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1) **Overview**

This plan outlines the structure and operations of Best Friends Thrift Shop, a business venture of the Potsdam Humane Society. The purpose of this venture is to support the mission of the organization by generating additional financial revenue, increased visibility, and broader community engagement.

2) **Description**

   a. **Legal Form**

      The Best Friends Thrift Shop will be operated as a business under the ownership of the Potsdam Humane Society (PHS). PHS is incorporated as a charitable, non-profit organization under New York State guidelines, with a designation of 501c3 tax-exempt status from the United States Internal Revenue Service.

         i. **DBA under PHS** – Attorney John Collins has reviewed the legal documents of the Potsdam Humane Society and is currently in the process of filing the appropriate paperwork necessary to establish Best Friends as a DBA - “Doing Business As” – under the Potsdam Humane Society.

         ii. **Sales Tax #** - A Sales Tax ID # has been established for the Potsdam Humane Society, with an additional location registered for Best Friends at 8 Raymond Street, Potsdam, NY.

         iii. **Other legal considerations** – All income and expenses from the Best Friends Thrift Shop will be clearly identified in the financial records of Potsdam Humane Society. All income from Best Friends will be designated as “unrelated business income”. Net profits from unrelated business income are subject to taxation.

   b. **Products & Services**

      i. **Recycled Items** – Items donated for free by community members are offered for re-sale at discounted prices. These may include: books, videos, DVD, kitchen items, housewares, office supplies & equipment, toys, sporting goods, craft supplies, artwork, plants, jewelry, etc.

         Items that will NOT be accepted include: baby items, electronics, firearms, chemicals, food, large furniture, and any broken or damaged items.

         Specialty clothing items may be accepted on a limited basis.

         No fur of any kind will be accepted.

      ii. **PHS Promotional Items** – Retail items for sale including: dog / cat collars and leashes, T-shirts, and other items with the PHS logo, etc.

      iii. **Information & Events** - Information and special events will be made available for customers, pet owners, and the general public.

         1. Brochures, flyers, and handouts on animal care, licensing, adopting a pet, PHS activities, fundraising efforts, and programs such as Pets for Vets and the Community Dog Park;
         2. Bulletin board of currently adoptable animals;
         4. Special meet-the-pets events, ask-the-Vet events, training presentations etc.

   c. **Location**

      The Best Friends Thrift shop is currently located in downtown Potsdam, NY at 8 Raymond Street. The site has approximately 3000 square feet of retail display space, and 25 linear feet of storefront windows facing Raymond Street. Additional sorting and stocking space is available behind the retail showroom area. Best Friends shares a building with the Tile Co. There is space in the basement level that may be available for meetings and events, as needed.

      The building is owned by Laura Passmore, co-owner of the Tile Co. It is rented on a month to month basis. The building is currently available for sale.
This location places the Best Friends Thrift Shop within walking and biking distance from SUNY Potsdam, Clarkson University, Canton-Potsdam Hospital, Meadow East Apartments, Swan Landing Apartments, KHS Rental Housing, senior and special needs housing, low to moderate income housing, and a variety of downtown shops, restaurants, and service businesses.

d. Customer Base
  i. Primary -
  The primary customer base of the Best Friends Thrift Shop is comprised of the year-round residents of Potsdam NY (including Norwood) and Canton NY, and nearby townships including Madrid, Colton, Pierrepont, Parishville, Hopkinton, and Brasher. This customer base includes college students from four colleges - SUNY Potsdam, Clarkson University, St. Lawrence University, and SUNY Canton. It also includes faculty, staff, and professionals who work at the four colleges, Canton Potsdam Hospital, or at one of the many stores, restaurants, banks, and service businesses in these towns.

  ii. Secondary -
  A secondary customer base includes residents from other areas of St. Lawrence County, such as Ogdensburg, Massena, and Governeur; summer residents; visitors to the area from Essex, Lewis, Jefferson and Franklin counties; visitors from other areas of New York State; and visitors from out of state – particularly Vermont and Canada.

  iii. Online -
  Sales of special inventory items may be offered online through sites such as Craigslist, EBay, and Amazon, which will potentially reach a broad, local and national customer base.

e. History
Best Friends Thrift Shop opened for business in its current location in December 2010.

  i. Management & Staffing -
  Best Friends was originally established under a management contract between Potsdam Humane Society and Tim and Cathy Connolly, doing business as “Best Friends Thrift Management”. The Connolly’s hired part-time sales staff to run the front desk. This employee was paid through Penski Employment Services, which also provided workers compensation coverage and payroll tax deductions.

  ii. Operations -
  Best Friends Thrift Management ran the shop and managed all operations, including accepting donations, setting the hours, establishing pricing, sorting inventory, designing marketing, negotiating the rent, insurance, and any other service contracts.

  iii. Financial -
  Best Friends Thrift Management provided all financial management including tracking sales, making deposits, paying bills, providing reports, and making a donation of profits after expenses to Potsdam Humane Society.

