Thrift and Consignment Store Business Plan and Operations Starter Kit

A working kit for independent resale store owners who buy their stock and take consignments. It prices clothing, housewares and consignment by the item, builds the monthly buying budget, counts the floor at cost, finds operating and cash break-even, and scores the plan on six pass-or-fail tests.

THRIFT AND CONSIGNMENT STORES
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PAGE 2

Start here

A resale store makes its money on the movement of cheap items, and everything in it turns on one figure: what a piece cost the store before it reached the rail. The floor looks full and the bank balance looks thin because the stock is settled at the gate and the money comes back one item at a time. This kit makes you write the department prices, the buying budget and the count down, then tests whether the cash survives a year that opens in March, peaks in October and December, and troughs in July.

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HOW TO USE IT

1. Build sales by department on page 6 and the store's costs on pages 5 and 8. Run the cash forecast on page 11, then score the plan on page 4. Draft pages 3 and 4 last.
2. Use pencil. Lot prices, consignment splits and the stock you can finance change before opening.
3. Once you open, use the page 14 checklists daily and the weekly numbers review each week. Write the buying budget on page 9 before the next lot is committed, and count the floor on page 10 at the interval you set.

HOW THIS KIT WAS BUILT

- **AI tools helped create this kit.** Example figures are illustrative, not benchmarks.
- **The owner question** on page 3 is one of the thrift and consignment store questions published at businessconsultant.services; the answer is general guidance, not a research finding.
- **Investigation questions** on page 14 come from the same published questions, drafted by AI models and checked by a separate AI model. The founder-dependency question is a World Consulting Group working question added to them. None was measured in the field, so treat each as a hypothesis.

SCOPE

This kit gives general operational information. It is not legal, tax, accounting, employment, regulatory or financial advice. Requirements vary by location, and a qualified professional should review the regulatory pitfalls. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

The lender's first question is whether the store can pay for a lot before the items on it sell. Write each answer out in plain sentences on its own sheet and let the arithmetic on the later pages carry it.

1. Executive summary (write it last)

Put down the idea, the location, the departments and the cash it takes, from the fit-out through the opening stock. Then name the month the page 6 forecast first reaches cash break-even (page 8), and give the page 4 result.

2. Concept, customer and trade

Write down who brings stock in and who buys it. The seller at the intake door is clearing a house, a wardrobe or an estate and wants the transaction over in twenty minutes. The buyer on the rail is hunting, will touch forty items to buy one, and will not come back if the rail is thin or the same stock is still sitting there a month later. Name which of the two your week is built around, and say plainly whether your goods are bought, donated or taken on consignment.

3. Floor, intake and the lease

Set out the rail runs, the table runs, the sorting room, the conveyor and the donation door. Say which day the lots arrive and who grades and prices them, because intake is the production line of this business and a week without intake is a week of an emptying floor. Then list every charge the lease adds above base rent: a donation door, a loading bay and a covered intake area are not free.

4. Departments and pricing

Take each department's items from a fortnight of your own till counts rather than from a competitor's rail, and put what the piece cost at the gate beside the tag. Test the margin the department has to hold and the turns the floor has to earn, because a lot that sells at a dollar an item three months later was a loan you made to yourself. See what a fifteen-point intake rise does to break-even on page 13.

DEPARTMENT	COST AT THE GATE	SHELF TAG	COST AS % OF TAG

> *What the owner must answer: I have a floor full of stock I paid for at the gate and customers who will not pay more than a few dollars for an item. How much of my own money is standing on those rails, and what happens to the answer if the goods cost fifteen points more and I hold my shelf prices?*
>
> Stock at cost worth about two months of takings is money frozen on the rails, and the page 9 buying budget is the single brake on how much more stock the month can absorb. The page 10 count tells the owner what the rails genuinely hold. Page 13 tests a fifteen-point intake rise held at today's shelf prices and a competitor taking part of the clothing line.

PAGE 4

Business plan, part two

5. Operations

Describe how a piece moves from the lot, to the sorting room, to the rail, to the till and, if it does not sell, to the markdown or the rag bag. Name the step that slows a busy intake day, and who signs for the lot when you are not there.

6. Team

List every role, the hours it covers and the pay it costs, including a market wage for your own buying and consignor time. Name the second person who can grade a lot and open the shop; the first question on page 14 checks that dependency.

7. Marketing

Explain why a buyer walks past three other shops to your rail, and what brings a seller back to your intake door with the next wardrobe. Track intake appointments, repeat buyers and stock turns in records you own.

8. Financials and funding

Attach pages 5, 6, 8 and 11 and the result below. Show how much the store needs, where the money comes from and how long it lasts if the October and December peaks arrive late.

