opportunities for the organization, the advantages are often outweighed by the costs.

### 3.7 On-Site Facilities

Drop-off facilities fall into three consistent categories:

- in-store (or staffed outdoor areas) where donations are accepted only during operating hours
- gated (lockable) and fenced drop-off areas with signs discouraging after hours donations
- unprotected outdoor drop-off areas equipped with signage and in most cases, security cameras

Some stores assign at least one staff person/volunteer to inspect all donations, in other cases the facility is randomly staffed or unstaffed. In the stores where donations are supervised, staff can inspect incoming materials and provide a first-cut screening service to the sorting staff.







Where the drop-off area is not staffed, interviewees strongly recommended installing security cameras and signage and try to keep it in an area where people feel watched and might not rip the bags open to go through them. Several people mentioned that items regularly get taken from outside drop-off areas by people hoping to re-sell them in garage sales.

Change rooms and washrooms are typically, but not always provided (although they tend to invite theft). Some stores play music ranging from personal playlists to commercial-free radio stations (rules regarding size of venue and radio stations apply). Some stores play a religious music channel, one has a SOCAN membership, another uses a Google Play subscription to access funky Motown. A few stores offer free Wi-Fi, though in the day of mobile data, the advantage of this is uncertain.

### 3.8 Incoming Materials

With one exception (Interfaith Furniture), all interviewed thrift stores accept clothing (for adults and children) as their primary source of donation (Interfaith does accept clothing, but furniture is primary). Most accept donations of jewelry, accessories, toys, books, games and office supplies, household items, kitchen pots and utensils. Some accept sporting goods, camping gear, packs and suitcases.

Many accept smaller pieces of furniture but are limited by the physical size of their space. Some have specific limitations on items such as wall units and big desks.

One store has a large fenced & gated (lockable) outdoor area in which they store and display larger items like couches, tables, filing cabinets and other assorted items. This area is thoroughly tarped at night to protect it from the elements. Another store with both a large outside and inside area accepts pretty much everything including major appliances and large furniture. They are presently embarking on an experimental foray into high quality automotive, sporting goods and some building supplies.





Mattresses are accepted by only a few stores because they are bulky and not often in good condition – no stains or tears. Mattresses, however, are considered to be highly valuable for individuals and families in need as they are costly to purchase new. One store has bed-frames in an area adjacent to a stand-up storage area for a variety of sized mattresses in acceptable condition and their stock of beds and frames rotates very quickly. They regularly supply beds for the *Inn From the Cold* program.



Electronics are accepted on a discretionary basis. Most stores accept gaming electronics like X-Boxes. Some will accept flat-screen TV's but not old tube-style TV's. Most will take lamps, but few accept light fixtures because of the wide variety of hardware (often incompletes) required for installation. Most stores accept small household appliances and electronics. They typically have a testing station with a receptacle for customers to confirm the working order of such items. Some stores do their own testing and minor (structural, cosmetic or electrical) repairs prior to setting items out for sale.

Health Canada has regulations prohibiting the resale of specific items (such as helmets, child car seats and window blinds) for safety reasons. (<https://www.canada.ca/en/health-canada/services/consumer-product-safety/reports-publications/industry-professionals/industry-guide-second-hand-products-including-children-products.html>)

Most stores benefit from donations from the general public, though some also promote/recruit donations from hotels, restaurants, local retail store closures, unsold items from local consignment stores and items left after estate sales. Partnerships and connection with the community are essential so people think to call or visit your store when they have good quality donations.

Sometimes it helps to encourage a phone call in advance of a questionable donation. When donors do phone, they are often asked to send a photo of the item, which helps the staff determine whether they can accept it. Where the donation area is suitable for staff to do a coarse level sort and turn away unacceptable items, it pays to train and encourage them to provide a specific reason if they won't accept a particular item. For example, they could cite a concern about failing health inspections for potentially hazardous stains, mouse droppings etc. They could also say "We don't accept downhill ski gear or microwave ovens, but here is the name of a place that does." This helps to build public awareness of what and why certain things are not acceptable.

*"Once somebody donated a load that included a cremated body. You have to have your act together to recognize that and deal with it before there are ashes all over the place."*

*“Set your standards right from the beginning. Your customers will soon come to know the standard that you will sell - but more importantly - accept”*

### **3.9 Quality Control and Sorting – What Kind, Condition?**

Each store tends to have its own policies and standards guiding acceptable items and conditions. Staff go through all incoming items and decide what is acceptable and what is not. Where enough personnel are available, receiving area staff do a first cut on acceptable items, then each department makes a final decision. Sometimes managerial staff are called in to assist with this process.

All interviewees emphasised that they will not accept stained or smelly items (including cigarette smoke). Staff and volunteers clean incoming materials that are dusty and will spot treat light stains or occasionally launder materials to improve resale value. One store hoses down patio furniture. A sports consignment store invested in a piece of sophisticated cleaning equipment to freshen up sports gear and reports that their customers notice the difference.

None of the stores interviewed take active steps to reduce the possibility of bed bugs other than a visual inspection and nobody reported having - or having any customer complaints about - issues with bed bugs. Bedding and linens are subject to close scrutiny for stains and general condition. Some stores leave items outside for at least a day.

Store staff and volunteers usually have some privileges around purchasing donated items. The rules on this system must be clear and posted so it doesn't become a free-for-all. Some stores offer staff/volunteer discounts, but the item must be in the store for a minimum period of time. Other stores offer a discount immediately. Items must be priced first (not by the purchasing staff person!). One store keeps a large basket full of items which are free to volunteers. Another store allows staff to purchase 5 items per week, but not always televisions (resale!). They also allow volunteers to shop on their days off for anything they want, however, they are not allowed to “hide” items they want to purchase on their next day off!

Some stores have a way to keep general track of the categories of goods sold through their till. One newer till can track up to 24 categories. Another store uses manual inventory sheets to keep track. Only one store uses a computer-based inventory system, but one other store is implementing a system in the coming weeks.

When asked about changes in the quality of incoming goods and materials, only one store believed that the quality of their donations had actually improved over time. Several stores reported a decrease in quality over the years. This was attributed to typically inferior quality of merchandise available at big box stores and regularly donated to thrift stores. Another possible reason is that during recession times, people tend to hold onto higher value items due to economic uncertainty.

One store noted that particle board furniture is becoming an increasing problem as it tends to crumble if it gets bumped and then it must be discarded.

It's important to be aware of changing consumer trends, for example, items like silver and china are from another era and nobody wants them anymore.

### 3.10 Quantity Control – How Much?

Nobody addresses the weight/volume of materials dropped off because if it includes random drop-offs, recycling and garbage, there is not much benefit in knowing this information. Only one store has a scale for tracking the weight of items accepted for resale. They have an agreement with the local county to reimburse them for a percentage of materials diverted from the waste stream (based on tipping fees).

The only way most stores can track the weight of discarded materials is when they take them for recycling or to the landfill. In terms of recycling, metals and electronics may be picked up by a local recycler and the store receives a price per pound/kg, depending on the value of the commodity. Clothing may be picked up by another organization, taken to a facility with a baler and sold for a set price per tonne. Children's toys are not usually recyclable as they contain several kinds of material in a single item, but stuffed toys are sometimes offered to animal shelters or vet clinics as toys for dogs.

Although some stores take their own remaining garbage to the landfill and pay tipping fees by weight, other stores have contracts with waste disposal companies who take their bins to the landfill. The bin may be full - or only partly full - when picked up, so the contract price does not accurately reveal the waste diversion. Very few of the interviewed stores who do take their own materials to the landfill were exempt from tipping fees.

One store reported an increase in donations of clothing and books. Another reported that donations have slowed dramatically over the past couple of years. They speculated this could be due to the higher price of gas (for an extra trip), other household expenses and people wanting to fill up their various recycling and garbage bins that they are already paying for.

*“Our CEO calculated that every dollar the store earns from reselling goods translates into 1 lb of waste diverted from the landfill.”*

*In response to the question “Do you have a way to weigh the volume of items dropped off?” one interviewee replied, “Just listen to the fella carrying it!”*

### 3.11 Pricing – Quality and Condition:

The philosophy of pricing used items is fascinating - ranging from the simplest model of pricing everything very low to keep stock moving and reduce logjams in the sorting room to detailed labelling and pricing all items individually with the intent of getting the maximum return possible at the till. Each end of the pricing spectrum has its benefits and drawbacks relating to labour and materials costs for sorting and labelling, available space and of course, revenue.

**SETTING PRICES:** Several stores price every article or item separately. They admit this is a time-consuming task, but it allows them to get better returns for higher quality items. Some stores post a generic price for most items but have a boutique section for brand-name fashion clothing or other articles in good condition. All boutique items are individually priced.

One store charges \$3 for all adult items and \$2 for all children's items. This includes outerwear as well as jewelry, toys and other goods. They spend no time pricing and rotate their stock very fast. Another store has a base pricing strategy of 50% of retail for all items in good condition.

A cautionary note – several managers strongly advised having someone in the pricing area who is up-to-date on current clothing trends working in the pricing department. One store manager had repeated arguments with pricing staff about not throwing away brand name torn jeans, which staff would continually toss into the discard pile. The manager kept insisting that these were strategic and fashionable factory rips and would fetch an excellent price in the boutique section.