  Best Friends Thrift Management made a loan of $10,000 to meet start-up expenses. This loan was fully repaid over the course of three years out of revenue from Best Friends.

  Financial history for three years indicates average sales of $2,992 per month; with January, February, and May being the lowest sales months, and October, November, and December being the highest sales months on average.
Annual sales were reported as:
$35,689 for 2011 with a net total of $4,547 donated to PHS
$36,407 for 2012 with a net total of $5,452 donated to PHS
$35,168 for 2013 with a net total of $7,039 donated to PHS

Additional sales and expenses were reported for December 2010, January 2014, and February 2014 which are not reflected in these annual totals.

PHS has received a total of $19,902 since the beginning of operations in December 2010 through February 2014.

Expenses for all operations, including rent, payroll expenses, and debt repayment were $2,497 per month on average.

(See Appendix D – 1: Financial Data – Three-year History)

f. Future Development Strategy –

As of February 28, 2014, Tim & Cathy Connolly - DBA Best Friends Thrift Management terminated their contract with Potsdam Humane Society, and have transferred all operations, fixtures, equipment, and inventory to PHS ownership.

Going forward from March 2014, the development strategy is to establish Best Friends Thrift Shop as a business under the ownership and operation of Potsdam Humane Society, using volunteer labor to operate all aspects of the shop as much as possible. This plan anticipates a re-opening date of April 1, 2014, pending approval of the PHS Board.

All proceeds after expenses will be used to support the mission and operations of PHS.

i. Key Concerns – Areas of concern for the PHS Board include:

1) Legally establishing Best Friends Thrift Shop as a business under the ownership of PHS without jeopardizing the non-profit status of the organization.

2) Recruiting and scheduling volunteers so that the operation of the Thrift Shop does not drain human resources from other PHS programs and activities such as kennel care and fundraising events.

3) Managing Best Friends in a way that
   a. Requires minimal PHS staff and board involvement.
   b. Is financially successful and fiscally responsible.
   c. Establishes appropriate oversight, safeguards, and security.

3) Market Analysis
   a. Market Size
       i. Census data from 2010 provides the following data about our market:

       Population of townships in our primary market:
       Potsdam: 16,041 Canton: 10,995 Pierrepont: 2,589
       Colton: 1,451 Parishville: 2,153 Hopkinton: 1,077
       Madrid: 1,735 Brasher: 2,512

       The combined population of eight townships in our primary market is: 38,553

       The population of remaining townships in St. Lawrence County, which make up a portion of our secondary market, is: 73,391

       Total Population of St. Lawrence County: 111,944.
       Approximately 65% of the county population is age 18 to 64; and 14% is age 65 or older.
The population of nearby counties in our secondary market is:

- Essex: 39,370
- Lewis: 27,087
- Jefferson: 116,229
- Franklin: 51,599

The combined population of these four counties: 234,285

Number of students attending the colleges annually:

- Clarkson: 3,726
- SUNY Potsdam: 4,286
- SUNY Canton: 3,800
- St. Lawrence: 2,506

Combined student population: 14,318

Data on visitors to the region was not readily available at the time of this writing.

b. Market Profile

Best Friends Thrift Shop has already developed a customer base that is loyal and supportive of the shop and the work of the Potsdam Humane Society. This was confirmed by responses to the online survey that was recently conducted, and by community members who expressed concern when it was announced that the shop might have to close. *(See Appendix B: Interest Survey Results.)*

The shop appeals primarily to adult women, college students, and people with limited budgets. However, because of the variety of inventory, customers also include men, people of all income levels, and all ages.

Detailed customer information has not been gathered for the shop over the last three years.

4) Competition

a. Type & Location of Competitors

The primary competitors located in Potsdam include: The CORC Store, North Country Neighbors, Second-Hand Sports, and a new thrift shop in Seacomm Plaza. Competitors in Canton include: The Neighborhood Center, North Country Neighbors Too, the Clothes Closet, another potential thrift shop under development. In Massena competition includes: St. Vincent de Paul Thrift Shop, and Salvation Army. In Parishville, The BirchBark Bookshop sells used books. Independent antique stores also exist in several towns around the county.

A secondary level of competition includes general retail stores including: Big Lots, Walmart, Family Dollar, Kinney’s, Walgreens, and online retail outlets.