DOES THE PLAN PASS? SCORE IT BEFORE ANYONE ELSE READS IT

TEST	PASS?
Gate 0. The draft lease, the fit-out and conveyor quotes and every approval the store needs are in writing, reviewed by a qualified professional where needed.	
1. In the expected case, total sales reach cash break-even at the month-12 run rate (page 8) and closing cash stays at or above your cash floor for 24 months (page 11).	
2. Slow start (tested share of sales, page 11): closing cash holds at or above your floor every month (if not, note the reserve that would hold it).	
3. Planning debt service coverage at full-run sales and at the month-12 run rate (page 8) meets your lender's ratio, on your lender's definition.	
4. The plan's items in its busiest month fit the sorting hours, the rail space and the intake calendar, and planned items a month reach break-even on page 8.	
5. Expected item counts rest on evidence (a prior store's till counts, a fortnight of intake and sales logs, or a documented traffic count with a capture rate), not on the size of the trade area or the number of households nearby.	
6. The full-run steady-state year (seasons in; not the forecast year) leaves net cash above zero after principal, before income tax set-aside, replacements and stock build-up; set aside its largest fall in running net cash, the year run twice.	

Not ready: Gate 0 fails. **Green:** Gate 0 and all six tests pass. **Amber:** Tests 1 and 3 pass, but Test 2, 4, 5 or 6 fails, so fix the plan before you sign the lease, take the first lot or sign the loan. **Red:** Test 1 or 3 fails, so change the plan before you commit money. Tests 1 and 3 score the plan as written; Test 2 is the slow start, and the page 13 what-ifs stress-test Tests 1, 3 and 6. Count a test without evidence as a fail. Result: _____

PAGE 5

Startup budget worksheet

Fill the estimate column first, then record each source: a written quote from the contractor, the fixture or conveyor supplier, the landlord, or a documented calculation for the opening stock. The opening-stock line is $109,000, and $23,000 of it is consignment goods the owner does not pay for up front, so a loan sized against the whole line borrows for stock nobody buys. Store budgets break on the conveyor and the loading door nobody quoted, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
LEASEHOLD WORKS AND FIXTURES				
Leasehold improvements, second-generation retail bay				
Racks, tables, gondolas, sorting conveyor and rolling bins				
Point of sale, scanners, scales, cameras and security				
Signage and exterior				
PRE-OPENING DEPOSITS				
Lease deposit and pre-opening rent				
Insurance down payment				
OPENING WORKING CAPITAL				
Opening inventory at cost				
Pre-opening payroll, intake and training				
Soft opening and launch marketing				
Professional fees				
CASH AND CONTINGENCY				
Opening cash				
Contingency				
WORKING CAPITAL				
Working capital reserve (cash you open with)				
Contingency for overruns on the lines above				
Total				

Size the reserve in two passes: run the page 11 expected case with opening cash of zero (no reserve, no other cash), set the reserve to your floor, plus one more month of fixed costs and principal as a buffer, plus how far its lowest closing cash falls below zero (zero if it never does), rounded up to the next $100, then rerun. If the Test 6 cushion (page 4) is larger than that buffer, add the difference. If the fit-out runs over, the contingency pays first and the reserve second; then rerun page 11.

PAGE 6

Sales forecast builder

Sales start with the rail, the item and the price tag, never with the rent you have to cover. Count the items you expect to sell a month by department from a prior store's till, a fortnight of your own logs or a documented traffic count, and set each department's average price as its takings divided by its items. The average price is not the average customer: a 42 dollar consignment piece and a 6 dollar plate are not comparable units, and the consignment corner will carry a sixth of the money on a twenty-eighth of the items. Write the counts by department or you will buy the wrong lots.

```
Monthly sales for a line = units times average item times days open in the month (or times 1 for units counted per month)
Days open in a month = days open per week times 52, divided by 12
```

SALES LINE	UNIT	UNITS PER DAY OR MONTH	AVERAGE ITEM	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Clothing and accessories	items				
Housewares, home decor and media	items				
Consignment	items				

Full-run month

RAMP AND SEASONS

MONTH	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Ramp, % of full run												
Season, % of full-run month (M1 = opening month)												
Expected sales												

Expected takings for each month = full-run department takings times ramp times season. Use 100 percent where a factor does not apply. Ramp, season and items a month are your assumptions; write the evidence for each, and treat October and December as a costume and gifting season rather than a baseline for the rest of the year.

CAPACITY CHECK

```
Monthly capacity = the items the sorting room can grade, price and hang in the busiest week times 52 divided by 12, capped by the rail and table space the floor carries and the hours it can be staffed; the buying budget on page 9 is the cash version of the same limit
```

A resale store does not run out of customers; it runs out of sorting hours, rail space and a donation door that only one truck can back up to. Nothing reaches the floor until a person has graded it, priced it and hung it, so the honest capacity of the shop is what the sorting room turns out, not how many people walk past the window. Count one truck at the donation door at a time, because the intake bay sets the intake day and an unpaid lot cannot be unloaded twice. Then remember that every item is graded and priced by hand before it can be hung, which is the reason a twelve hundred item day needs more than one person and a conveyor. Write the items your sorting room can clear in the busiest week, check it against the rail space you have, and make the planned clothing count fit both.

