

## 7. Start Up Guide

This section contains information to assist you in the process of starting a thrift store ministry. It begins with your conviction that this is what God wants you to do and takes you step by step through the process of forming a board, selecting a location and preparing for operation. The check list at the end is provided for you to keep track of progress.

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### Notes:

# Start Up Guide Steps

## **One - Conviction**

Investigate and decide through prayer if having a Thrift Store ministry is God's will for your church at this time.

A Sabbath devoted to Thrift Store Ministry is a great way to make the church aware of the possibilities and to discuss options. The sermon can have an outreach/ministry focus, vespers can include a time for brain storming regarding what the benefits would be to the local community and congregation. Distribute a survey to the church body to get an idea of the level of interest.

As conviction grows the idea should be studied and discussed by the church board, if they feel led to move forward, they would make a recommendation to discuss the issue at a church business meeting.

The church business meeting is where the final decision should be made to move forward. The presentation at this meeting should be done in such a way that everybody understands what they are committing to. 1) The church will be signing a lease to which they are financially responsible for the next two to five years (depending on the length of your lease). 2) The ministry will need to be staffed for the same length of time. 3) The cost of start up and operation.

All these things must be discussed and well thought-out, but it should be done under the context that if this is what God is asking you to do; He will provide. This decision should be based on a conviction from God by the church at large, and not by what a few people want and think is best. With a conviction of God's will, you can step forward in faith trusting that God knows what He is doing even when we can not see what lies ahead.

Therefore, make no plans or moves forward until God has placed the conviction on your hearts that this is His will for your church. Our success is assured when we move forward in God's will. We are on shaky ground when we do the opposite; moving forward with what we want and then asking God to bless it.

This is the most important step. As you move forward and obstacles appear to be placed in the way, the foundational step of conviction that this is God's will for your church, can be returned to and rested upon. This foundation will give you the assurance that God is working all things for His glory regardless of the circumstances.

- \* See "Direction to God's Church"
- \* See "Congregation Survey"
- \* See "Walking in God's Will"
- \* See "Faith/Trust in God"

## **Two – Thrift Store Board**

Form a board to oversee the thrift store, it should contain five to seven members and is selected by the Church Board. The chairman should be appointed by the church board. Suggested members:

- |                          |                             |                    |
|--------------------------|-----------------------------|--------------------|
| a) Pastor                | b) Head Elder               | c) Store Director  |
| d) Store Treasurer       | e) Community Service Leader | f) Outreach Leader |
| g) One or two Volunteers |                             |                    |

The Store Board is empowered by the Church Board to make decisions regarding the store activities and expenditure of store funds. However, it should always be understood that the Church Board is the governing body and has the final word. Major decisions (lease agreements, vehicle purchases), should be sent to the Church Board for approval.

The store board chairman should present monthly reports to the Church Board.

### **Multiple Church Sponsorship**

If the thrift store ministry is a joint effort with area churches, the board should be comprised of members from each church.

An agreement and constitution should be drafted and mutually agreed upon by all churches involved. Everything agreed upon must be in writing and signed by representatives of all parties. It is not that people cannot be trusted, it is that sometimes we forget, or as time goes by different people become involved, whatever the reason, in the future when questions arise, you can refer back to what was decided previously in writing.

Things to consider:

- How much start up money will each church contribute?
- How many volunteers are available from each church?
- What procedure will be followed if a church's volunteer base becomes less?
- Who is in charge of the money?
- Who is responsible for debt, i.e. the lease?
- When ministry funds become available, who gets how much?

The agreement should be specific and clear, it should not leave anything to the imagination or future interpretation. The agreement should set forth exactly what is expected of each church and the resolution process if a church does not live up to their part of the agreement. It should describe the procedure if a church decides to withdraw from the agreement and the method to follow if the thrift store is closed.

A Constitution details who is on the board, when and how officers are chosen and for what term, what subcommittees are needed, if any, and how they will function.

If there are more than two or three churches involved, you may consider forming a Governing Committee with a board of directors who may meet once every three months, and an Executive Committee who would meet once each month to handle the day to day operations of the ministry.

One last time, put everything in writing, make it clear and comprehensive.

### **Three - Location**

First, acknowledge that God knows where He wants the store to be and will lead you to it. Second, become aware of your local real estate as you go about your regular travels, let members know you are looking so they can be on the lookout.