There is also seasonal and short term competition from garage sales, yard sales, auctions, and church bazaars.

b. Market Position

Best Friends Thrift Shop has the following advantages relative to its competitors:

i. All proceeds help to support the Potsdam Humane Society which is a benefit no other competitor offers. This charitable purpose will have a special appeal to animal lovers and all those who appreciate the work of PHS.

ii. The majority of inventory at Best Friends is made up of household and decorative items which the C.O.R.C. Store, the Clothes Closet, Second-Hand Sports, and the Birchbark Bookshop do not offer.

iii. Second-Hand Sports and BirchBark Bookshop each have very specific product lines (used sporting goods and used books respectively) so Best Friends is only in competition in those product areas. While these competitors offer a greater depth of inventory in these specific areas, they do not offer the diversity and variety of other items that Best Friends provides.
iv. The recycled/upcycled/ second-hand nature of the Best Friends inventory has environmental advantages and discount prices that retail outlets with new merchandise, like WalMart, Big Lots, and Kinney’s, cannot match.

v. Being open for regular business hours, 5 days a week throughout the year provides customers with availability, consistency, and reliability that garage sales, auctions, and church bazaars cannot offer. Some competitors, like the BirchBark Bookshop and some antique sellers, are only open for 2 or 3 days a week.

vi. North Country Neighbors in Potsdam is the closest competitor – both geographically and in terms of similar product mix. Here there are two distinct advantages for Best Friends. First, the presence of NCN draws customers to Potsdam who seek quality, used items and would also be likely to visit Best Friends while they are in town. Second, the owners of NCN were formerly the owners/managers of Best Friends and are still supporters of PHS, so they are likely to refer customers to Best Friends to find specific items. They are also likely to cross-promote PHS events; and refer people with items to donate, since they do not accept donations from the public.

vii. Best Friends has had a track record of three years to build a customer base and develop awareness in the community. This is a significant advantage over the newly established shops in Potsdam and Canton, and any others that may be developed in the future.

5) Program Benefits and Advantages
   a. Organizational Benefits – Best Friends Thrift Shop offers the following benefits to PHS:
      i. Increased revenue to support the mission of PHS; potentially $12,000 or more per year.
      ii. Increased visibility for PHS programs and fundraising activities.
      iii. Increased mission results – increase adoptions; increase public education of animal care issues.
      iv. Increased donor and volunteer involvement.
      v. Established precedent - Numerous successful instances of similar ventures exist in other locations.

   b. Community Benefits - Best Friends Thrift Shop offers the following benefits to members of the community:
      i. Provides a diverse selection of quality, recycled items.
      ii. Provides the economic benefit of lower prices than the cost of new merchandise.
      iii. Provides community members with an opportunity to donate quality used items and avoid having to pay for disposal.
      iv. Offers an environmentally efficient use of existing goods which reduces waste and reduces dependence on new merchandise.
      v. Offers an opportunity for the public to learn about PHS programs & services.

6) Objectives
   a. Sales Targets:
      i. To generate at least $3,000 per month in sales revenue on average, for a total of $36,000 annual revenue or more.

   b. Financial Objectives:
      i. To pay all expenses for operations from Best Friends sales revenue.
      ii. To keep expenses low, preferably at or below $2000 per month on average.
      iii. To clear at least $1,000 per month over expenses to support the mission of the Potsdam Humane Society, for a total of $12,000 or more annually.
      iv. To increase sales and proceeds to PHS by at least 10% each subsequent year for the first 5 years.
v. To establish a reserve fund that will support Best Friends in the case of shortfalls, unforeseen expenses, and emergencies.

c. Mission Objectives:
   i. **Visibility** – To provide a stable, downtown location for regular outreach and advocacy efforts to promote the work of the Potsdam Humane Society.
   
   ii. **Awareness** – To build awareness in the community about PHS programs and services; and provide information on pet health issues, pet licensing, adoptable animals, lost & found animals, animals training & care programs, and other mission-related issues.

iii. Engagement
   1. **Volunteer Recruitment** – To recruit and channel community members to assist with shelter activities, fundraising activities (FoPHS), and Best Friends Thrift Shop crews. (This objective has been validated by the fact that more than half of the volunteers who have come forward to help Best Friends so far were not previously engaged as PHS Board, FoPHS members, or kennel volunteers.)
   
   2. **Animal Adoptions** – To encourage animal adoptions through
      a. Bulletin boards with photos and descriptions of adoptable animals. These displays are continuously on display, and are updated weekly.
      b. Monthly meet and greet events with adoptable animals.
      c. Promotion of the Petango.com website and the PHS Facebook groups.
   
   3. **Donor Development** – To cultivate new and existing donors through
      a. A canister for cash donations at the front desk.
      b. Announcements of and engagement in PHS fundraising events.
      c. Item donations for re-sale.
      d. Interaction with customers regarding the mission of PHS.

7) Operations
   a. **Staffing Structure and Management**
   
   The Best Friends Thrift Shop will operate with volunteer staffing as much as possible, with a small amount of paid management to coordinate activities and provide leadership, continuity, and financial integrity.

   i. **Management** -

   The Coordinator is an individual who is paid for 5 to 10 hours per week, as needed. This position will be paid as a vendor contract. (Or may be a PHS employee based on the Board’s preference.) Compensation will be paid at a rate that is mutually acceptable to the Coordinator and the PHS Board.