Three departments, three margins and a blend that hides them

A resale store sells by the rail, by the table and by the consignment corner, and the three do not share a margin. Clothing brings the footfall and the units, housewares bring the weight and the low tags, and the consignment corner brings the money on almost no units. Cost every item from what the lot cost at the gate plus the minutes it took to grade and price it, then let each department keep what its job can carry. The ratio matters more than the total: the consignment corner is 3.6 percent of the items and 15.9 percent of the takings, while the clothing rails are 66.7 percent of the items and 64.8 percent of the takings, and a plan that reads 11,100 items as one even book of business will price the wrong rail.

```
Margin on a rail = (the shelf tag less what the lot cost) divided by the shelf tag
Markup puts the same difference over the cost of the lot and reads the larger number, so a rail tagged
from markup keeps less than the tag promises
A department's margin = its takings less the cost of what it sold, over its takings; line 13 mixes the
three departments by the share each one sells
```

WORKED EXAMPLE: THE THREE DEPARTMENTS (ILLUSTRATIVE)

DEPARTMENT	ITEMS / MONTH	PRICE	UNIT COST	GAP PER ITEM	MARGIN	MARKUP	PART OF TAKINGS
Clothing and accessories	7,400	$9.25	$4.63	$4.62	49.9%	99.8%	65%
Housewares, home decor and media	3,300	$6.20	$2.98	$3.22	51.9%	108.1%	19%
Consignment	400	$42.00	$25.20	$16.80	40.0%	66.7%	16%

The example lands 0.05 points below the 48.8 percent margin it sets for itself, a shortfall of about $52 a month at this sales level. Housewares, home decor and media carries the strongest margin rate (51.9 percent) and Consignment the weakest (40.0 percent). The largest share of sales is Clothing and accessories, at 65 percent. Blended, the example runs at a 48.8 percent gross margin and a 95.1 percent markup. These departments set the sales lines and the cost-of-goods share in the page 12 worked example; the buying budget on page 9 and the shrink count on page 10 use the same three. Group the departments the way you buy them, because the buying budget, the count and every later turnover figure follow the same three groups. A thin department earns its space on turns and on the traffic it brings; a fat one can sit on the rail and still pay for the square footage. Watch the consignment corner, which takes 15.9 percent of the takings and 18.6 percent of the cost of goods: the store does not buy that stock at all, the consignor is paid out of the sale, so its 40 percent is a commission and not a gross margin on owned goods. Price from what the piece cost at the gate plus the hanger and the tag, never from the shop across the road. A margin computed on goods the store does not own is a margin the store has not earned, and a floor plan that treats the consignment rail as owned stock will buy against stock that never needed buying. If your goods are donated rather than bought at the gate, this merchandise-cost column is not written for you, because a donated rail carries no purchase cost at the door and the cost that matters is the sorting and handling labor plus the space the goods occupy.

YOUR DEPARTMENTS AND THEIR RAILS

DEPARTMENT	ITEMS / MONTH	PRICE	UNIT COST	GAP PER ITEM	MARGIN	MARKUP	PART OF TAKINGS

Tag each department from what the lot cost and the margin its floor space has to return, not from a chain's shelf label. A rail that empties weekly can ride a thin rate; a consignment corner that sits for a season has to earn its square feet on the margin each item holds.

PAGE 8

Break-even and coverage

Use this one numbered cost list everywhere in the kit. Loan interest is a fixed cost here. Loan principal is not an operating cost: it enters cash break-even below and the cash forecast on page 11, so interest and principal are each counted once.

FIXED COSTS PER MONTH	PER MONTH
1. Rent and common area charges, 4,200 square feet	
2. Liability, property and contents insurance	
3. Salaried manager plus the minimum opening crew, with employer payroll costs	
4. Owner's market wage for buying, lot selection and consignor relationships (hours on the floor go in line 3 or 14)	
5. Loan interest (leasehold works, fixtures and opening stock loan)	
6. Utilities and internet	
7. Marketing, loyalty and local advertising	
8. Point of sale, inventory and intake software	
9. Accounting, bookkeeping and bank fees	
10. Racks, conveyor, truck and equipment maintenance	
11. Waste, cleaning, rag disposal and security	
12. Training, renewals and other fixed costs	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Cost of goods sold, blended across the three departments (set by the department costs)	
14. Hourly intake, sorting and pricing labor above the minimum opening crew, with payroll taxes	
15. Card and processing fees	
16. Shrink at cost (set by the department counts)	
17. Bags, hangers, tags, markdowns and unsellable-goods disposal	
Total variable cost share	

```
Contribution margin ratio = 1 minus variable cost share; contribution = sales times the line's ratio
Operating break-even sales = fixed costs divided by contribution margin ratio
Cash break-even sales = (fixed costs with line 4 even if undrawn, plus principal and other recurring cash out)
divided by contribution margin ratio; page 13 covers a result with no usable number
Break-even items a month = (monthly fixed costs, principal and other recurring cash out minus the monthly
contribution from the housewares and consignment departments at planned full-run sales and their own contribution
ratios (1 minus each department's line-13 share and its share of lines 14 to 17)) divided by the contribution
from one average clothing item. If the other departments already cover fixed costs and principal, report 0 and
say so; never report a negative item count
Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied
Planning debt service coverage (before income tax and replacements) = (full-run sales times contribution margin
ratio, minus fixed costs other than line 5) divided by (line 5 + principal)
```