*“Make sure you have one fashion-conscious person helping to sort and price items for the boutique section. They are more likely to recognize the high value of certain items such as a Chanel purse, which an older person might not.”*

*“It is sometimes better to start with a higher price if you are unsure of the value – you will soon find out from various people who come in the store what it is worth and can always adjust the price down”*

**PRICING TAGS:** A variety of methods are used for pricing individual items. The most popular is to use a tagging gun and tagging pins, either in conjunction with an additional card tag or just the coloured pins. Some stores have a system of using different coloured tagging pins to represent a week or a month, so they know how long an article has been on the retail floor and can pull all the tags of a certain colour for quick sale. Others put the information on a tag, describing the category of article and price. One store is considering implementing a bar code system.

**ORGANIZING:** Clothing on the retail floor is typically organized to some extent by type, children's, men's, women's, size and colour. The extent to which clothing is organized is largely dependent on the availability of staff and volunteers.

Several stores have a rack outside the change room for customers to hang unwanted articles so they can be returned to the proper racks by staff/volunteers. This ensures that the items are all properly hung and replaced where they belong.





One store organizes based on the skills and preferences of their developmentally disabled core of volunteers. At this time, they have one person who is great at sizing clothing, so the racks are now organized by size.

**REFERRALS:** A few stores have formal partnership programs with other organizations to accept referrals from families who need furniture, household goods and clothing. These programs stipulate that the store's boutique sections are exempt, and some stores have other restrictions to reduce the potential for further resale of goods.



Without exception, all store managers explained that if somebody comes in needy and has no money that they will do their best to find what they need and give it to them free. This includes the homeless, drug addicts and street people who often want warmer clothing and footwear during winter months. These requests are discretionary and usually fulfilled by the manager on duty.

**SALES & DISCOUNTS:** Most stores put items on sale at the end of each season or after a certain period of time. Some offer increasing percentages of discount after each week or month. Signage is posted indicating the discount information. Some stores offer either regular or periodic discounts for people above a certain age, which varies from 55 to 65. One store said they have sales based on their inventory – if they are running out of room in the sorting area, it's time for a sale.



**SECURITY:** Security cameras are common, both inside the stores and overlooking outside drop-off areas but staff admit that this doesn't always deter people from stealing. It takes a heightened and consistent watchfulness on the part of staff - and whoever is at the till - to observe behaviours that could indicate tag switching or outright theft.

**THEFT:** Theft, although it was described by some as a huge problem, is an accepted fact of life in the retail and thrift business.



One manager said that they recently attended a course where the instructor advised just following a person who they suspected of stealing around the store closely enough that it's obvious, but without making eye contact or speaking to them. This practice is often enough of a deterrent that the person will leave.

One store said they sometimes approach people who look like they are going to steal and talk with them to see what they need, then offered it to them free. One manager said that they alert all staff to be on the lookout when a known shoplifter comes into the store.

Break-ins are different than in-store theft. One store installed bars on windows and doors following a rash of break-ins which worked to discourage vandals and thieves. They recommend that any thrift store do this.



*“Beware of suspicious-looking customers with baby carriages - they can conceal a lot of items beneath the baby.”*

*“There are these jeans called True Religion that people steal to re-sell, probably for drugs. So, we put all those jeans together close to the till where we can keep an eye on them.”*

### 3.12 Environmental Considerations:

The “Big Picture” in terms of environmental impact of a thrift store in Whitehorse is indeed global. The fast-fashion industry is facing growing criticism for excessive use of non-renewable resources used in manufacturing, enormous water requirements, use and potentially improper disposal of toxic chemicals in dyes, use of pesticides in the production of raw natural materials and use of fossil fuels for transportation to name just a few. Any re-use of textiles, especially clothing, is a commitment toward reducing environmental stress. This is particularly true in the Yukon context, where every article has to be transported a long distance from its place of origin.

All stores interviewed had a strong sense of doing the right thing for the environment. When materials are sorted to discard at the initial intake, they are often further sorted for free donation to a halfway house and then for recyclability. Stores have arrangements with local recycling companies for items like clothing, electronics, metal and paper which have a bulk resale value. The company will come and pick the items up and pay a price by weight. This helps to reduce the cost of landfill disposal, whether by tipping fees or by contracted waste pick-up. One store has a free bin by the door for small lower value items.

Some stores take further measures to divert waste by reducing or eliminating the use of plastic bags, accepting donations of previously-used bags or offering free cloth bags or boxes. Others have tools and materials and a dedicated area where, staff/volunteers permitting, they can perform minor mechanical and electrical repairs to reduce throwing out otherwise saleable items. One store cuts up old material into quilting squares and rags which they bag for sale.

*“When we get old ceiling fans, we give them to one of our volunteers who likes to take the copper out of the motors so we sell it separately and make more money from the copper”*

*“People will find all sorts of new uses for items that you cannot sell – a free area in the store will provide a last opportunity before having to discard items”*

### 3.13 At the Till

Most stores accept cash, debit and credit in payment (one does not accept credit cards). Those stores with an arrangement with one or more agencies may also accept coupons or referrals for free items to families or individuals in need. All for-profit thrift stores are required to charge GST, while Registered Charities do not have to charge GST. Not-for Profit stores may or may not be required to register for, and therefore charge, GST.



Employees, usually a store manager or other reliable staff, are typically the only people authorized to handle the sales, however two stores allow trusted volunteers to work at their till. Till training is handled by managers and involves operation and maintenance, sales procedures, and security and safety measures. Often a period of supervision or shadowing is required before a person who is new to the till is allowed to manage the task independently. One store requires a staff person to have 3 months on the job before they can be assessed to be trained at the till.

For the most part, stores interviewed reported that they had not experienced trouble at the till, but most have a fairly high tolerance threshold for what they consider “trouble”. Two stores caught till staff stealing cash (they were let go). Another store had experienced a robbery. One manager noted that if security cameras are not signed, a person stealing and caught on-camera cannot be prosecuted, however, the police have the person’s identity on record.

Start-of-day and end-of-day procedures involve reconciling and transferring a float to the following morning and taking earnings to the bank. The person who counts the cash is not the same person who does the bank deposits. Sometimes bank deposits are done daily and sometimes a few times per week but on different days for safety reasons.

*“The trade and barter system is alive and well in the thrift store business. We account for that in our annual budget.”*

### 3.14 Advertising, Promotion, Marketing

All stores have a website – stores with more elaborate and detailed websites are usually associated with an umbrella organization and a promotion budget.

#### **SIGNAGE – CUSTOMERS:**

Signage in the store is typically concentrated at the till to describe store policies relating to customer purchases (No-tag = No-sale, GST policy, return policy). Where all items are individually priced, managers said that customers still bring items to the till that do not have a tag and want to buy them. The till person has to take the item from the customer and send it back for pricing and it will be returned to the floor at some later time.



**SIGNAGE – STAFF:** Staff signage is usually in the sorting and pricing area describing procedures and methods for properly presenting items on the retail floor.

**SIGNAGE – DONORS:** Donor signage generally lists acceptable and unacceptable items and any additional requests regarding donations, but one manager admits that nobody ever reads those signs. Another manager took a photo of the outdoor (un-sanctioned) donation drop-off one morning after a

particularly messy picked over pile of bags and posted it inside. She admits that the people who dumped the bags probably never enter the store.

**SALES:** A few stores focus on additional targeted marketing or promotion. One ambitious store has a 50% sale each week, rotating through Seniors Tuesdays, Wacky Wednesdays, Thrifty Thursdays and Fashion Fridays. Others have less elaborate approaches to advertise upcoming sales or customer appreciation events usually using in-store signage, Facebook and church or





community bulletins. Some have “bag-stuffer” sales once or twice a year. One store does targeted promotion to university students and one targets social media advertising to women with children. In general, minimal funds are allocated toward advertising. Promotional outreach relies largely on word-of-mouth, social media or perhaps postcard-sized leaflets tucked in with purchases.

**DISPLAYS:** To some extent, most stores re-stock and change in-store and window displays for seasonal events (Hallowe’en, Valentines, Christmas, other celebrations and local events), because it increases sales and because it’s fun to do.

Some additional storage considerations are needed when stockpiling items for a particular season or event. Some displays are very creative and fashionable, depending on the interest of staff and volunteers.



*“We never do any targeted promotion, but we’ve noticed a change in clientele over the years from people in need to a more yuppie crowd when thrift became fashionable. Some of the better-quality stuff is bought up by them, which is hard on the lower income people.”*

*“Like our business card says - Buy it today - It won’t be here tomorrow!”*

### 3.15 Staffing and Volunteers

In the stores interviewed, staffing and volunteer numbers were not consistent and depended entirely on the individual needs of the store as well as the mandate and model of the operation. Full time staff ranged from a minimum of 0 to a maximum of 23 people and a full range in between. Part time staff ranged from 1 to 20. There is no recipe for staffing, however we heard from several stores that a minimum of 3 full time people would be ideal.

The degree to which each store relies on volunteers depends on their availability, readiness, skill sets and skill levels as well as the type and volume of work needed. Some stores (the for-profit operations) do not use volunteers at all. Where thrift stores do use volunteers, they do so to varying degrees, from 1 or 2 regular volunteers, to 100% dependent on their volunteers and a roster of over 100 people to draw upon as required.

The overall number of staff and volunteers depends on the amount of work involved in sorting, pricing and repairing involved in the operation. Usually, where a store has a good pool of good

volunteers (for example from a church or a community group), they can take more time preparing and repairing items for the retail floor.

One store has one full-time manager, one part-time staff and no volunteers. They can get away with minimal staffing, because they rely almost exclusively on incoming materials from their parent consignment store, so very little sorting is required. This is the same store that sells all adult items for \$3 and all children's items for \$2, so effort for pricing is also negligible.