   The duties of the Coordinator will include, but not be limited to:

   1. Oversee all Thrift Shop operations.
   2. Select, train, and supervise crew leaders.
   3. Be the crew leader for the Front Desk Crew.
   4. Handle all deposits, payables, and financial reporting.
   5. Provide monthly reports for the PHS Board; act as the liaison between the Board and the Thrift Shop, and implement all guidelines and requirements established by the Board.
   6. Coordinate events & marketing efforts at Best Friends in collaboration with the PHS staff, FoPHS members, and volunteer crews.
7. Be the primary point of contact for the Best Friends Thrift Shop for media contact, and in the case of emergencies, problems, customer complaints, volunteer questions etc. *(See also Appendix A: Detail of Coordinator Duties)*

ii. **Volunteers**

Community members will work together on a volunteer basis in a crew structure. Each crew will have a Crew Leader that guides, trains, schedules, and supervises the volunteers in their team.

Crews may vary in size from 2 people to 10 or more people, as needed.

1. **Crews** – The volunteer crews will serve these functions:
   a. **Inventory Crew** – Volunteers who sort, price, and manage the displays. Each volunteer will have a specific area(s) that they manage.
   b. **Front Desk Crew** – Volunteers who commit to regular weekly or monthly shifts to run the front desk, run sales transactions, open & close the shop, and provide customers with information and assistance as needed.
   c. **Publicity Crew** – Volunteers who design, distribute, and assist with marketing and outreach efforts to promote Best Friends Thrift Shop and related PHS events – through Facebook, press releases, flyers, displays, ads, events etc..
   d. **Cleaning Crew** – Volunteers who vacuum, dust, take out the trash, and assist with facility upkeep and maintenance.

2. **Recruiting, Training, and Supervision**

The Coordinator recruits volunteers and establishes the initial crews.

The Coordinator selects crew leaders and trains them.

Crew Leaders schedule, train, and supervise their crew members; and recruit new volunteers as needed.

The Coordinator is the crew leader for the Front Desk Crew.

Over 40 volunteers have already come forward to assist with operations in various capacities on a weekly, monthly, or drop-in basis.

*(See Appendix B: Schedule of Volunteers)*

3. **Scheduling**

Crew Leaders will develop a schedule of volunteers for 3 months in advance. These schedules are posted in the store and each crew leader has a copy. The Coordinator has a copy of all current schedules of volunteers. These schedules will also be available online in a digital format.

All changes in volunteers’ schedules must be made with approval of the crew leader at least 3 days in advance. It is preferred that, whenever possible, volunteers who cannot participate on their scheduled day arrange to trade shifts with another member of their crew. In an emergency situation, volunteers are required to contact their crew leader as soon as possible to notify them that they will not be able to make their scheduled shift.

Volunteers who miss 2 shifts without notifying their crew leader in advance will no longer be able to volunteer for Best Friends.

*(See Appendix B: Schedule of Volunteers.)*

iii. **Role of PHS Staff** – The Executive Director and staff of PHS, and any kennel volunteers that they designate, will only be involved in Best Friends in two areas:
1. To assist with setting up and updating in-store displays of adoptable animals and information about PHS programs, animal care etc.
2. To collaborate on in-store events like a monthly “Meet-the-Mutts” events.

iv. Role of the PHS Board of Directors – The Board will be involved in Best Friends in three ways:
   1. In an advisory role to receive and review financial reports, approve budgets and any operational changes, evaluate the success of the project, and provide oversight and advice as needed.
   2. In a financial support role to accept deposits, write checks for payables, and report and submit sales taxes.
   3. In a legal role as the owner, the signor of any contracts, and as the non-profit entity in whose name donations to Best Friends can be made.

   Individual board members may also choose to volunteer at Best Friends, promote Best Friends, and purchase items at the store at their own discretion.

v. Role of FoPHS – Members of the Friends of Potsdam Humane Society group will collaborate with Best Friends to enhance fundraising efforts and activities that FoPHS is otherwise engaged in. Individual FoPHS members may also choose to volunteer at Best Friends, promote Best Friends, and purchase items at the store at their own discretion.

b. Financial Management – The Coordinator will oversee and track all financial activities except for day-to-day sales transactions. If the Board and the Treasurer feel it is necessary and appropriate, a separate bank account may be established exclusively for the Best Friends Thrift Shop transactions. This account will be owned by the Potsdam Humane Society. All deposits will be made to this account, and all bills will be paid from this account.
   1. Recording Sales –
      Every sale transaction is recorded at the point of purchase by a Front Desk volunteer. 8% sales tax is charged & collected on every sale. The tax amount is clearly noted on each receipt.
      Every customer is given a dated receipt at the time of sale.
   2. Deposits –
      Each day of business the Front Desk volunteer will open the day’s activities with $100 till in the cashbox for making change.
      At the close of their shift each Front Desk volunteer will count $100 to leave in the till for the next shift. Any surplus cash from sales for the shift will be put in an envelope with carbon copies of all sales receipts. The envelope is then sealed, signed, and dated by the Front Desk volunteer.
      The Coordinator will pick up the deposit envelopes at least twice a week, count the cash, and reconcile the total with the total sales receipts for the day. Any cash discrepancies will be tracked.
      The Coordinator will enter all sales in Quickbooks from the receipts.
      The Coordinator will prepare the deposit, enter it in Quickbooks, and take it to the bank.
   3. Payables –
      All bills and expenses for Best Friends Thrift Shop will be paid within 30 days of billing.
All payments will be clearly recorded in Quickbooks, and shown on detailed monthly financial reports.
Sales tax will be reported and submitted on a quarterly or annual basis as required by NY State.