RESULT	PER MONTH	PER WEEK	PER DAY OPEN
Operating break-even sales			
Cash break-even sales			
Break-even items a month (use cash break-even)	one figure per month		
Rent share and debt service coverage at full-run sales		ratios, monthly only	

Weekly = monthly times 12, divided by 52; daily = weekly divided by days open per week. Rent share = line 1 divided by net sales.

PAGE 9

The buying budget, and the stock that is not yours

Open to buy is the money you can put into stock this month without borrowing from next month's lot money. Here the figure carries a bias the arithmetic cannot remove: the consignment department sits inside the cost of goods, and the store does not buy that stock at all.

```
Stock held at cost on an average day = a year of cost of goods divided by the turns the plan runs
Buying budget = the month's cost of goods, plus the stock level the plan keeps, less what is already on the rails, less what is already committed
A lot spends the supplier's lead time on the road and the invoice falls due after it lands, so the money exits 19 days after the lot is committed; the forecast on page 19 settles each bill in the month it sells, so put your own lead and terms into the page 11 inputs
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WORKED EXAMPLE: THE MONTH'S COST OF GOODS (ILLUSTRATIVE)

DEPARTMENT	TAKINGS A MONTH	SHARE OF TAKINGS	GOODS COST A MONTH	SHARE OF GOODS COST
Clothing and accessories	$68,450	65%	$34,262	63%
Housewares, home decor and media	$20,460	19%	$9,834	18%
Consignment	$16,800	16%	$10,080	19%

The takings column restates the page 7 departments, and the goods-cost column multiplies each department's items by what the item cost the store.

THE BUYING BUDGET

LINE	THIS MONTH
Goods cost for the month, at what the store paid	$54,176
Stock the plan wants on hand, at cost (a year of goods cost over 6 turns)	$108,352
Stock standing on the rails at the month's open, at cost	$109,000
Lots already committed and on their way, at cost	$9,500
Buying budget for the month, at cost	$44,028

The month has $44,028 of buying room: enough to replace what will sell and lift the stock toward its target once the rails and the lots in transit are counted. At the open the rails hold 2.0 months of goods at cost ($109,000 against $54,176 a month), the plan turns the floor six times a year, and a lot committed today is settled 19 days later, after 14 days on the road and 5 days of terms. The money goes out five days after the lot lands and long before the items sell, and that wait is the cash gap this trade lives with: the buying budget is a financing choice as much as a buying one. Turns in this trade is a target for owned stock, never a reorder point. A dress that sold cannot be reordered, so the buyer guesses at the next lot and the number measures how fast the floor converts what was already bought. The $44,028 the page prints includes $7,240 of consignment allowance the store will never write a purchase order against, because the consignor is paid out of the sale, and an open-to-buy on owned stock alone comes to about $36,788. That $7,240 is $10,080 of consignment replenishment plus $20,160 of target stock less the $23,000 already on the consignment rail, which is why it is not the $10,080 a month the department costs to stock. If your goods are donated rather than bought, the merchandise cost on this page is your sorting and handling labor plus the space the goods occupy, and this buying budget is not written for you.

YOUR OPEN-TO-BUY

LINE	THIS MONTH
Goods cost for the month, at what the store paid	
Stock the plan wants on hand, at cost	
Stock on the rails on day one, at cost	
Lots already committed, at cost	
Buying budget for the month, at cost	

Commit the lot against the month's sales and the stock the floor can carry, never against a grader's minimum bale or a lot closing today.

PAGE 10

Two people, a locked door and a count by department

Shrink in a resale store is a reconciliation problem before it is a theft problem. The count is taken at cost, department by department, after the door is locked, and the difference goes on paper before anyone adjusts a record. It hides in the sorting room, in the rag bag, in a consignment payout written against the wrong tag, and in a markdown that was taken off the rail but never off the book.