Here are a few things to look for:

#### Location

- a) Be part of a thriving plaza
- b) Near other thrift stores can be a positive factor  
If you are near other thrift stores, shoppers will find your store also. You can benefit from the draw of the big name thrift stores if one is near.
- c) Convenient access for volunteers.

#### Size

- a) How many people will be involved on a monthly basis?
- b) How many staff will be full time?
- c) Will Pick-up and Delivery Service be offered?

An average size store will need 1-2 people full time and a minimum of two hundred (200) volunteer hours per month. The larger the store the more you will need of both.

#### Affordability

Look for space that has been vacant for a period of time.

#### The building

- a) At least 6,000 square feet
- b) Large windows across front
- c) Sufficient sorting area for all departments
- d) Storage area
- e) Office space
- f) Area for loading and receiving (preferably in the rear)
- g) Space for a volunteer lounge/kitchen
- h) Air Conditioning system in good working order
- i) Roof in good condition
- j) Ample parking
- k) Good visibility from road

## **Four – Inspections**

It is important to have inspections done by the appropriate authorities **BEFORE** you sign the lease. Find out from each authority what they require be done before the building can be occupied. Check the zoning to make sure it will allow a thrift store ministry.

Depending on the length of time the building has been vacant, you may have to spend considerable money bringing it up to code. You do not want to be taken by surprise when you are required to put in a new sprinkler system. If there is major cost involved in bringing the building up to code, use that information as you negotiate the lease. Get the landlord to absorb some of the cost, get consideration in the form of free rent, or continue looking.

### Inspection Authorities

- a) Fire Marshal
- b) City Code Enforcement
- c) County Code Enforcement
- d) Zoning

Before you schedule the inspection, have an idea of any structural changes you intend to make to the premises and how they will be carried out. Inform the inspectors of your intentions and find out what they will require.

If they ask for a floor plan layout, let them know that this is a preliminary inspection, and you will provide them with a layout once you have signed the lease. You should have a general idea of the layout and explain it to them to see if there are any foreseen problems.

The fire inspector will inform you of:

- how wide the aisles must be,
- where the exits must be located
- where to place the fire extinguishers
- what walls can be removed

Find out from the city

- if there are any impact fees
- the building code for the sign

Once the store is completely set up they will come for a final inspection and give you a Certificate of Occupancy.

## **Five – Negotiating the Lease**

The process of negotiating a lease should be done by a small committee selected from the store board. There should be one contact person from that committee to communicate with the landlord or the landlord's management company. The leasing committee should report regularly to the board on their progress.

Go over the lease thoroughly. The landlord may tell you it is a standard lease, though there are similarities, there is no industry standard, (it may be their standard). You can be sure the lease is in favor of the landlord, however, everything is up for negotiation; do not be afraid to ask.

Finding affordable real estate is becoming a challenge. Get an idea of what to expect, by finding out what other real estate is leasing for in your area. Try and stay below \$7.00 per square foot.

The yearly rent is calculated by multiplying the dollar amount by the total square footage, ( $\$7.00 \times 6,000 \text{ sq} = \$42,000$  per year). Pass through fees are added to the base rent. These include common area maintenance, property taxes and insurance. At the end of the year the landlord will send you a statement of the actual cost. If the costs were more than the estimate, you pay the difference, if less, you receive a credit. Be sure sales tax is not added (you are tax exempt).

The monthly payment is calculated by dividing the base rent and the total estimated pass through fees by twelve.

Negotiate a yearly cap on the amount the landlord can raise the common area maintenance (try to keep it at 3% or less). The best arrangement is to negotiate a set monthly rent amount that is all inclusive, this way there are no surprises at the end of the year.

Most landlords will require an annual rent increase. Try and negotiate the rent escalation to begin after the second or third year. The increase should be a fixed amount per year.

One of the things you have to offer as a non-profit entity is a tax receipt for rent consideration. (The rent is \$5,000 per month, however, they are willing to accept \$4,000 in payment with a receipt from you for \$1,000 showing a tax deductible donation.)

Find out if the landlord or the city require a specific type of sign, signs are expensive, especially if they have to be lighted. Make sure there is nothing in the lease that requires you to be open certain days or hours e.g., Sabbath, late evenings.