Nearly all interviewees were unwilling to share information about wages, pay scales or health benefits. One store reported that they offer staff \$15/hr or more, depending on the position. Another quoted a range of \$15 - \$19. Stores generally offer perks in the form of a chance to purchase inexpensive clothing and other donated items, one store offers gift cards, another offers an annual pay increase and one store offers an annual health allowance.

None of the stores interviewed have hiring policies with specific provision for gender-inclusivity, employment disadvantaged or newcomers, but all said they have a policy of overall inclusivity and equal opportunity. With the assistance of a lawyer, one store has developed a very specific volunteer agreement which every volunteer must sign prior to working in the store.

For both staff and volunteers, stores hire people who are personable, easygoing, trustworthy, reliable, committed, somewhat up to date on trends and fashion and willing to do hard work for long hours. Retail sales experience is ideal, but not required - as any thrift store position involves much more than a typical retail job. One store noted that the skill set required is very much position-based, and that they always prefer experience in customer service and conflict resolution.

One store observed that overall fitness is desirable because of the hard work and lifting involved. Several stores reported that they like to get applicants to work at the store as a volunteer for at least one day prior to hiring just to make sure they can handle the work required. Another store extends deep into the community and has staff-supervised volunteers from addictions background working alongside players from junior hockey teams

*“These are “learn by mistakes” jobs – you can’t teach that. The longer you stay, the more you learn. It’s important to pay people well and increase long-term staff wages periodically for cost of living.”*

*“Managers should know that they are within their rights to fire a volunteer if they need to and the best way to do that – there are websites that tell you how.”*

*“We had one staff person who left the job after 19 years. Our accountant pointed out that sales dropped \$8,000 per month as soon as she left.”*

*“We look for people with experience in retail sales, but it’s not a huge community – people’s skills are known.”*

*“We strongly recommend having developmentally disabled volunteers. Having these volunteers really helps everyone do their best job. Even if they are not consistently capable of staying on task, we just like to have them around doing whatever they want.”*

*“Volunteers are our most valuable asset. Payroll is a huge cost. On the other hand, it’s hard to find volunteers who are invested in the position.”*

**SAFETY AND SECURITY TRAINING:** All stores provide some level of safety and security training for workers – some from formal organizations (Occupational Health and Safety, regional workplace safety agencies), some from on-line sources or in-house training delivered by managers. In-house training includes proper lifting techniques, use of appropriate gear (footwear, gloves). One store provides First Aid training and then schedules one person per shift with first aid certification.

One store has a rigorous Health and Safety manual developed by their head office. They provide First Aid training for all staff and volunteers. Their stores are also required by their umbrella organization to post a Safety Team Workplace Inspection sheet which must be completed via a daily walk-through. (The sheet is based on a fire department inspection.) Other stores keep it very simple: “Just empty the till and call the police.”

**IN-STORE EMERGENCIES:** Interviewees perceive emergency situations somewhat differently. While several reported having to deal with people who were drunk, belligerent or abusive, most of them did not call police, they just explained that the behaviour was not acceptable and asked the person to leave the premises. Reasons for calls to 911 included medical emergencies and drug overdose, aggressive behaviour or a situation that is escalating possibly toward violence. One store uses an in-house “Code X” alert which broadcasts throughout the store on speaker phone. One store has experienced two floods, one from a plumbing problem next door, the other a natural disaster.

*“We have one developmentally disabled volunteer who will eat just about anything. We have to keep an eye on that person at all times.”*

*“Once we had to use scissors to cut a woman out of a really nice North Face jacket. That was a little scary. She got it zipped up but then she was stuck.”*

**STAFF EVALUATIONS AND CELEBRATIONS:** All stores conduct some type of periodic staff evaluations and everyone celebrates something with their workers. Some recognize all birthdays, some have summer barbeques and (modest) Christmas parties, some have volunteer appreciation events.

### **3.16 Management Staff**

Most thrift stores have only one manager, but some of the larger operations have up to 3 departments, each with a manager that other staff and volunteers report to. Even in those cases, there is an overall manager as well.

Thrift store managers are a very special breed (All but one thrift store managers interviewed are female, while pawn shop and consignment stores may be either male or female.). Regardless of gender, they have a very diverse set of skills and are excellent communicators. They are on-the-spot problem-solvers, well-organized and good delegators. They can assess and make changes quickly and effectively. They have tremendous compassion and humanitarianism. They are extremely hard working and dedicated. They treat their staff and volunteers well and advocate for them as needed. Quite often, managers are hired after having volunteered or been employed with the organization for a period of time, so they know exactly what they are getting into.

One faith-based organization requires a pastoral reference in addition to three other references. One organization conducts a personality test with applicants.

*“I got this job partly because I have a degree in business. After a week I threw my degree out the window and said – okay, what’s going to happen today? That was 25 years ago and I’m still here.”*

### **3.17 Funding and Accountability – Non-profits Only**

Only one of the stores interviewed receives outside funding from government or private funders. For the most part, they expect (and are expected) to be financially self-sufficient. With the one exception, they do not prepare applications or proposals and provide no reporting, other than to their Board of Directors as required.

One store manager is adamant about this, stating that they would lose their independence if using public funding. This organization received a large capital grant from a government foundation when they started up. They used this funding to purchase their building and have had no outside funding since then.

Other than occasional waiving of local tipping fees, one store applies annually (and receives approval) to the municipality for tax exemption on their rental property and one of the thrift stores interviewed receives a financial break in the form of a 33% charitable tax reduction from their municipality. They also receive a waste diversion credit in the form of a rebate valued at 25% of what they would have paid for tipping fees. This is based on the recorded weight of all items sold.

### **3.18 Financial Questions – Non-profits Only**

All thrift stores interviewed expect to make a surplus, though one not-for-profit has been advised by their accountant to incur a deficit this year (by hiring staff and investing in capital) for tax purposes. “One-of-Several” stores return most of the profits to their parent organization for charitable work, withholding a percentage for ongoing operations. “One-of-a-kind” stores tend to expect only a small surplus to hang onto for expenses.

Most stores do not have loans – only the store who bought their facility had a bank loan which is almost paid out.

Two stores were willing to share financial records (although they were not requested by the study team). Some are not allowed to share this information and others simply won’t.

### 3.19 Financial Advice from Private Enterprises:

Private enterprises were asked to offer any quick financial suggestions for a start-up thrift store.

*“It’s going to be more expensive than you think, there will be lots of expenses that you can’t anticipate.”*

*“Be frugal, start small.”*

*“Set all the rules around money right at the beginning and make sure all the money earned by the store is kept in the store account.”*

### 3.20 General Conclusions

All interviewees were asked if there was one final piece of advice they would offer to a start-up thrift store:

*“The board has to allow the manager to manage. Sometimes if the Board members are too involved in the day to day operations, it creates problems.”*

*“Understand where your merchandise is coming from. Make arrangements with stores, maybe an auction mart and other places to donate clearance merchandise.”*

*“Think of incentives for people to donate good stuff, not garbage. Help them understand the difference between quality and ‘shit molasses’.”*

*“The sorting area should be as big as the retail part. Set up the store according to fire regulations (3’ aisle).”*

*“Try to get racks and shelving and other display materials donated.”*

*“Make sure you have reliable staff and volunteers.”*

*“Pay staff well because they will keep the business afloat.”*

*“Pay people you are thinking of hiring to come and work in the store for a minimum of 2 days to learn about the job BEFORE officially hiring them – to save time and trouble for everyone. (They might look good on paper but...)”*

*“Keep Occupational Health and Safety rules on site and make sure everyone knows about them. Stay on top of any required record-keeping.”*

*“Set rules about backroom shopping immediately (for staff and volunteers).”*

*“Always try to negotiate a non-profit rate with waste companies and other service providers.”*

*“Using social media is hugely important, far better than traditional methods for advertising and promotion.”*

*“Keeping a Thrift Store successful isn’t a walk in the park – its HARD WORK. “  
“This is not an office job. It’s tough. You need committed people willing to work really hard.”*

*“Always remember that you serve people. Even though you are running a business, you have to care for people.”*

*“Make sure you can still give at the end of the day.”*



## 4 Market Opportunity

### 4.1 Potential Market

The Sally Ann Thrift Store had developed a strong and dedicated following in its four decades of operation. Its closure in 2017 left a huge void in the community, now in-waiting for ten months for a new thrift store to rise from its ashes.

It is easy to anticipate that both regular and occasional customers of the old Sally Ann store will initially flock to a new thrift store. For the first few visits, they will inevitably be comparing every aspect of it to the “things they love and miss” about the old Sally Ann. The market opportunity definitely exists, but the historical culture and circumstance of the previous model should be considered as a new enterprise is developed to re-invigorate the commitment of the existing customer base.

Clients of thrifts stores typically include individuals and families who may be relatively new to Canada (finding their way in a supportive community), established individuals and families (with limited disposable incomes), people in need (who may depend upon social assistance to get by in an expensive world).

Yukon thrift store customers will also include local hunters, caterers, artists, actors, teachers, students - in general, anyone who likes getting a deal, individuals who choose not to be primary consumers where possible, and individuals who recognize that thrift store sales go directly back into the community.

### 4.2 Potential Sales

A number of sources have been consulted to obtain potential sales. According to financial statements provided to the Steering committee, the Salvation Army thrift store had \$425,000 in sales in 2016-17 and \$445,000 in the previous year. Another informant suggested that the Sally Ann experienced sales of \$1,200 to \$1,250 per day, ranging from \$700 to over \$2,000. The \$1,200-1,250 a day would translate to \$375,000 to \$390,000 per year. Interviewees of other thrift stores were somewhat reticent to provide sales figures. In any case, sales depend on the population base and would not be directly applicable to Whitehorse.