4. Safeguards and Reports
   a. Liability Insurance – The premises will be covered by liability insurance that is secured as an additional rider under the Potsdam Humane Society’s existing policy
   b. Tracking Donations – All donations of items for re-sale will be recorded. One copy of the donation form will be given to the donor. One copy will be retained for Best Friends/PHS records.
   c. Tracking Volunteers – All volunteers will complete a contact form which includes emergency contact info. All volunteers will record their hours on an index card system that matches the system used at PHS.
   d. Tracking Coordinator Hours – The Coordinator will keep and submit to the Board a weekly timesheet that includes a brief description of work completed.
   e. Recording Sales – All sales will be recorded on 2-part receipts that are sequentially numbered. The top copy will be given to the customer, the second copy will be retained for Best Friends/PHS records. Sales tax will be calculated and clearly noted on the receipt for every sale.
   f. Segregating Sales Income and Reconciling Totals
      At the end of their shifts, each Front Desk volunteer will count out $100 cash to leave in the operating till, all other cash, checks, and credit card receipts will be placed in an envelope with the second copy of all sales receipts completed during their shift. The envelope will be sealed, signed, and dated and placed under the register drawer.
      The Coordinator will pick up the envelopes at least twice a week, count and record the totals, and compare the totals with the receipts. Any discrepancies will be recorded. Occasional mistakes and discrepancies will be discussed with the volunteer. Volunteers who have frequent mistakes, unbalanced totals, or missing receipts will be removed from the Front Desk crew.
   g. Monthly and Annual Reporting–
      The Coordinator will send a monthly financial statement and short report of activities to the PHS Board and Treasurer at least three days prior to the Board meeting. Quarterly status reports will also be provided if the Board requests them.
      A year-end financial report that includes annual totals and monthly comparisons will be provided prior to the Board meeting in January.
      The Coordinator will be available to attend Board meetings upon request.

   c. Pricing and Inventory Management
      i. Receiving Donations
         Donations from the public will be accepted and checked-in by the Front Desk volunteers during hours that the shop is open for business. Specific “No Donation Days” may be designated as needed, and posted in advance.
         Guidelines regarding acceptable donations will be clearly posted, and enforced with the discretion of the Front Desk volunteer.
         Each person who makes a donation of goods will be given a signed, dated, and itemized list
of donations received. The volunteer will not assign a value to the donations. A copy of all donation forms will be kept on file for tracking purposes.

ii. **Pricing and Display**

The Inventory Crew will sort and inspect all donations, and assign a selling price to each item based on comparable second-hand prices.

Inventory volunteers will be assigned a particular area of inventory to manage so that they become familiar with the items and price ranges in that department.

Pricing will follow similar strategies to those already in place. Prices may be discounted if items have been on display for an extended period of time, or for special promotional sales. These pricing decisions will be determined through discussions with Inventory volunteers, Front Desk volunteers, and the Coordinator.

The Coordinator will have final approval on all pricing decisions. The display of items will be handled primarily by the Inventory volunteers, but may be dusted and rearranged by members of the Cleaning Crew and the Front Desk Crew to create visually appealing displays.

iii: **Disposal**

Broken or damaged items will be recycled or disposed of at the discretion of the Inventory Crew.

Items which have not sold after an extended period of time may be offered in a “Free Box” or donated to another charitable organization.

All items that are disposed of or given away for free will be recorded for tracking purposes.

d. **Marketing**

All marketing materials and activities will be designed and distributed by the Publicity Crew with approval from the Coordinator.

Emphasis will be placed on the use of free and donated marketing methods whenever possible. A small amount of paid advertising will be used as needed for special promotions, sales, and holiday events. (See below: Section 8 – Marketing & Outreach Strategy)

e. **Maintenance, Cleaning, and Facility Upkeep**

Cleaning and general upkeep will be provided by the Cleaning Crew on a drop-in and scheduled basis, under the direction of the Crew Leader and the Coordinator.

Major building repair issues will be brought to the attention of the building owner by the Front Desk volunteers or the Coordinator. The building owner will be responsible for arranging and paying for repairs to be done in a timely and appropriate manner.

f. **Equipment and Infrastructure**

All shelving, display units, office equipment, and sales supplies are the property of PHS. These will be displayed, used, and maintained in a way that is safe for the public and the volunteers. Equipment will be repaired or replaced as needed by the most affordable means.

g. **Hours of Operation** – In the past the shop was open 11:00 to 4:00 Tuesday thru Saturday. Initially we plan to keep these hours in place.