Use the information you gained from the preliminary inspection (e.g., cost of bringing the building up to code) to aid you in negotiating. If the building requires major renovation (sprinkler system, air conditioning, ceiling), request credit against the rent to cover the cost.

Negotiate free rent for the first two to three months – this gives you time to do remodeling and get the store set and ready for sales before you start paying rent.

The lease will define who is responsible for repairs and maintenance. Usually the only responsibility of the landlord is the roof. Negotiate a landlord responsibility for the air conditioning system for at least the first year – very important if the building has been unoccupied for an extended length of time.

As you negotiate the term of the lease, consider the following: with a short term lease you are not locked in for an extended period of time, however, when your lease expires the rent may go up drastically. With a long term lease you have the protection of knowing what your rent is going to be for the duration, yet you are obligated for that length of time. Evaluate the options to

determine which way is best for your situation. If possible, include a renewal option based on a predetermined price, not one based on the future ‘fair market’.

Describe the use of the facility in broad terms. Most lease agreements are very specific regarding what you can do in and on the property. With a broad description it will be easier to add ministry components in the future.

Make sure you understand and are willing to accept any clause that requires the premises to be returned to their original condition at the end of the lease.

The willingness of the landlord to negotiate depends on several factors: How long the space has been vacant, other entities inquiring about the space, the market, and personal motivation. These factors all come into play and effect the degree of concessions the landlord is willing to give.

When an agreement has been reached, the lease should be voted on by the board and sent to the Conference for review and approval. Once approved by the Conference, the lease can be signed by the Pastor or Head Elder.

A deposit will be required; usually a months rent.

### **Lease Examples:**

Below are examples of lease amounts we have paid or are paying currently.

1)

$\$4.80 \text{ per square} \times 15,000 \text{ sq. ft.} = \$72,000 / 12 = \$6,000$

This lease started at \$5,000 per month (\$4.00 per sq.) with a \$200 increase per year for five years (all inclusive).

2)

$\$5.57 \text{ per square} \times 6,300 \text{ sq. ft.} = \$35,091 / 12 = \$2,924.25 \text{ per month}$

This lease started at \$2,500 per month (\$4.76 per sq.) with a 3% per year increase for five years.

Expanded the above space with an added 5,800 sq. ft.

$\$6.67 \text{ per square} \times 11,700 \text{ sq. ft.} = \$78,039 / 12 = \$6,503.25 \text{ per month}$

This is an all inclusive five year lease, with an annual \$0.25 per square foot increase (\$243.75 per month).

3)

1<sup>st</sup> Year

$\$5.00 \text{ per square} \times 5,000 \text{ sq. ft.} = \$25,000 / 12 = \$2,083.33 + \text{pass through costs of Real Estate Tax of } \$266.67 + \text{Property Insurance of } \$141.67 + \text{Common Area Maintenance of } \$250.00 = \$2,741.67 (\$6.58 \text{ per sq.})$

2<sup>nd</sup> Year

\$5.50 per square x 5,000 sq. ft. = \$27,500 / 12 = \$2,291.67 + Real Estate Tax of \$266.67 + Property Insurance of \$141.67 + Common Area Maintenance of \$262.50 = \$2,962.51 (\$7.11 per sq.)

This is the most common lease method; charging per square foot and then adding the pass-through fees. When this method is used, the per square cost is constant, but the pass through fees will vary depending on the actual cost to the landlord. Each year you will receive a bill for the previous year, if the cost for insurance was less, you will get a credit, if it is more, then the cost is 'passed-through' to you and you receive a bill.

Pass-through example:

2 <sup>nd</sup> year – Property Insurance	(\$ 32.09)
– Real Estate Tax	\$431.34
Net Owed	\$399.25

3 <sup>rd</sup> year – Property Insurance	\$ 238.19
– Real Estate Tax	\$ 948.78
Net Owed	\$1,186.97

4)

1<sup>st</sup> Year

\$3.00 per square x 7,500 sq. ft. = \$22,500 / 12 = \$1,875 + Real Estate Tax pass through cost of \$593.75 + Common Area Maintenance of \$3.16 per square \$1,975 = \$4,443.75 (\$7.11 per sq.)