The only statistical data available is from Industry Canada, which relies on Statistics Canada [<https://www.ic.gc.ca/app/scr/app/cis/summary-sommaire/45331>]. That data is for used merchandise stores industry.<sup>1</sup> In 2015, that industry had sales of \$844 million in Canada, which translates into \$23.55 per person. Applying these numbers to the Yukon population, assuming Yukoners buy as much used merchandise as other Canadians, yields a total annual Yukon market of about \$870,000. The average revenue per used merchandise store was \$347,700.

For the purposes of this feasibility study, we believe a figure of roughly \$400,000 in annual sales is eventually achievable for a thrift store in Whitehorse.

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<sup>1</sup> North American Industry Classification System Industry 41533, which includes Antiques; used: appliances, building materials, china, glassware, musical instrument; second hand books, clothing, furniture, etc. It excludes used vehicle sales (autos, RVs, Motorcycles, boats, tires, mobile homes) auctioneers, and pawnshops.

## 5 Operational Capabilities

The Community Thrift Store Steering Committee has identified five revised social goals to help influence and inform the design and operational model for the Thrift Store enterprise:

1. to promote waste reduction and divert materials from the landfill, reducing our individual and collective ecological footprints
2. to educate the public to transform how waste is viewed, “waste to wealth”, and to alter patterns of consumption and disposal
3. to create access to quality affordable used items to low income families and individuals and artists
4. to support work experience and skill development for people with employment barriers
5. to potentially generate revenue for redistribution amongst Yukon NGOs after the business is well established

These objectives were used to assess operational capabilities including issues related to governance.

### 5.1 Governance

The governance is about how the new thrift store is to be legally set up. First, some clarification is needed around the idea of a social enterprise, and then we will review the options for how the thrift store is to be legally incorporated. The first four goals are not really affected by the type of governance selected, but providing a revenue stream for other NGOs might prove problematic. Also, the goals will need to be reworded to meet The Canada Revenue Agency’s criteria for charitable organizations if charitable status is to be sought; all five goals could easily be reformulated to meet them.

#### 5.1.1 Social Enterprise

One issue raised by the Steering Committee is whether the thrift store should be structured as a “social enterprise”. The social enterprise concept encompasses many different types of operations, ranging from some small businesses to large cooperative financial or retail organizations.

The idea or concept of social enterprise is not very useful, since almost any organization that provides a benefit to the community can be termed a social enterprise. The Yukon government notes, in its *Policy document on the review of the Societies Act* that:

*Definitions of “social enterprise” vary. They range from a strictly non-profit enterprise that benefits society, like that of a society under the existing Societies Act, to the vague notion that a business that sells personal flotation devices for profit benefits society. [<https://yukon.ca/sites/yukon.ca/files/cs-policy-elements-societies-legislation.pdf>]*

The Social Enterprise Council of Canada has a slightly tighter definition.

*Social enterprises are community-based businesses that sell goods or services in the market place to achieve a social, cultural and/or*



*environmental purpose; they reinvest their profits to maximize their social mission.* [<http://secouncil.ca/>]

Given its objectives, whatever form the thrift store takes will be, by any definition, a social enterprise—even if it becomes a for-profit business.

## 5.2 Options for Corporate Structure

There are potentially 5 basic options for incorporating the thrift store, some of which may also obtain charitable status. The advantages and disadvantages of each are outlined below:

1. Non-profit society
  - a. Charitable status
  - b. No charitable status
2. Non-profit Co-operative
  - a. Charitable status
  - b. No charitable status
3. Charitable trust
4. For-profit cooperative
5. For-profit corporation

### 1. Non-profit society

The first and most obvious option is a non-profit society. From the Yukon government web site:

*A society is an incorporated group of five or more people who share a common recreational, cultural, scientific, community, social or charitable interest. A society is a legal entity that exists independently of its members.*

*A society is typically referred to as ‘non’ or ‘not-for-profit.’ This means it **cannot exist for the purpose of carrying on trade or business.** Sometimes a society might see a profit from its activities but those activities must be incidental to its purpose and objectives. **Any money raised must be used for the benefit of the society, not for individual directors or members.*** <http://www.community.gov.yk.ca/societies.html>

Pros:

- Simplest to understand,
- easy to set up;
- Allows obtaining government and foundation funding that excludes for-profit businesses (e.g. CDF)

Cons:

- The money raised by the society cannot be given to its members or directors, which means that donations could not be made to other societies that have representatives on the board.
- Profits must be used for the benefit of the society.

One of the initially desired objectives—fundraising for other societies—might have been considered to be incompatible with a Yukon non-profit society. However, the reformulation of that objective should allay concerns in that respect.

a. Charitable status

Charitable status allows a non-profit entity (society, corporation or co-operative) to give out receipts for donations and to make donations to other charities. A charity must have a charitable purpose which are outlined by the Canada Revenue Agency. Charitable purposes include:

- the relief of poverty
- the advancement of education
- the advancement of religion
- certain other purposes that benefit the community

The last purpose includes many potential options, including two that could apply to the thrift store: (1) protection of the environment and (2) relieving conditions associated with disability. It should be noted that charitable status can be difficult to obtain: for some reason the CRA is seriously concerned about potentially giving charitable status to “terrorist” organizations.

Pros:

- Allows issuing tax receipts for donations
- Allows obtaining funding from charitable trusts.
- Allows providing donations to other charities

Cons:

- Cannot be a for-profit entity
- May not be set up to benefit its members
- Some difficulty in setting it up;
- Limits the kinds of activities the charity can do
- Can only give donations to other registered charities, not just any non-profit group.

b. No charitable status

A non-profit group may decide to forego charitable status.

Pros:

- May engage in other activities that are not considered charitable activities
- May make donations to groups that do not have charitable status

Cons:

- No funding from charitable trusts
- No tax receipts for donors
- Less credibility

## 2. Non-profit Co-operative

A cooperative is essentially just another corporation, with the main difference being democratic control, with “one member-one vote” as opposed to “one share-one vote” of business corporations. Co-operatives may be either for profit or non-profit. Typically, non-profit cooperatives have operated in housing, day-care, recreational services, etc. Like any other non-profit corporation, it may have charitable status if it meets the Canada Revenue Agency’s requirements. The pros and cons of charitable status are the same as with non-profit societies.

Pros:

- If not charitable,
  - May donate to whoever it wants and distribute its surplus to members
  - No restriction on the kind of business it operates
- If charitable,
  - May obtain funding from government and foundations
  - Can issue receipts
  - Income Tax exempt
  - May not distribute profits to members
  - May only donate to other charitable organizations

Cons:

- If not charitable,
  - Must pay corporation income tax on its profits.
- If charitable,
  - May not distribute profits to members
  - May only donate to other charitable organizations

## 3. Charitable trust

A charitable trust is a charity that distributes funds to other charities. It must have money to distribute to begin with. It is not an option at this stage for a thrift store. It might be considered in the future if substantial sums are retained from undistributed profits.

## 4. For-profit cooperative

The main difference is that a for-profit cooperative cannot be a charitable organization and must pay income taxes.

Pros:

- Can engage in whatever business it wants
- Can distribute its profits in any way it wants, based on its constitution

Cons:

- Cannot obtain charitable status
- Cannot obtain government and foundation moneys
- Must pay corporate income tax

## **5. For-profit corporation**

The difference between a for-profit corporation and a for-profit cooperative is in its shareholding structure. Generally, shareholders in business corporations get one vote per share. The pros and cons of setting up a business corporation are very similar to for profit co-ops.

Pros:

- Can engage in whatever business it wants
- Can distribute its profits in any way it wants, based on its constitution

Cons:

- Cannot obtain charitable status
- Cannot obtain government and foundation moneys
- Must pay corporate income tax

In conclusion, the appearance of conflict of interest must be avoided. The Steering Committee needs to understand that representatives of organizations that hope to receive contributions from the profits of the store may NOT sit on the board. This does not preclude the Thrift Store contributing to other charities (or NGOs) if they provide labour (paid or volunteer) as long as those organizations are not seen to influence the decisions of the board.

### **5.2.1 Role of Board**

There are many resources available detailing the role of the board. Fundamentally, there are two types of board models—governance boards vs. active boards—with many variations within each type.

Governance boards usually set goals and objectives, budgets and policy and let the CEO staff operate the business with minimal interference unless objectives are not met. Under the governance model, board members are not involved in day-to-day operations. One motto describing the role of governance boards is: “Nose in, fingers out”.

In active boards, board members take on specific administrative tasks. For example, a board member with accounting or bookkeeping skills would keep the organization’s books, a lawyer would deal with legal issues, while other board members would work directly in the organization (without remuneration). In the case of a thrift store they could be involved in activities such as sorting and pricing items, repairs, arranging merchandise on the retail floor or working the till.

Organizations starting up might have active boards, with board members eventually giving up their active work in favour of hiring staff or other volunteers as the organization matures.

## 5.3 Operational Best practices

### 5.3.1 Hours of Operations

Hours of operation affect staffing and potentially sales. For the purposes of this feasibility study, we used the following typical hours on each weekday, giving 59 hours per week or about 3,068 hours per year:

Hours of operation				
Mon-Thur.	40	hours	10:00 to	18:00
Friday	11	hours	10:00 to	21:00
Saturday	8	hours	10:00 to	18:00
Sunday		closed		
Weekly hours	59			
Annual hours	3,068			

### 5.3.2 Staffing Requirements

Best practices show that there needs to be at least two permanent staff on the premises at all times. This means employing at least three full-time staff to cover the weekly hours of operation, vacations and sick leave.