If it becomes clear that we can adequately cover these hours with volunteer support, and we have people who can consistently cover additional hours, we will consider expanding hours to open at 10:00 am, and perhaps be open later til 5:00 or 6:00pm on a few nights a week. Some volunteers have expressed an interest in Sunday hours and this may be an option to consider for summer operations.

Survey responses indicated that some customers would like to be able to shop after work hours, earlier in the morning, and Sunday afternoons.
Being open additional hours could increase sales and enhance other mission benefits, however this should only be done if it can be consistently staffed with volunteers. The shop hours must be reliable and stable.

8) Marketing and Outreach Strategy

Emphasis will be placed on the use of free and donated marketing methods whenever possible. A small amount of paid advertising will be used as needed for special promotions, sales, and holiday marketing.

Marketing vehicles will include:

a. Online marketing via the Best Friends Thrift Shop - Facebook page; a website may also be established eventually.

b. Display advertising in print publications will be used in a limited basis in the North Country This Week, Birch Magazine, Fourth Coast Entertainment, the Courier Observer, and/or the Watertown Daily Times.

c. Press releases and calendar announcements to promote in-store events will be sent to print publications (listed above) and radio stations, including: North Country Public Radio, WPDM, and CKON.

d. Outreach events - Participation in community events like Summer Festival, First Saturday, and Potsdam Holiday Weekend, and other in-store events will be used to promote the shop and attract visitors.

e. Flyers and handouts will be created to promote the shop, in-store events, and special sales. These will be distributed to customers in the store, and to targeted groups such as new students, new faculty, the Rotary Club, visiting alumni, etc.

f. Partnership outreach will be used via the Potsdam Chamber of Commerce Newsletter, the St. Lawrence County Chamber of Commerce newsletter, and other organizations and groups.

g. In-store signage, displays & bulletin boards will be used to promote upcoming sales, announce in-store events, recruit new donors and volunteers, and promote PHS programs & activities.

9) Timeline

2014

March 1 – 15: Research and prepare business plan; Resolve legal issues; Recruit and schedule volunteers; Inform the public of initial plans to move forward.

March 15 – 18: PHS Board reviews business plan; Board approves, revises, or rejects the plan at the March 18 Board meeting.

March 19 – 31: IF APPROVED: Train volunteers; Accept new donations; Renovate displays and clean the shop; Prepare and distribute publicity for opening; Prepare all store operations for opening (ie: set up credit card terminal, open bank account, purchase supplies etc.); Design and print signage.

April 1: Grand Re-opening Day – first day of operations.

April 1 -5: Grand Re-opening Week; First Meet-the-Mutts event on Saturday? (promo for upcoming “Strut Your Mutt” in May)

April & May: Daily operations and monthly reports commence and continue; Closely monitor operations and refine as needed;

June: Send out a “progress report” to media and constituents;

July: Participate in Summer Festival;

August: Promotions targeted to returning students;

September: Participate in First Saturday event:

October: Present 6-month summary report to PHS Board.

November & December: Prepare for holiday sales and events; Adjust store hours and volunteer schedules to accommodate the holidays;
2015  January – Prepare year-end financial information and annual report for PHS Board;
Assess, evaluate, and refine operating systems for coming year;

10) Financial Projections

Financial projections for the coming three years have been developed based on an analysis of previous activity, as reported by the previous management, with adjustments based on new factors as outlined in this plan.

a. Analysis of Financial History

i. Sales – Monthly sales totals have ranged from a low of $1,526 (May 2012) to a high of $4,351 (Nov. 2012). The average monthly sales total is $2,992. (Note: Monthly averages have been arrived at by totaling and dividing by 4 in months where we have 4 months of data – December, January, and February; all other months have been totaled and divided by 3.)

A graph of previous monthly sales history looks like this:

![Chart of Monthly Sales History](chart.png)

The chart above looks rather chaotic, particularly due to the start-up and close-out months (Nov 2010 & March 2014). A graph of the average monthly sales reveals a more discernable pattern:

![Chart of Average Monthly Sales](chart2.png)
ii. **Expenses** – Monthly expenses have been fairly steady and predictable. The highest month of expenses was $3,101 (April 2011) and the lowest monthly expenses were $1,860 (Feb. 2013). Average monthly expenses have been $2,497. Previous expenses included monthly rent of $1,200. Previous expenses also included payroll, which was the most variable cost, ranging from a low of $163 to a high of $1,385. Paid staffing was often replaced or supplemented by management time that was not charged to expenses. Very little money was spent on advertising, supplies, or equipment.