## **Six – Dedication**

A service to dedicate the store and ministry to God brings the church family together in unity and purpose. Plan a time when the church members can come to the store location, e.g., Sabbath afternoon. Plan a devotion sharing how God has lead to this point and how as we continue to trust in Him, He will provide all that is needed to serve Him. End with a prayer of dedication, thanking God for His protection and blessing over the store and all those who are involved. Thank Him that the store will be used to bring Him glory and praise Him for the souls who will be in the kingdom as a result of the thrift store ministry.

A public dedication is a great way to introduce the store and its ministry to the community. When you are ready to open, (or after you have been open a short while) invite the community, news agencies, church and conference officials, and local dignitaries (mayor, chief of police, etc.), to a ribbon cutting ceremony.

The ceremony can include; acknowledgement of attending dignitaries, a description of the ministry and the services provided, a thank you to all those who had a part in making the dream a reality, a short recap of how God has lead to this point, a statement of our continued trust in God, a prayer of dedication and the cutting of the ribbon.

Refreshments could be served along with a tour of the facility.

## **Seven – Permits**

If any type of construction work is needed – tear down, build out, electrical or plumbing – you will need a general contractor to oversee the project and pull any permits needed. Construction is anything you do that alters the way the facility stands presently, and includes tearing down walls, adding doors, adding exit signs or emergency lights, etc. If there is any electrical or plumbing work to be done you will also need – in addition to the General Contractor – an Electrical and/or Plumbing Contractor. Each contractor will need to sign the Permit. If you have people in your church who are willing and capable of doing the work, look for a contractor who will pull the permits and oversee the project but will allow you to do the work.

No work of any kind should be done until you have the appropriate permits. When dealing with your local authorities it is always better to get permission than to ask forgiveness. As a church ministry we sometimes feel we are exempt from following procedures and codes – we are not. We want to present Christ to our community and that includes the building code enforcement department.

## **Eight – Renovation**

Draw out a plan defining what you want to accomplish. Make sure your plan meets all fire and city codes. Things you may need to do;

Add a dressing room	Add a sprinkler system	New carpet
Paint the walls	Fix Toilets	Bring bathrooms up to code (handicap accessible)
Install fire extinguishers	Install Plumbing for washer	Emergency lights / Exits signs
Install phone lines (office, register)	Install 220 for dryers	

Make a list of what needs to be done and when. A prioritized list will make the project run more smoothly (you do not want to clean the carpet until you have painted the walls, etc.).

If you have the man power and a General Contractor who is willing to let you do the work, appoint someone to be ‘in charge’, to coordinate the project. The coordinator can assign projects to several leaders. As people come to work they are referred to a leader who will get them started on a project.

## **Nine – Signage**

You will need a sign on the front of the building, and if possible on the pylon by the road. If the name of your store contains the words ‘Thrift Store’, we have found it to be effective to make those words the prominent ones on your signage; that is what people are looking for.



Signs are expensive, they can run from \$1,000 to \$6,000 and up, depending on whether they are lighted or not. Shop around and get the best price. Check your lease to determine if the landlord requires you to have a specific type of sign, if they do, provide that information to your sign contractor. The sign company will provide you with a proof. Check for any errors and have the drawing approved by the landlord. Make sure the property owner approves the sign before you sign a contract with the sign company. The sign company will obtain the appropriate permits.

Sign on front of building

Sign on Pylon by road

## **Ten – Store Layout**

Draw a floor plan for the location of each section:

- a) Register and Counters – place towards the front, with enough counter space and room behind for an empty hanger rack, bagging helper, and space to fill out donation forms.
- b) Place to “park” the shopping carts – near entrance for easy customer access
- c) Changing Booth – near clothes department. One should be adequate, two at the most
- d) Clothes Racks
- e) Beds
- f) Sofas
- g) Living Room Chairs
- h) Kitchen and Dining Tables
- i) Appliances
- j) Office Equipment
- k) Shelving for:
  1. Kitchen Items
  2. Household Items
  3. Small Appliances
  4. TVs
  5. Toys
  6. Holiday
  7. Books
  8. Men’s Items
  9. Sports Items
- l) Sorting area for:
  1. Clothes (electric outlet available)
  2. Linens
  3. Books
  4. Toys
  5. Electrical Testing (phone jack and electric outlet available)
  6. Miscellaneous
- m) A place for a Washer and Dryer to process clothes
- n) A place to store miscellaneous items before they are sorted
- o) A place to store winter coats and Christmas items
- p) Location of Food Pantry
- q) Office space – desk, shelving for supplies
- r) Volunteer break room / kitchen
- s) Janitor closet

Shelving can be used to form walls to partition off specific areas.