As a minimum, a total of three people should be present at any time: one at the till and two accepting (and politely refusing) donations, sorting, pricing and putting inventory out onto the sales floor. Much of this work can be done by trained part-time staff or trusted volunteers.

Supervision and training of part-time staff and volunteer would generally be done by full-time staff. Therefore, the full-time staff would include a manager as well as two competent individuals who would be able to provide oversight for all activities.

The 2016 Census showed that retail managers earned a median income of \$52,206 and an average of \$62,468 in Whitehorse. Retail supervisors earned a median income of \$46,355. These are approximate salaries a thrift store can expect to pay for competent experienced full-time staff. Other staff (and volunteers) could be paid about \$15.00 per hour. The salary of part-time staff should be enough above minimum wage to attract and retain good quality people.

### 5.3.3 Accepting and Sorting Donations

Unwanted donations are definitely one of the largest issues for thrift stores. While the problem can never be completely eliminated, other thrift stores suggest that donations be accepted by staff or volunteers and sorted as soon as they come into the premises. Dirty clothing and linens, unacceptable items (e.g. furniture & appliances if the store is not able to accept them), and items that are not in working order should be summarily rejected.

It is quite apparent that municipal landfill fees provide a large incentive for people dumping their unusable items at a thrift store. After hours donations are also an issue. The Sally Ann thrift store installed a fence to deter after hours donations, but this did not prove adequate. A potentially better solution is a CCTV that can record the license plate of anyone dropping off after hours.

## 6 Financial Potential

### 6.1 Start-up Costs

Because they can vary so much, capital costs for a thrift store start up have been split into two estimates – low and high. These numbers will fluctuate based on: size of building, setup and design of store, whether software is used, etc. Both estimates include a vehicle but how that vehicle is purchased or obtained is unknown at this point.

These numbers can be finalized through a proper business plan and once a location has been chosen. The biggest takeaway from many of the interviews is that start-up will always cost more than estimated. Note that some items could be obtained through donations. Again, this is to be determined as the business plan is developed.

A description of the all items included in the estimated start-up costs (below) are as follows:

**Electrical / Phone** – Both utilities will need to be provided with a deposit before a business account can be started. This money is refundable after a credit history is shown – approx. 12 to 18 months.

**Oil / Fuel Tank** – A deposit will most likely be needed on the oil/fuel in the tank on premises.

**Business Licence:** A business licence will be required from the City of Whitehorse before the store can open.

**YG Name Reservation** – The name of the business must be registered with the Yukon Government, and if the Steering Committee wishes they can also trademark the ‘business name’ (see next item).

**Trademark filing & registration** -- This includes the cost of registering a trademark with the Canadian Intellectual Property office. Fees are \$500, but other costs may be incurred to apply.

**Business Plan** – These costs may vary from a low estimate of \$3,000 - if it was mainly done internally with some form of outside assistance - up to about \$15,000 if the group was to have one professionally done by an outside consultant.

**Incorporation** – There will be a fee for incorporating the business and depending on the model chosen this fee can vary. There is also a yearly fee of \$425 to maintain incorporation.

**Outside Signage** – This can be quite inexpensive. If there are artistic people available and willing to help \$3,000 would be well within reason to get starter signage completed.

**Insurance** – There will need to be fire, liability and content insurance for the business. This can vary widely depending on provider and amount of coverage.

**Security System** – If this is deemed necessary and is not already installed in the business premises – this can also vary widely depending on needs and whether cameras are needed.

**Computer equipment** – A basic estimate for PC, monitor, receipt printer and laser printer would be approximately \$2,000, or upwards of \$5,000 if two computers are needed.

**Leasehold Improvements** – This figure can vary widely depending on the needs of the business and location and how much needs to be done to the existing premises. There are many ways to reduce cost and improve the setup once more funds are available. Depending on the location, necessary (or desirable) tenant improvements could include partitions, accessibility ramps and washrooms, basic energy efficiency upgrades (lighting, air-sealing).

**Tools and Equipment** – This takes into account small necessities such as a basic toolbox and supplies for the store, pricing and tagging guns, cleaning equipment and supplies., etc.

**Office Supplies** – This includes day to day office materials and supplies.

**Communications** – This includes phone and internet services.

**POS Terminal** – many options available here for a POS terminal – most have contracts which can be very hard to break, there is also month to month arrangements available – charges vary between the various providers.

**Software** – this will depend whether the Steering Committee chooses a full software system or a ‘smart’ till.

**Initial Advertising** – This number assumes some form of grand opening with advertising throughout the local community and the promotion that goes along with that.

**Vehicle** – this cost will be better known when the steering committee decides on what path to take with a vehicle. Renting a vehicle when needed is also an option, but this might increase operating costs. Again, this is an issue the business plan needs to consider.

**Building Lease** – These amounts represent the rent deposit that would be required by landlord as well as a two month’s reserve to be part of working capital. These are prudent estimates based on a range of \$2,500 to \$5,000 per month (\$30,000 to \$60,000 per year); for the income statement we use \$50,000 per year.

**Working Capital** – This should include at least 3 months’ worth of salaries. This is a prudent number typical of most business plans.

<b>Start-up Expenses</b>	<b>Low Estimate</b>	<b>High Estimate</b>
Deposits		
Electrical connection - start up deposit	\$450.00	\$450.00
Phone / Internet - start up deposit	\$400.00	\$400.00
Tank deposit/ value of fuel in tank	\$500.00	\$1,000.00
Business licence	\$160.00	\$160.00
Name Reservation - YG	\$40.00	\$40.00
Trademark filing & registration - Canada	\$500.00	\$1,000.00
Business Plan	\$3,000.00	\$15,000.00
Incorporation	\$1,500.00	\$3,000.00
Outside Signage	\$300.00	\$2,000.00
Insurance	\$1,400.00	\$3,000.00
Security System	\$1,000.00	\$5,000.00
Computer Equipment	\$2,000.00	\$5,000.00
Furnishings & leasehold improvements	\$10,000.00	\$20,000.00
Tools and Equipment	\$2,000.00	\$5,000.00
Office supplies	\$300.00	\$700.00
Communications	\$500.00	\$1,500.00
POS terminal	\$75.00	\$100.00
Software	\$700.00	\$2,000.00
Initial advertising & promotion	\$3,000.00	\$7,000.00
Inventory	\$0.00	\$0.00
Vehicle	\$5,000.00	\$60,000.00
Lease deposit & reserve	\$7,500.00	\$15,000.00
Working capital	<u>\$27,500.00</u>	<u>\$60,133.75</u>
<b>TOTAL START-UP COSTS</b>	<b><u>\$67,825.00</u></b>	<b><u>\$186,433.75</u></b>

## 6.2 Financial Feasibility

The financial feasibility of the Whitehorse Thrift Store is demonstrated below. These numbers will fluctuate based on the staff-volunteer model, the type of retail space desired and the facility itself.

As part of the questionnaire we asked interviewees if they were willing to share their financials. Only two said yes – these could be provided but these statements were not immediately available and were not requested by the study team at this time.

This study shows that with a base retail income similar to the Sally Ann thrift store, with proven sales of \$400,000 and with expenses in line with those listed below, the Thrift Store could break even. Based on our analysis, the Thrift Store will face about \$37,700 in fixed costs. Assuming \$400,00 in sales, this leaves about \$357,000 to cover rent and salaries.

The next section describes an annual item-by-item snapshot of revenues and expenses.



**Retail Revenue:** This number is based on a slightly lower number than the last two years shown on the books of the Salvation Army thrift store as described in section 4.2 Potential Sales above.

**Merchant Fees:** This assumes that 75% of total sales are paid by credit card with a fee of 1.875%. This will vary depending on which merchant provider is chosen.

**Advertising and Promotion:** This includes all forms of advertising including webpage, domain name, email setup and maintenance, print ads, social media ads, business cards and posters, promotional materials and signage.

**Alarm Monitoring:** This is an approximate cost for a year of alarm system monitoring.

**Professional Fees:** This includes month-to-month bookkeeping and year-end financials provided by an accountant.

**Insurance:** Yearly amount – will vary depending on coverage.

**Office Supplies:** This includes all day-to-day necessities for the office as well as pricing equipment and materials.

**Telephone and Internet** – monthly fees for one basic business phone line with internet.

**Utilities:** This figure was based on an average monthly cost of approximately \$500 – this which could vary greatly depending on the chosen business location.

**Bank Charges:** This is for monthly fees associated with banking needs.

**Business Licence Fees:** Yearly expense.

**Staff Functions:** This includes annual celebrations and festivities such as birthdays and staff and volunteer recognition gifts.

**Lease:** \$50,000 per year – this is based on 2,000 sq. ft @ \$25/sq. ft.

**Maintenance & Repairs:** This is an estimated budget for miscellaneous repairs and improvements.

**Wages:** Based on one manager, 2 full-time positions and other staffing needs (average of 2.4 part-timers or volunteers at any time).