*(See Appendix D.1: Financial Data: Three-Year History)*

b. **Assumptions for Future Projections** – As with all projections, these figures are based on “best guess” scenarios regarding sales trends, future expenses, rising costs, and other factors. The actual results in 2014 may indicate that changes need to be made in future budgets. Extreme conditions, such as economic changes or natural disaster, cannot be forecast so they are not included in these calculations. Every effort has been made to develop a prudent and sensible budget that builds a foundation for financial success.

i. **Sales** – Future sales projections mirror the monthly trends indicated by previous years, however all sales targets have been conservatively increased by approximately 10% above the historical average for each month for the remainder of 2014. Sales are then increased approximately 10% each successive year. This projected increase is based on the implementation of stronger advertising and publicity initiatives, greater engagement with community members and PHS supporters, and improved in-store marketing and display.

Pricing will be evaluated on an ongoing basis, but there is no expectation at this time to significantly raise or change the pricing strategy. Survey results indicate that the public feels the prices are fair. Retaining a reputation for great deals and fair prices is important for the market position of the Best Friends Thrift Shop.

ii. **Expenses** – Several new factors are reflected in the future expense projections.

1. **Rent** – A new rental agreement has been negotiated in which the rent will be $800 for the first six months (April through September 2014), and will increase to $1,000 per month thereafter. These projections reflect this rental arrangement. Also included is an increase to $1,200 as of August 2015 if sales and expenses meet targets and make this additional cost feasible.

2. **Trash Removal** – A new contract has been negotiated for waste removal at $140 per month. Assuming some increase in fees, this amount has been increased to $150 per month in 2015; and $165 per month in 2016.

3. **Insurance** – Liability insurance for this location will be an additional rider on PHS’s existing policy. The current estimate for this additional coverage is $300 per month, which has been divided over 12 months in these projections for an expense of $25 per month. No increase has been shown for this expense over subsequent years, because it is likely that such an increase would be minimal.

4. **Advertising** – A cost of $100 per month has been estimated for 2014. This increases to $125 per month for 2015, and goes up to $150 per month for 2016. The actual amount may vary from month to month as the seasons, holidays, and advertising opportunities
change throughout the year, with a total expenditure that stays within the annually budgeted amount.

In order for the shop to successfully meet sales targets, it is important to increase visibility and awareness in the community. The lack of advertising and awareness in previous years was mentioned in responses to the online survey and has been noted in conversations with community members.
(See also Section 8: Marketing & Outreach Strategy)

5. **Coordinator Fee**—This expense is based on a proposed agreement with Hilary Oak—DBA Cheerful Strength to provide management services at a discounted rate of $20 per hour. This service is provided as an independent vendor, not as an employee on payroll. PHS may need to provide a 1099 tax form for these services at the end of each tax year.

   The fees reflected in these projections assume 10 hours per week of Coordinator time for a total of $800 per month during the initial start-up and volunteer training period of three months—April, May, and June 2014. This is reduced to 8 hours per week ($640) for the remainder of 2014 and throughout 2015 and 2016.

   This expense will be less in any month in which fewer hours are required. If a few more hours per month are required these will be donated free of charge by Cheerful Strength to PHS. If it becomes clear that an additional 50% or more of Coordinator time is required on a regular basis to effectively manage the shop, this will be presented to the PHS board for discussion and re-negotiation.

   Cheerful Strength will commit to providing these services for the remainder of 2014. At the beginning of 2015 the service of the Coordinator will be evaluated. At this point the parties may choose to continue the agreement on a month-by-month basis, or decide to terminate the agreement with Cheerful Strength and seek another vendor or alternative system of management.
(See also Section 7. A. I : Operations – Management; and Appendix A: Detail of Coordinator Duties.)

6. **Supplies**—A small amount has been allocated in the budget for supplies to support operations, this includes items such as receipt books, price tags, bags, masking tape, etc.

   This amount is listed at $25 per month in 2014, $30 per month for 2015, and up to $35 per month in 2016. This expense may be slightly more or less in any given month, but the total should not exceed the annual budgeted amount.

7. **Credit Card Processing**—These fees are estimated, starting at a rate of $30 per month, and increasing in months that have higher sales, and increasing generally in future years. The actual amount of this expense will depend on the frequency with which customers use credit cards to pay for their purchases, and any future rate increases from the merchant account company.

8. **Fixtures & Equipment**—At this time, no specific equipment or fixtures have been identified for purchase. This expense in the budget allows for the eventuality that new equipment may be needed, or old equipment may need to be replaced, as the shop develops. This expense is budgeted for $400 per year. In 2014 this is listed as $200 per month in the first 2 start-up months. For 2015 and 2016 it is distributed as an expense of $100 per quarter.

9. **Reserve Fund**—This budget allows for setting aside a regular amount of $50 per month in a reserve savings account for Best Friends that accumulates from year to year. Funds
in this account are to be used in the event of unforeseen expenses, cash shortfall, and emergencies related to Best Friends. This will provide a “safety net” for Best Friends operations that will protect PHS from having to expend other funds in an emergency or shortfall situation. The reserve fund will replace the initial financial backing after the start-up period of 7 months has elapsed.