\* See “Sample Layout Pictures”

## **Eleven – Begin Administrative Check List**

\*See “Administrative Steps”

## **Twelve – Setting the Store Lay Out**

You can set the store as each area becomes ready and the ordered fixtures arrive. Assign leaders to each area to install the fixtures.

- a) Clothes Racks
- b) Counters
- c) Shelving
- d) Sorting area
- e) Office
- f) Volunteer lounge / kitchen – table and chairs, refrigerator, sink, stove

## **Thirteen – Stocking the Store**

- a) Clothes - they take the longest – See “Section 9B”
- b) Toys – See “Section 10J”
- c) Books – See “Section 10L”
- d) Miscellaneous – See “Section 10O”
- e) Office – Desk, computer, phone

### **Finding Donations:**

Before you are open for business, people will begin giving you donations; take them. Check with other thrift stores (maybe a little distance from you) to see if they have any excess donations they would be willing to give you. Look for a Salvation Army auction within driving distance; they can be a great source for sofas and beds and miscellaneous items at an affordable price (a price below what you can sell them for).

### **Clothes:**

Clothes take the most time to stock; it takes a lot of clothes to fill the racks, so make sure you have plenty of time and help to get the job done.

Once you are in operation the clothes will all be tagged with the same color on a bi-weekly rotating basis. However, starting from scratch, you do *not* want to tag every piece of clothes with the same color tag. You want people to become accustomed to your pricing structure; you want them to be able to find clothes priced all the way down to \$0.25, right from the start. Use all the colors so there is a balance between them out on the floor. Yes, there might be some nice pieces put out for seventy-five cents, but that is called marketing; getting people used to finding bargains at your store.

**Everything Else:**

Price and fill the shelves.

**Managers Office:**

Furnish the office with desk, computer, printer/copy machine, shelving to store supplies, phone, calculator, FRS Radios, etc.

If you have space it is nice to have a second desk in the office. It can be used by the assistant manager and/or to schedule pick ups and deliveries.

**Fourteen – Final Inspections**

Contact Code Enforcement for final inspections.

**Fifteen – Open for Business**

Coordinate with the person in charge of the administrative steps to verify that everything is in place. As you come to the final stages of completion, set a target date to open.

Make sure everything is in place:

- Certificate of Occupation “CO” received
- Store Stocked
- Personnel Trained & Ready
- Cash for Register
- All Forms in Place
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The time has come to open the doors to serve your community. May God bless you and your ministry!

## Start Up Guide – Check List

- |  |                              |                       |
|--|------------------------------|-----------------------|
| <b><u>One - Conviction</u></b>                   | Start Date _____             | Completion Date _____ |
| <b><u>Two – Form a Thrift Store Board</u></b>    | Start Date _____             | Completion Date _____ |
| <b><u>Three - Location</u></b>                   | Start Date _____             | Completion Date _____ |
| <b><u>Four – Inspections</u></b>                 | Start Date _____             | Completion Date _____ |
| <b><u>Five – Negotiating the Lease</u></b>       | Start Date _____             | Completion Date _____ |
| <b><u>Six – Dedication</u></b>                   | Start Date _____             | Completion Date _____ |
| <b><u>Seven – Permits</u></b>                    | Start Date _____             | Completion Date _____ |
| <b><u>Eight – Renovation</u></b>                 | Start Date _____             | Completion Date _____ |
| <b><u>Nine – Signage</u></b>                     | Start Date _____             | Completion Date _____ |
| <b><u>Ten – Store Layout</u></b>                 | Start Date _____             | Completion Date _____ |
| <b><u>Eleven – Administrative Check List</u></b> | Start Date _____             | Completion Date _____ |
| <b><u>Twelve – Setting the Store Lay Out</u></b> | Start Date _____             | Completion Date _____ |
| <b><u>Thirteen – Stocking the Store</u></b>      | Start Date _____             | Completion Date _____ |
| <b><u>Fourteen – Final Inspections</u></b>       | Start Date _____             | Completion Date _____ |
| <b><u>Fifteen – Open for Business</u></b>        | Date Open for Business _____ |                       |