**Employer expenses:** 8.5% of wages (4% Vacation, 1.778% EI, 2.475% CPP, rounded up)

**WCB:** 5% of wages costs, coverage also applies to volunteers.

**PRO FORMA INCOME STATEMENT (typical year)****REVENUE OR SALES**

Retail	400,000.00	
<b>TOTAL SALES</b>		400,000.00
<b>LESS: COST OF GOODS SOLD</b>		
Retail	0.00	
Merchant Fees	5,610.00	
<b>TOTAL COST OF SALES</b>	5,610.00	
<b>GROSS PROFIT</b>		394,390.00
<b>OTHER INCOME:</b>		
Donations	0.00	
<b>TOTAL REVENUE OR SALES</b>		394,390.00

**OPERATING EXPENSES**

Advertising & Promotion	9,000.00	
Alarm Monitoring	550.00	
Professional Fees	5,200.00	
Insurance	2,800.00	
Office Supplies	4,000.00	
Telephone & Internet	6,600.00	
Utilities	6,000.00	
Bank Charges	600.00	
Licences, Fees and Dues	160.00	
Property Tax	0.00	
Staff Functions	800.00	
Water Sewage	0.00	
Lease	50,000.00	
Maintenance & repairs	2,000.00	
Vehicle Expenses	0.00	
<b>Wages</b>		
Manager	60,000.00	
Full-time staff	100,000.00	
Part-time staff	110,448.00	
	270,448.00	
Employer Expenses	22,988.08	
WCB	13,522.40	
<b>TOTAL OPERATING EXPENSES</b>		394,667.48
<b>INCOME BEFORE TAX</b>		-277.48
Income Tax Payable @ 25%		0.00
<b>NET INCOME</b>		-277.48

### **6.3 Summary of Financial Feasibility**

At \$400,000 sales, the maximum amount for lease and wages is:	\$356,958.48
Other expenses	<u>37,709.00</u>
Total income	394,667.48

## 7 Social Feasibility

In the interviews with other thrift stores, we looked at a range of topics affecting social considerations including environmental awareness and action, serving families and individuals in need, creating jobs for people with employment barriers, staffing models, the role and significance of volunteers, staff wages, workplace safety and security, and the potential for distributing surplus revenues to other community organizations or programs.

Since they are already in the second-hand business, it is predictable that most thrift stores are inclined to be environmentally responsible and take what actions they reasonably can to re-use and recycle materials. Above and beyond re-using plastic bags and recycling cardboard, glass and beverage containers, the extent to which they undertake disassembly and sorting of unsellable materials is to a huge extent **dependent on the skills and interests of their volunteer base**. As much as their intentions are positive, dedicating paid staff time to tasks not essentially related to the earning of revenues doesn't make sound business sense.

One overarching aspect that distinguishes thrift stores from most regular retail stores is their sense of social responsibility. Serving needy members of the community is paramount in the philosophy of the thrift store culture – whether for profit or not-for-profit. In some cases, this is easily achieved, in the form of arrangements with agencies to ensure that low-income families and individuals get clothing, household items and furniture. In other cases, serving the social needs of families and individuals is completely informal and discretionary. Managers and staff must be observant and intuitive, and the manager must be willing to have a conversation with a person or family and provide what is needed and not be inclined to ignore, reject or report a customer for unusual or unusual (possibly poor) behaviour.

Offering employment or volunteer opportunities to people who have employment barriers is also very prevalent in the thrift world. From the manager's end, this involves tactful communication and sometimes staff supervision to match skills and interests with tasks that need to be done. Whether the volunteer is fully reliable and capable of focus and follow-through will determine whether they are in the store as a volunteer or paid staff. Often, the people who come to help at the thrift store bring specialty interests which take a bit of time to reveal themselves. Sometimes the agency who is more regularly engaged with each person can help thrift store staff to identify specific skills and interests.

If the store has a dedicated mandate to help people with employment barriers or developmentally disadvantaged, they may also reach out to help people reintegrate into the workplace from other areas of the community, such as rehabilitation programs, conclusion of imprisonment, medical or mental health situations.

The extent to which a store can manage a variety of volunteers is dependent on their staffing model. With three staff alternating shifts, it would be challenging to offer ongoing volunteer opportunities to more than one or possibly two volunteers requiring continuous supervision. On the other hand, if some volunteers are consistent and fully reliable, they can help to oversee the work of other volunteers.

There is no magic formula for staffing a thrift store, but with three full-time and up to three or four part-time staff or volunteers (depending on their time commitment) it should be easy to develop a manageable weekly schedule.

Yukon workers must be paid at least \$11.50 per hour, but most thrift stores pay a few dollars more than minimum wage (on principle) for non-management staff. Managers receive higher wages, starting closer to \$20 per hour. Annual increases based on performance are common. Traditional benefits are not common but can be offered in the form of in-store purchase programs, a health budget or an annual bonus.

Some form of staff safety and security is essential, and all thrift stores interviewed take this seriously. It may be offered through government workplace safety training for managers and staff or online programs and may also include professional in-house assessment of any hazards or risks and recommended mitigation measures. A workplace inspection sheet can be developed based on local Fire Department materials. Additionally, the store must have a policy for dealing with a variety of emergencies ranging from highly disruptive “customers” to unexpected natural disasters.

The administrative body of the store can choose to distribute surplus funds to other organizations, charities or programs within the limits of existing legal rules. As previously noted, any organization who is a recipient of those funds may not, for conflict of interest reasons, sit on the Board or other administrative body where they can potentially influence the decision to distribute funds.

## 8 Summary and Recommendations

### 8.1 Summary

As in any feasibility study, our fundamental approach to this project was to answer two questions:

1. Can a thrift store work in Whitehorse?
2. What are the market, operational, and financial conditions that would make it work?

A break-even financial analysis shows that a thrift store could be financially feasible in Whitehorse assuming it can sell about \$400,000 worth of goods per year. Based on a sales assumption of \$400,000, salaries & rent should not exceed \$357,000 to ensure there is enough remaining to cover other fixed costs.

The non-financial conditions to make it work are described in the preceding sections and in the following recommendations section.

### 8.2 Recommendations

#### *Start-Up funding*

The WCTS group will require funds to advance the creation of a governing/organizational structure and to establish the storefront. The application process as well as fulfilling reporting requirements will require considerable effort and time to undertake.

- *Continue to apply for federal, territorial and municipal grants as well as private investments*

#### *Organizational Structure:*

The WCTS group will need to dedicate considerable time to the tasks involved in establishing an organizational structure. This can be done in advance of or at the same time as getting a thrift store off the ground, or it could be set aside for a future task.

- *Consider the option of starting under the auspices of an existing supportive organization – “the Thrift Store Committee of NAME OF GROUP”. This is how Raven Recycling started (as a committee of the Yukon Conservation Society) so that the group doesn’t get stuck struggling with society requirements over and above bringing its main objective (thrift store) into fruition.*
- *Understand that representatives of organizations that hope to receive contributions from the profits of the store may NOT sit on the board. (See Societies Act)*
- *Build a Board of Directors that represents a diverse spectrum of the Whitehorse community. Include individuals who represent groups that the thrift store could partner with in future activities and projects (see below).*
- *Eventually, the Board of Directors sets policies and procedures only, and is not involved with day-to-day operations.*

**Partnerships:**

- *Building relationships and partnerships with as many organizations and businesses in the community as possible will pay countless dividends in the long run – for quality donations, volunteer base and overall support and advice.*
- *build partnerships with other local organizations and businesses such as Raven Recycling, the City of Whitehorse, Habitat for Humanity, YuKonstruct, consignment stores and pawn shops.*
- *build partnerships with government social service organizations including First Nations, Yukon Government and federal government.*
- *Participate in or develop events and activities in conjunction with other organizations wherever possible.*

**Space requirements:**

Deciding on the square footage needs is a bit of a chicken-and-egg scenario with its inexorable connection to what items the store will accept. Appliances and large furniture consume a lot of real estate. There is no “typical” thrift store size – the stores interviewed range from 1,100 to 14,000 square feet.

- *The space previously rented by the Sally Ann Thrift Store is approximately 4,400 square feet, approximately a third of which was storage and sorting. This would be a recommended minimum if the new thrift store intends to accept similar materials to the Sally Ann.*
- *In general, the sorting space should be on third to half the square footage of the retail space. Some stores get by with less sorting space but there is no extra space for repairing or refurbishing items.*

**Facility Location:**

- *Look for an affordable storefront location with ample parking including mobility accessible parking bicycle and pedestrian friendly and close to public transit.*
- *In addition to investigating local retail lease opportunities, approach the City of Whitehorse and Yukon Government – to discuss opportunities and support as well as potential availability of convenient, accessible (gated) space.*
- *Ask building owner for past years utility records for heat and electricity.*
- *Negotiate lease or rental agreement carefully to ensure Thrift Store doesn't incur cost of major repairs.*
- *To reduce utility costs, consider the energy efficiency of the space – its HVAC systems and other electrical equipment. When hunting for a suitable facility to rent or lease, inquire about any energy efficiency improvements that have been made or built into the facility.*

- *Ask the Energy Solutions Centre about grants, loans, or other programs or incentives that might be available to not-for-profit groups in rented commercial space.*
- *Discuss opportunities to collaborate and potentially share space with other local organizations such as Habitat for Humanity, YuKonstruct, potentially others.*

**Equipment:**

- *See Interview Results and start-up costs for list of essential equipment.*
- *Advertise for a scale to track weight of materials sold.*
- *A vehicle is a big investment with high O & M. Find an alternative to purchasing a vehicle for the Thrift Store at this time. (share, occasional rental)*
- *Discuss opportunities with Raven Recycling, including the use of their baler and export of textiles.*
- *Discuss opportunities with the City of Whitehorse, including possible gated space which might be available at a discount.*

**Staff:**

- *Hire one manager, minimum two other full-time staff. See Financial section for details and Interview responses section for required qualities and experience.*
- *Pay employees well, more than minimum wage. Offer perks.*

**Volunteers:**

- *Solicit a pool of volunteers from a variety of specific sources including developmentally disabled, community groups, faith organizations*
- *Volunteer pool may include recruiting through other local non-profit groups where a predetermined rate is paid to the organization in exchange for the volunteers' time.*
- *Organize volunteer appreciation days to offer recognition.*