```
Difference = the value on the book less the value the department count finds
Difference on the book = that gap over book value; yearly, take the count-period rate times 12 and
divide by the months since the last count
Line 16 carries that yearly difference at cost as a part of yearly takings
```

WORKED EXAMPLE: THE DEPARTMENT COUNT (ILLUSTRATIVE)

DEPARTMENT	RECORDS VALUE	COUNTED ON THE RAIL	SHRINK	GAP ON RECORDS	YEARLY RATE
Clothing and accessories	$58,000	$55,320	$2,680	4.6%	18.5%
Housewares, home decor and media	$28,000	$26,710	$1,290	4.6%	18.4%
Consignment	$23,000	$21,940	$1,060	4.6%	18.4%
Total	$109,000	$103,970	$5,030	4.6%	18.5%

A count 3 months after the last one shows $5,030 missing at cost, a 4.6 percent rate on book, or 18.5 percent a year. That is $20,120 of stock a year at cost, which sets line 16 at 1.6 percent of sales in the page 12 worked example. Count at tight enough intervals that a missing item still has a home to be traced to: a count every 3 months will not tell you whether a rail emptied last week or last month. Settle which base a shrink figure sits on before you compare this store with any published rate. The count compares cost to cost, so the quarterly gap of 4.6 percent is a cost rate. Line 16 spreads that gap over the year and puts it over the year's takings, which is 1.6 percent, and it is still a cost rate. A survey rate of 1.4 to 1.6 percent is measured on the ticket value of the missing goods, and because a thrift dollar of cost supports about two dollars of ticket, this store's loss lands near 3.1 percent when it is expressed the industry's way, roughly twice the quoted band, not inside it. The engine is not reporting two different losses and neither number is an error; the only thing that moved is the base, so say which one you mean whenever the rate goes into a sentence. Three months leaves the rate a season stale and a monthly count costs more in back-room hours than it catches, so pick a cadence and keep it. The loss that matters most in this trade is the lot that was paid for and never reached a rail: count the salable fraction at intake, and keep that buying loss out of the count so the two do not merge into one unreadable number.

YOUR DEPARTMENT COUNT

DEPARTMENT	RECORDS VALUE	COUNTED ON THE RAIL	SHRINK	GAP ON RECORDS	YEARLY RATE

Count in pairs with the door shut, department by department, and write the shortfall down before anything is re-priced. Loss hides in the sorting room, in the rag bag, in a consignment payout booked against the wrong tag and in the donation bin; a count that watches only for shoplifters will miss all four.

Twelve-month cash forecast

Profit and cash are different numbers: loan principal, fit-out bills, the opening stock buy and every consignor payout drain the bank account. Enter amounts in thousands of dollars (51.25 means $51,250). Enter receipts net of sales tax; closing cash excludes the bank account holding collected tax.

EXPECTED CASE ($000)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Opening cash												
In: sales receipts (page 6), excluding sales tax												
In: owner money and loans received												
Out: goods, card fees, shrink and markdowns (lines 13, 15 to 17)												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)												
Out: rent and common area charges (line 1)												
Out: other costs, with loan interest (lines 2, 5 to 12)												
Out: income tax set-aside, equipment replacement, stock build-up												
Out: loan principal												
Out: startup bills still to pay												
Net cash flow (in minus out)												
Closing cash, expected (your floor: _____)												
Actual closing cash, once open												
Memo: sales tax collected (not in closing cash)												
Memo: sales tax remitted												
Memo: tax owed = last month's + collected minus remitted												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 17)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on opening day after startup spending is paid; each closing balance opens the next month, and the slow start opens with the same cash. Your floor is at least one full-run month of fixed costs plus principal. Counter takings settle when the customer pays, by card or in cash, and card batches settle two to three business days later. A consignment item pays the store at the sale and pays the consignor after it, so the shop holds money it does not own for as long as the payout schedule runs. The engine carries every sale in the month it is rung and does not model the consignor payout separately, so enter the money in the month it reaches the bank and keep the payout ledger beside it. For the slow start, test 70 percent of expected sales in every month (a stress assumption, not a benchmark; a higher share only with evidence); fixed costs, other cash out, principal, startup bills and funding stay as expected, and all variable lines fall with sales; line 14 holds only hours you would cut. The first month either case falls below your floor is your planning deadline: act before it. Then run a second year at the month-12 run rate (page 8), month by month with the seasons continuing, and check the floor holds.

PAGE 12

Runway, a floor that fills slowly

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Runway = how many months ahead the shop keeps paying, counted back from the last closed month (before opening, from opening day), before the first month in which closing cash falls below your floor
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Worked example: a hypothetical single resale store

Worked figures that demonstrate the arithmetic, each of them an illustrative assumption and never a benchmark. Open six days a week, about 26 days a month, 4,200 square feet; opens in March. Cash floor $33,118. Card and cash takings reach the bank while the month of sale is still open; fixed lines go out as the table prints; stock is paid for in the month it sells, so enter your own lot and consignor terms on page 11. The owner pays herself a wage and no outside money enters the business.