*(See below Section 10 – C : Financial Backing)*

iii. **Results** – If sales targets and expense projections are met as outlined in this budget and business plan, the projected results will be:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Sales</td>
<td>$35,154</td>
<td>$41,330</td>
<td>$46,750</td>
</tr>
<tr>
<td>Annual Expenses</td>
<td>$21,846</td>
<td>$25,520</td>
<td>$27,590</td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>$450*</td>
<td>$1,050*</td>
<td>$1,650*</td>
</tr>
</tbody>
</table>

(* Assuming that no withdrawals are made from the fund.)

Net profit to PHS after expenses and before taxes:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$12,758</td>
<td>$15,210</td>
<td>$18,560</td>
</tr>
</tbody>
</table>

*See Appendix D. 2 : Financial Data : Three-year Projections*

c. **Financial Backing** - Financial backing has been committed by a generous, anonymous donor who has offered to be a guarantor for the start-up period of Best Friends, and will cover any monetary shortfall during the first 7 months of operations (through October 2014), up to $10,000 total.

It is recommended that, if Best Friends successfully meets or exceeds the targets in the projected budget, then any start-up costs or cash shortfalls that the donor covers be reimbursed to them out of the Best Friends operating budget as soon as feasible and practical. This reimbursement is not reflected in the current projections, and would reduce the net profits to PHS listed above.
Appendix A: Detail of Coordinator Duties

Detail of Coordinator duties:

2X per week:
> Pick up the deposit envelopes at least twice a week, count the cash, and reconcile the total with the total sales receipts for the day.
> Enter sales in Quickbooks from the receipts.
> Prepare the deposit, enter it in Quickbooks, and take it to the bank.

1x per week, as needed:
> Recruit volunteers and establish the crews.
> Select, train, and communicate with crew leaders.

Monthly:
> Prepare and distribute financial reports to PHS Board members and Executive Director; communicate with PHS staff and board as needed.
> Plan monthly outreach events in collaboration with crew leaders and PHS staff.

As needed:
> Shop upkeep, display, cleaning etc.
> Problem solving; and cover shifts in an emergency.
> Mediate any conflicts that arise with volunteers, customers, service vendors etc.
Appendix B: Schedule of Volunteers  as of 3/15/14

Volunteer List

Front Desk Crew:
- Maureen Triolo 3 hours per week Tuesday morning 3 years as sales clerk at BirchBark Bookshop
- Lisa Amati 3 hours per week Thurs. afternoon SUNY Potsdam faculty
- Kendyl Morse 3 to 6 hours per week Sat. afternoon; & Sun.? Clarkson student (thru May & next fall)
- Sandy Steinberg 3 to 6 hours per week Friday morning, and ? retired
- Donna Wright 6 hours per month Wednesdays employed part-time
- Susan Kramer 3 hours per month Saturdays
- Betty Wolf 3 hours per week retired; former sales clerk
- Dennis Lowe 6 hours per week
- Gina Weston 3 hours per week student, here thru July
- Tim Donahue 3 hours per week
- Josephine Skiff 3 -6 hours per month weekends
- Lori Wickham 3 hours per month
- Jo Ann Mittelstaedt – Richards 3 hours per month
- Ann Sessions 3 -6 hours per month Saturday or Sunday

Inventory Crew:
- Lynda Lawrence 1 hour per week drop-in Retired; works w Northern Ice & Dance
- Maria Matthie 3+ hours per week Tues. afternoon unemployed
- Sara Lynch 1 hour per week Weds afternoon Artist; flexible schedule
- Susan Dillon 1+ hour per week Thurs afternoon & drop-in disability
- Arthur Freeheart 3+ hours per week Thurs afternoon & drop-in works part-time
- Paul Steinberg 3 to 6 Hours per week Friday morning, and ? retired
- Reta Donahue 3 hours per week
- Michelle First 6 hours per week
- Amanda Crump 2 hours per month Saturdays

Cleaning Crew:
- Leila Thurston 3 hours per week whenever needed FoPHS
- Lynda Lawrence drop-in
- Amber Lindsay

Publicity Crew & Events:
- Lorry Bass 3 hours per week
- Kendyl Morse (?)
- Ryan Meashaw
- Barb Tarbell
- Michelle First’s husband web developer

NYSARC Volunteer Liaison:
- Susan Gibbons
**Back-up / on-call volunteers:**

Leila Thurston       flexible
Bonnie Boyd         flexible
Lorry Bass           when available
Sandy Steinberg     flexible

**Future volunteers:**

Ruth Huckle        3-hours a week; summer months
Janessa Scott      3-hours a week; after July or August
Kendyl Morse       3-hours a week; student - will return in fall

**Prep Team: (March 20 to 31)**

Leila Thurston       Cleaning, painting, organizing
Lisa Amati           Organizing
Maria Matthie        Inventory, cleaning
Sara Lynch           painting, organizing
Norma Thomas         painting
Lynda Lawrence       cleaning, organizing
Arthur Freeheart     Inventory
Susan Dillon         Inventory
Ann Sessions