**Safety and Security:**

- *Arrange annual government workplace safety training for managers and staff*
- *Look into simple online programs to augment training*
- *Conduct annual professional in-house hazard & risk assessment and recommended mitigation measures.*
- *Develop a workplace inspection sheet based on local Fire Department materials.*



**Donations:**

- *Actively solicit good quality donations. Advertise and promote through any government offices, Zero Waste, YCS and other organizations.*
- *All promotion, advertising, marketing and public education and outreach must emphasize “proper” donation procedure, when and where.*
- *Permit donations only when the Thrift Store is open, so their donations don’t become contaminated by rain and other outdoor elements to the point where they need to be thrown away, which just transfers the disposal fees to the thrift store.*
- *Have donations overseen by staff, inside the store if possible.*
- *Post “No after-hours donations” signage outside and install a security camera.*

**Acceptable items:**

- *Decide by category what items the Thrift Store will take. Consider what staff and volunteers will realistically be able to undertake in terms of cleaning and repairs.*
- *Post list of acceptable items and unacceptable items. Make the lists as simple as possible. (Don’t expect anyone to read them, but it gives staff something to point to when turning donations away.)*
- *Try not to duplicate household merchandise that is already available at other 2nd hand stores. Find out what other stores accept and suggest donors take those items to the store(s) that accept them.*

**Pricing, Sales and Discounts:**

- *To reduce staff time and effort, keep the pricing procedure simple. For example, all t-shirts are \$2, all men’s pants are \$5.*
- *Price to sell –stay in the “impulse range”. Don’t try to get maximize value for every item sold. This reduces the risk of too much inventory and keeps customers happier.*
- *Use a simple system such as coloured tags to identify the date of donation. Houseclean the old items that have not sold after a certain period.*
- *Create a boutique section for higher end items.*
- *Make sure staff know how to recognize higher end items!*
- *Hold regular sales – customers tend to shop early to make sure they “get the good stuff” before the throngs descend!*

- *To reduce the chances of losing sales, make a specific plan to discourage items from walking off the shelf into the free bin if you decide to have one. “But it says it’s free, it was in the free bin!”*
- *Set clear policies around staff and volunteer opportunities to purchase incoming merchandise.*
- *Move a lot of merchandise! Plan bag sales when sorting area is getting too full.*

## Appendix A - Responses to numerical and categorical questions

Section	Question Number	Question	%^ saying yes
<b>Origins</b>	1	One of?	71%
	3	Same location?	43%
<b>Organizational</b>	4	Privately owned?	36%
	4	Faith?	36%
	4	Charity?	50%
	4	Non-profit?	36%
	4	Other?	7%
<b>Operational</b>	5	Owner managed?	43%
	6	Registered Charity?	57%
	7	Not for Profit?	57%
<b>Philosophical</b>	8	Special Events?	71%
	10	Special charity served?	71%
	11	Board of Directors?	43%
	13	Governance only?	43%
	14	Share policy docs?	21%
<b>Physical Facility</b>	15	Close to Transit?	86%
	16	Mobility access?	57%
	17	Changes to improve access?	36%
	18	Own	21%
	18	Rent	29%
	18	Lease	50%
	19	Sorting Size (Sq.Ft)	2,613
		Retail Size (Sq.Ft)	5,589
	20	\$/Sq.Ft.	n/a
	22	Truck?	36%
<b>On-Site Facilities</b>	25	Drop off Security?	71%
	26	Staff present?	93%
	28	Change Rooms?	79%
	29	Washrooms?	43%
	30	In-Store Music?	71%
	31	Wi-Fi?	29%
		33	Furniture size limit?
<b>Incoming Materials</b>	34	Mattresses?	36%
	35	Electronics? (Games, TV's etc.)	57%
		40	Clean incoming?
<b>Quality Control</b>			

Section	Question Number	Question	%^ saying yes
	41	Bedbug measures?	14%
	42	Staff first pick?	86%
	43	Volunteers first pick?	71%
	44	Computer Inventory?	21%
	45	Track Categories Sold?	50%
	46	Quality changes noticed?	50%
<b>Quantity Control</b>	47	Weight / volume Incoming?	7%
	48	Weigh discard?	43%
	49	Weight / volume Sold?	14%
	50	Staff take discards to landfill?	71%
	51	Tipping fees?	50%
	52	Quantity changes noticed?	57%
<b>Pricing</b>	54	Brand Labels?	64%
	56	Referrals / Coupons?	57%
	57	Sales or Discounts?	86%
	58	In-Store Security Cameras?	57%
<b>Environmental</b>	60	Sort waste for Recycling?	100%
	61	Other measures?	71%
	62	Cash?	100%
	62	Debit?	100%
	62	Credit?	86%
	62	Referrals?	36%
<b>At the Till</b>	63	GST?	43%
	67	Start of Day Float?	100%
	68	End of Day Reconcile?	100%
<b>Ad/Promo</b>	69	Website?	93%
	73	Targeted promo?	50%
	75	Seasonal Restock?	93%
<b>Staffing</b>	81	Safety Training?	57%
	82	In-store emergency?	43%
	83	Staff Performance Evaluations?	64%
	84	Staff celebration events?	93%
	86	Use Volunteers?	64%
	91	Outside funding?	14%
	95	Any loans?	14%
	97	Share financials?	21%
	99	Any Big Changes?	50%
	100	Photos okay?	71%

## Appendix B - Resources

### The basic guide

<http://secouncil.ca/wp-content/uploads/2017/10/the-Canadian-Social-Enterprise-Guide.pdf>

### Useful Websites:

<http://samsrandomthoughts.weebly.com/sams-random-thoughts/keys-to-a-making-a-profit-in-your-nonprofit-thrift-store>

<https://bizfluent.com/how-5745678-start-non-profit-thrift-store.html>

<http://www.nhbr.com/November-30-2012/Entrepreneur-puts-thrift-store-to-nonprofits-advantage/>

<http://nonprofitexpert.blogspot.ca/2009/09/nonprofit-dos-and-donts-of-operating.html>

<https://www.profitableventure.com/thrift-store-business-plan/>

<http://smallbusiness.chron.com/become-nonprofit-organization-thrift-store-74190.html>

<https://www.saobserver.net/news/usually-a-blessing-sometimes-a-curse/>

<http://www.theintelligencer.net/news/community/2017/12/proper-donation-drop-off-is-essential-for-area-thrift-stores/>

<http://www.observernews.net/2017/08/10/manatee-ymca-takes-on-a-new-venture-a-thrift-store/>

Understanding second-hand retailing: A resource based perspective of best practices leading to business success (see p. 30 – research questions)

<https://lib.dr.iastate.edu/cgi/viewcontent.cgi?article=4643&context=etd>

<https://communityedition.ca/selling-the-poor-the-politics-of-value-village/>

[https://www.ted.com/talks/jessi\\_arrington\\_wearing\\_nothing\\_new/discussion](https://www.ted.com/talks/jessi_arrington_wearing_nothing_new/discussion)

<https://www.ecowatch.com/fast-fashion-is-the-second-dirtiest-industry-in-the-world-next-to-big-1882083445.html>

<https://www.independent.co.uk/life-style/fashion/environment-costs-fast-fashion-pollution-waste-sustainability-a8139386.html>

## Appendix C - Interview questionnaire

### Yukon Community Thrift Store Feasibility

Questionnaire for Thrift Stores – Thank you very much for participating!

#### Basic Information:

Store Name: \_\_\_\_\_

Manager: \_\_\_\_\_

Interviewee (if other than manager): \_\_\_\_\_

Date of Interview: \_\_\_\_\_

Interviewer Initials: \_\_\_\_\_

Physical Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Website: \_\_\_\_\_

\$30 Donation goes to: \_\_\_\_\_

#### Store Origins:

1. Is this store: One-of-a-Kind  or One-of-Several operating under one main entity

If One-of-Several, across what region? \_\_\_\_\_

2. How long has the store been in business? \_\_\_\_\_

3. Has the store always been in this location? Yes  No

If No, when did it relocate and why? \_\_\_\_\_

#### Organizational Model:

4. Who owns the store?

privately owned

faith group

charity

non-profit

other group – describe: \_\_\_\_\_

- 5. Does the owner operate and manage the store? Yes  No  If not, who does? \_\_\_\_\_
- 6. Is the owner/store a Registered Charity? Yes  No

**Operational Business Model:**

- 7. Does the store operate as a Not for Profit? Yes  No
- 8. Does the store or the store owner hold any annual special events? (Such as a Flea Market, Gear Swap or other?) Yes  No

If yes, describe: \_\_\_\_\_

- 9. What are your hours of operation? Weekdays: \_\_\_\_\_  
Weekends: \_\_\_\_\_

**Philosophical model: FOR NON-PROFITS ONLY**

- 10. Does the Thrift Store serve a particular charity or community group? Yes  No

For example: After expenses are paid, excess funds are distributed to  
\_\_\_\_\_

- 11. Do you have a Board of Directors? Yes  No  If yes, what is the board composition (e.g. requirements for representatives of certain organizations?)  
\_\_\_\_\_

- 12. How are board members selected? \_\_\_\_\_

- 13. What is the role of the board (e.g. actively involved in day-to day operations or governance only - i.e. set budgets and policies & leaves the day-to-day work to staff and manager?)?  
\_\_\_\_\_

- 14. Are you willing to share your policies and procedures documents with us? Yes  No

**Physical Facility:**

- 15. Is the location of the facility easy to access by Public Transit? Yes  No
- 16. Is the facility accessible (for people with mobility issues)? Yes  No
- 17. Have you made any changes to the facility to make it more accessible? Yes  No