Page 5, budget	Total startup budget $376,660, funded by a $220,000 loan (10 percent over 10 years) and $156,660 of owner money, including an $80,200 working-capital cushion held untouched from day one. The page 5 two passes: floor $33,118, plus a one-month buffer of $33,118, plus $13,921 (the depth of the first-pass gap when the shop opens with nothing), rounded up to $80,200.
Page 8, costs	Fixed costs $31,993 a month, including $8,800 for rent and $1,783 of loan interest; principal $1,125 a month (first-year averages, both); variable share 61.6 percent, so the contribution margin ratio is 0.384. Lines 13 to 17 take 51.2496, 5, 2, 1.6 and 1.8 percent of sales (line 13 is the department blend). Lines 1 to 12 run $8,800, $620, $11,170, $4,650, $1,783, $1,300, $1,400, $250, $420, $620, $780 and $200 a month.
Page 8, break-even	Operating break-even lands near $83,423 a month. Cash break-even (fixed $31,993 plus principal $1,125, divided by 0.384) is about $86,356 a month: 5,371.5 items a month from clothing and accessories after the smaller departments pay their share (line 13 runs 50.0 percent on clothing and accessories, 48.1 on housewares, home decor and media and 60 on consignment; lines 14 to 17 come off every department at a single rate, so contribution ratios run 0.396 on clothing and accessories, 0.415 on housewares, home decor and media, 0.296 on consignment), so 5,372, against the 7,400 the plan assumes.
Page 6, sales	Clothing and accessories: 7,400 items a month at $9.25. Housewares, home decor and media: 3,300 items a month at $6.20. Consignment: 400 items a month at $42. A settled month roughly $105,710; department sales ramp 60, 70, 78, 84, 88, 91, 94, 96, 98, 99 percent in months 1 to 10, then 100 percent; season 99, 103, 105, 96, 91, 93, 99, 109, 104, 106, 101, 94 percent across months 1 to 12, and only regular takings follow it.
The twelve-month schedule, expected case	Month 1 sales $62,792; month 1 closes at $71,163, month 12 at $111,825. Low: month 5, closing $66,279, $33,161 over the floor.
The twelve-month schedule, slow start	At 70 percent of expected sales, month 1 sales $43,954; month 1 closes at $63,939, month 12 at minus $16,887. Cash falls below the floor in month 4 (closing $31,171) and below zero in month 9 (closing minus $2,651), so runway at opening is 3 months.
Page 8, coverage	On a settled month of $105,710, cover before tax and fixture replacement is 3.55 against the 1.25 the example lender asks for; at the month-12 run rate it is 3.55, and Test 3 needs both. Rent share is about 8.3 percent.

WHAT THE PLAN SCORES HERE: AMBER

Gate 0 counts as settled for the worked example. Test 1 clears: held at the twelfth month the shop runs about $105,710 a month, above the $86,356 break-even; the floor survives a second year at that pace (lowest close $118,842, month 1 of year 2). (Context, not part of the test: expected sales first reach cash break-even in month 3.) Test 2 fails: at seventy percent of plan the shop drops under the floor in month 4; about $50,100 more reserve would cover the shortfall. Test 3 passes the planning formula, scored the way the lender scores it. Test 4 clears both peaks (season 109 percent in October, season 106 percent on the December ramp) the busier December moves about 11,650 items over 26 trading days, roughly 448 items a day, which the sorting room and the rails can carry. Test 5 fails: the item counts have no intake log behind them, and a test with no evidence fails; bring the till counts and the intake log and score the plan again. Test 6 passes: a settled year at full trade frees about $89,066 once principal is paid, with no settled month under zero, so nothing has to be held back. That is the year once it settles, not the opening year; page 19's first year leaves about $31,625 in cash, because the intake ramps while the opening costs land first. The example carries no line for income tax, no allowance for a new conveyor and no stock build past the opening buy (page 19); score a real plan with its own. The lot is paid for before the item sells and July is when the shop learns what the winter quarter cost it.

PAGE 13

What moves the result

Every row moves a single input of the page 12 example and reruns the forecast. A row names Test 1, 3 or 6 when the change would newly fail or pass it; a test the example already fails stays failed. The final column carries the slow start as well, and that column is Test 2.

WHAT CHANGES THE STORE'S MONTHLY RESULT AT FULL RUN (EVERY DEADLINE RERUN THROUGH THE FORECAST; SLOW-START LOSSES FALL WITH TAKINGS)

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
Sales volume 10 percent lower (variable costs fall; fixed stay)	minus $4,054	Expected case holds the floor
Clothing and accessories: average item 4 percent higher, same volume (only sales-linked fees rise)	plus $2,683	Break-even items fall from 5,371.5 to 4,887.2 a month, so from 5,372 to 4,888: per-unit costs stay the same, so the ratio rises from 0.384 to 0.399 on the new sales (sales-linked fees, line 15, take 2.0 percent of each added dollar)
Fixed costs $600 lower	plus $600	Cash break-even falls to about $84,792
A competing store two miles away takes 15 percent of the clothing line, $10,268 a month, from month 4 onward	minus $4,066	Expected case still clears the floor; slow start deadline unchanged (month 4)
The landed cost of what the store sells rises fifteen points against the shelf price and the shelf price holds	minus $15,857	Cash break-even rises to about $141,831; expected case below the floor in month 4 (closing $20,308), below zero in month 6; slow start below the floor in month 3 (closing $17,719); full-run coverage falls below zero; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Fit-out and conveyor overrun of $30,000 beyond the contingency, taken from the reserve	no change	Expected case still clears the floor; slow start below the floor in month 2 (closing $21,281)
Opening 2 months late (rent, insurance, loan interest and principal, $12,328 a month, paid while closed; no sales; the ramp starts at the new opening, and seasons stay on the calendar)	no change	Expected case holds the floor; its low falls to $36,301 in month 6 from the planned opening, $29,978 lower than on time; slow start below the floor in month 4 from the planned opening, as on time

WHEN A PAGE 8 FORMULA GIVES NO USABLE NUMBER

```
Contribution margin ratio zero or below: break-even is N/A; score Tests 1 and 6 as failed
One unit's contribution, or the count it is multiplied by, zero or below: break-even units are N/A;
score Test 4 as failed
Other lines already cover fixed costs and principal: break-even units are 0, never a negative number
No loan: coverage is N/A; score Test 3 as passed
```

PAGE 14

Opening and closing checklists, weekly review, six questions

The lists below cover the routine of running the store. Add the tasks, limits and corrections that your landlord, your insurer, your reselling rules, your consignment terms and your own procedures call for.

OPENING CHECKS

- ☐ Unlock with two people on site, disengage the alarm and check the back door before the rails are uncovered.
- ☐ Walk the floor for gaps, damaged items, anything left on a table overnight and anything that has not moved in a month.
- ☐ Confirm the intake appointment, the lot due today and the donation door access.
- ☐ Check the till float, the card terminal and the scale.
- ☐ Confirm the markdown tags for the day and the color that comes off the rail.
- ☐ Log every consignment item received, with the consignor, the date and the agreed split.

CLOSING CHECKS

- ☐ Count the till, and reconcile takings, refunds and card batches.
- ☐ Record takings by department, with consignment kept apart from owned stock.
- ☐ Reconcile the consignment ledger against the items that sold today.
- ☐ Clear the sorting room, bag the rag and unsellable stock and record the haul.
- ☐ Note the lots due tomorrow and the intake appointments for the week.
- ☐ Set the alarm, log the closing count and record the closing time.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Takings by department, and takings per item				
Items a day and the average price				
Margin by department, against the page 7 target				
How much of the open-to-buy the month has used, against page 9				
Stock at cost on the rails, the turns that figure implies, and the consignment register				
Markdowns, rag haul and returns				
Intake items received against items sold				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Does the owner grade every lot, set every price and hold the only relationship with the graders and the estate sellers?
2. **Intake discipline.** Is every lot weighed, graded and priced on the day it arrives, or does it sit in the back room until the rails empty?
3. **Consignment ledger.** Is every consigned item logged on arrival, matched to a sale and paid out on a schedule, or does it live on a shelf with a paper tag?
4. **Markdown ladder.** Does aged stock come off the rail on a fixed schedule, or does the same unsold table sit there at the same price until it is binned?
5. **Rag and disposal.** Is the unsellable fraction counted, so the buying loss is seen beside the shrink loss, or does it leave in an unrecorded bag?
6. **Price authority.** Can an associate re-price an item, approve a refund or take a consignment without calling the owner?

Questions and their sources are described on page 2. Check each one against a record: the department takings report, the intake and grading log, the consignment register, the markdown schedule, the count sheets, or the lot invoices.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and record takings by department with consignment apart from bought stock. Write the lease, insurance and lot payment dates in one place, and set the count interval on page 10.
Week 2	Recheck each department's average price from the first two weeks, and cost the twenty items that carry the most money. Time an intake day from the truck to the rail.
Week 3	Fill the page 9 open-to-buy from the first month's stock and lots, and compare it with the lots you actually committed to.
Week 4	Enter the actual closing cash on page 11 and recalculate runway. Write the decisions an associate may make on price, markdown and consignment without calling you.
After month 1	Keep the buying budget monthly, and compare the count rate on page 10 with the rate the plan carries. Set the markdown ladder that keeps the rails moving without a clearance sale.

BEFORE YOU SIGN A LEASE, GET WRITTEN ANSWERS TO THESE

- ☐ Will you have to sign a personal guarantee, how much does it cover, and when does it end?
- ☐ Which charges sit on top of base rent, such as common area, property tax and insurance, and how are they settled each year?
- ☐ What does the space need before you can open, and who pays to add or upgrade it?
- ☐ Does the landlord contribute to the build-out, when is that money paid, and must any of it be repaid if you leave early?
- ☐ When does rent start, at signing or at opening?
- ☐ Are there limits on operating hours, signage, parking, deliveries or the uses allowed in the space?
- ☐ What happens to the lease and the fixtures if you sell the business?

Have a qualified professional review the lease before you sign. These questions prepare you for that conversation; they do not replace it.

WHAT THE FULL KIT ADDS

The full Thrift and Consignment Store Business Plan and Operations Kit adds a department margin and markdown model, an open-to-buy and lot tracker, a consignment register and payout schedule, intake and grading procedures, count sheets and hiring checklists. Release status is on the kit page.

SOURCES