If yes, describe: \_\_\_\_\_

- 18. Does the store Own  Rent  Lease  Other ? Describe: \_\_\_\_\_

- 19. What is the size of the space? (Sorting space sq. ft. \_\_\_\_\_, Retail space sq. ft. \_\_\_\_\_)
- 20. What is the cost of the space? (\$\_\_\_\_/sq.ft.)
- 21. What do you pay for Utilities? (Annual cost estimate for heat & electricity) \_\_\_\_\_

**Equipment and Furnishings:**

- 22. Does your store have a –
  - Till
  - Debit/credit machine
  - Dolly (or other lifting/carrying equipment)
  - Clothes-hanging racks
  - Shelving
  - Mannequins
  - Other Display materials (e.g. Glass cases for valuables?)
  - Truck (pick-up vehicle)?
 Other: \_\_\_\_\_

**On-Site facilities for the Public:**

- 23. Drop Off facility – please describe: Where is it located? Is it protected from the elements?  
\_\_\_\_\_
- 24. When is it available to the public? \_\_\_\_\_
- 25. Is there any form of security – e.g., gates, signs, cameras – designed to prevent random drop offs? Yes  No  If yes, describe: \_\_\_\_\_
- 26. Is a staff person present at all times when material is donated? Yes  No  (How many?)
- 27. Do you take any other measures to prevent unwanted drop offs?  
\_\_\_\_\_
- 28. Do you provide change rooms? Yes  No
- 29. Do you provide public washrooms? Yes  No
- 30. Do you play music in the store? Yes  No  If yes, what kind? \_\_\_\_\_
- 31. Do you offer free in-store wifi? Yes  No

**Incoming Materials:**

*- to help us assess the steps taken to discourage dumping/donation of un-useable items*  
*- to help us understand who are the primary suppliers of goods to be re-sold*



32. What materials do you accept?
- Clothing - Adults
  - Clothing – Kids
  - Toys
  - Bedding
  - Books, Office supplies, Games
  - Sporting equipment
  - Packs, Suitcases
  - Cooking & eating utensils (pots, bowls, utensils plates, cups, glasses)
  - Household - small kitchen appliances, vacuum cleaners, etc.
  - Furniture
  - Large appliances (stoves, fridges, washers, dryers, freezers, dishwashers)
  - Other (describe): \_\_\_\_\_
33. Is there a size limit on furniture? Yes  No  Describe: \_\_\_\_\_
34. Do you accept mattresses? Yes  No
35. Do you accept electronics? (X-boxes, computer equipment, TVs, etc.) Yes  No
36. What materials do you NOT accept?
- Old TVs
  - Other outdated technology
  - Light fixtures
  - Misc. electrical parts
  - Other (describe): \_\_\_\_\_
37. Who are your main donors? FOR NON-PROFITS ONLY
- General public
  - Hotels and restaurants
  - Local retail stores
  - Other - describe: \_\_\_\_\_

**Quality Control and Sorting (What kind, condition?):** - to help us understand how quality control is achieved

38. How and who decides whether incoming materials are acceptable for re-sale (condition, test electrical items)?
39. How and who decides what materials are garbage?
40. Do you have any equipment for cleaning incoming materials? Yes  No
41. Do you take any measures to deal with the possibility of bedbugs in incoming materials? Yes  No  If yes, describe: \_\_\_\_\_

42. Do **store staff** have an opportunity to choose/purchase items before they go onto the retail floor? Yes  No
43. Do **volunteers** have an opportunity to choose/purchase items before they go onto the retail floor? Yes  No
44. Do you use a computer-based inventory system to manage your inventory? Yes  No   
If Yes, what software do you use? \_\_\_\_\_
45. Do you have a way to keep track of the categories of materials sold? Yes  No
46. Over the years, have you noticed changes in the quality of incoming goods? Yes  No   
If yes, describe: \_\_\_\_\_

**Quantity Control – How Much?:** *- to help us understand how other thrift stores document the estimated volumes, characteristics and final destination(s) of un-saleable items*

47. Do you have a way to measure/weigh/track the volume of items dropped off? Yes  No   
If yes, describe: \_\_\_\_\_
48. Do you weigh materials that you discard? Yes  No
49. Do you have any way to keep track of the weight/volume of materials sold? (diverted from the waste stream) Yes  No
50. Do you take materials to the landfill for disposal? Yes  No  If No, who does?  
\_\_\_\_\_
51. Do you pay municipal landfill tipping fees? Yes  No
52. Over the years, have you noticed changes in the quantity of incoming goods? Yes  No

**Pricing - quality (brands), condition (clean, operational):** *- to help us understand internal procedures for intake, assessment and pricing of donated articles*

53. What kind of tags do you use? What information do you include on the price tag? (Price? Incoming date? Discount dates?)  
\_\_\_\_\_
54. Does staff look for specific brand labels? (to put in a boutique section?) Yes  No   
How do you price household items and equipment? (Do you have a target of less than half as much at a local Big Box store?)

- 
55. Displaying materials –  By Size  Boutique section  Shelving  Window displays  
 Special display cases  Artistic/design  Other \_\_\_\_\_
56. Do you have a system to accept Coupons / Referrals from families in need? Yes  No
57. Sales and discounts –  Regular (weekly/monthly) events & considerations?  
 Wisdom (senior) discounts?  Other \_\_\_\_\_
58. Do you have security cameras in the store? Yes  No
59. What steps do you take to reduce in store theft?
- 
- 

**Environmental considerations:**

60. Do you sort “waste” materials for recycling (electronics, metals...other)? Yes  No
61. Do you take any other measures to divert waste from the landfill? (have a supply of re-usable bags on hand, no plastic bags...) Yes  No

Describe: \_\_\_\_\_

**At the Till:**

62. What payment methods do you accept?  
 Cash  Debit  Credit  
 Credit Coupon or Referrals from approved families/individuals in need
63. Do you charge GST? Yes  No
64. Who is authorized to handle the till? \_\_\_\_\_
65. What training do you provide to the till personnel? \_\_\_\_\_
66. Have you ever had any troubles **at** the till? \_\_\_\_\_
67. What is the End of Day procedure for till? \_\_\_\_\_
68. What is the Start-of-Day procedure? (Reconciling, Float) \_\_\_\_\_

**Advertising, Promotion, Marketing:** - to help us understand what marketing strategies/campaigns are used to promote the thrift store

- 69. Do you have a website? Yes  No
- 70. What Signage is posted – for the public? (e.g. Return policy? No tag = No sale)
- 71. What Signage is posted - for staff?
- 72. What Signage is posted – for Donors (describing Acceptable / Unacceptable materials)?
- 73. Do you ever do any targeted promotion? Yes  No   
If yes, describe where, frequency, annual budget: \_\_\_\_\_
- 74. If yes, who are you reaching out to? (Customers? Donors? Specific category of customers?)  
\_\_\_\_\_
- 75. Do you do Seasonal Stocking/Restocking of racks and shelving? Yes  No
- 76. If yes, do you include Local celebrations (ex. Hallowe’ en, Christmas, Valentines, Stampede/Rodeo), other...? Yes  No

**Staffing:** to help us understand the staffing model, levels of training and experience, pay scale, hours, job description for employees and management

- 77. How many paid staff do you have? Part-time\_\_\_\_\_ Full-time\_\_\_\_\_
- 78. What is their pay scale? (Minimum wage?) \_\_\_\_\_
- 79. Do they receive any Benefits? (health, pension, etc.?) \_\_\_\_\_
- 80. What kinds of experience do you look for when hiring?  
\_\_\_\_\_
- 81. Do you provide specific Safety and Security Training to staff? Yes  No   
If yes, who delivers this? \_\_\_\_\_
- 82. Have you ever had an in-store event that you would consider an emergency? Yes  No   
Describe: \_\_\_\_\_
- 83. Do you conduct periodic performance evaluations with staff? Yes  No
- 84. Do you have a staff event to celebrate any occasion? Yes  No

85. Do you have specific hiring policies that make provision for:
- employment disadvantaged
  - gender-inclusivity
  - newcomers

**Volunteers:**

86. How dependent is the operation on Volunteers? (Approximate percentage of volunteer hours to total hours worked by everyone)
87. Where do volunteers come from? (list other organizations)?
88. Who supervises and keeps volunteers on track with daily/tasks?

**Management Staff**

89. How many managers do you have?
90. What skills are required of managers?

**Funding and Accountability: FOR NON-PROFITS ONLY**

91. Do you have any outside funding? Yes  No   
If yes, from where? \_\_\_\_\_
92. Do you have to meet any reporting requirements to outside funders? (who does this?)
93. Do you get any special subsidy or tax break (e.g., rent, utilities, tipping fees at dump, employees)? If so please identify.

**Financial Questions: FOR NON-PROFITS ONLY**

94. In a typical year, do you expect to make a profit (or surplus), or deficit? Where is the profit distributed, if at all? How do you cover your deficits?
95. Do you have loans? (if so, how much, what for and who is the lender?) Yes  No
96. Are you familiar with how your store started up? Could you describe it? How was the start up funded?
97. Would you be willing to share copies of your financial statements with us? Yes  No

*For private enterprises:*

98. Is there any financial advice you can give us?
- \_\_\_\_\_

**General Conclusions:** - *to help us determine the perceived benefits and risks of operating a thrift (or free) store in the Whitehorse context*

99. Have you had any Big Changes in the past few years? (such as relocation? Reasons?)
100. Can we have your permission to take a few photos of the space – Outside – Inside – Unique features...? Yes  No
101. Can you think of any other ideas, suggestions, things to consider for a Yukon Thrift Store?

Thank you very much for participating!