Public sources. ThriftCart, thrift store pricing strategy: the $5 to $20 shelf tags and the 25 and 50 percent markdown ladder, thriftcart.com. Twice, how to price thrift store items: the 25 to 30 percent of original price rule, twicecommerce.com. Circular, pricing strategies for secondhand stores: the 45 to 55 percent gross margin band for low-cost thrift merchandise, getcircular.ai. Puppet Vendors, consignment commission rates guide: the 30 to 50 percent commission band and the standard 60/40 split, puppetvendors.com. RKMA, Retail and E-Commerce Market Research 2025, used-merchandise chapter: the sector sales total and the store count, rkma.com. National Retail Federation, National Retail Security Survey 2023: the 1.4 and 1.6 percent shrink years, nrf.com. Cushman & Wakefield, US Shopping Center MarketBeat, Q3 2026: the asking rent line, cushmanwakefield.com. mPower, liquor store profit margins, used here as a cross-trade proxy: the rent, labor and card shares of revenue, mpowerbeverage.com. O*NET OnLine, retail managers and retail salespersons: the crew wages, onetonline.org. Federal Reserve bank prime rate (2026-10-27) and the Bankrate small-business loan rate table: the loan rate band and the ten-year term, federalreserve.gov and bankrate.com. All accessed 2026-11-08.
World Consulting Group material. Thrift and consignment stores owner questions, businessconsultant.services, 2026.

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General information only. Not legal, tax, accounting, employment, regulatory or financial advice. Provided as is, without warranty. © 2026 World Consulting Group. Free diagnostic tool at businessconsultant.services. The site's privacy page explains what the diagnostic tool sends to an AI provider for analysis and the third-party analytics on the site.

About the author. Kamyar Shah is the founder of World Consulting Group and works as a fractional COO and CMO. He has more than 25 years of experience and more than 650 engagements across more than a dozen industries. Contact and the latest version: businessconsultant.services.

PAGE 16

Customize this kit with AI

Attach this PDF to ChatGPT, Claude or Gemini, paste the prompt below, and answer with your own departments, stock and costs. The kit page has a copy-ready version.

BEFORE YOU RELY ON THE ANSWER

Check every department total and cost at the gate with a calculator. An AI assistant can misread a file or slip on arithmetic, even when it runs code, so rerun every figure you will act on with the page formulas. Check your AI provider's data settings first, and never paste personal data, account numbers, passwords, customer-level records or anything an agreement restricts, such as consignor names and contact details, bank account numbers or customer records. Totals and rounded figures serve the arithmetic, though rounding does not make a record anonymous, and you can run the arithmetic on your own computer.

I am opening (or running) a thrift and consignment store. I have attached the Thrift and Consignment Store Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my departments, my intake days and my buying budget, using only my real numbers.

Follow these rules for the whole conversation:
1. Use only numbers I give you, or numbers you calculate from mine with the formulas below. Never invent a rent, wage, cost at the gate, shelf tag, item count, intake count, lot term, percentage or benchmark.
2. The numbers in the kit, including the example store's departments, items and buying budget, are worked examples. Never use them as my numbers, not even as a placeholder.
3. If a number you need is missing, ask me for it. If I ask you to estimate or use typical figures, write [NEED: ...] and tell me which quote, till count or calculation gives the real number. Label my own estimates MY ESTIMATE.
4. Use these formulas exactly, and show your arithmetic for every number you calculate:
- Monthly takings for a department = items a month times the average shelf tag of an item. Each month's expected takings = full-run department takings times the ramp percentage times the seasonal percentage.
- Net sales exclude sales tax. Labor = the salaried crew and the hourly crew, payroll taxes and benefits, plus a market wage for my own hours, buying and consignor time. Shift hours count as cash even if I skip my own pay, so the plan still holds when I step back from the work; only line 4 may go undrawn, and Tests 1 and 6 count it anyway.
- Contribution margin ratio = 1 minus variable cost share; a line's contribution = its sales times its own ratio. Operating break-even sales = fixed costs divided by contribution margin ratio. Cash break-even sales = (fixed costs with line 4 even if I do not draw it, plus monthly loan principal and any recurring other cash out) divided by contribution margin ratio; only the cash forecast drops an undrawn wage. A blended ratio holds only at its own sales mix: name that mix beside each break-even, and recompute from each line's own contribution when a what-if changes one line. Loan interest is fixed; principal is not an operating cost, so it never enters operating break-even or operating profit.
- Weekly = monthly times 12, divided by 52. Daily = weekly divided by days open per week.
- Break-even items a month = (monthly fixed costs, principal and other recurring cash out minus the monthly contribution from the housewares and consignment departments at planned full-run sales and their own contribution ratios (1 minus each department's line-13 share and its share of lines 14 to 17)) divided by the contribution from one average clothing item. If the other departments already cover fixed costs and principal, report 0 and say so; never report a negative item count. If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Monthly capacity = the items the sorting room can grade, price and hang in the busiest week times 52 divided by 12, capped by the rail and table space the floor carries and the hours it can be staffed; the buying budget on page 9 is the cash version of the same limit.
- Rent share = line 1 divided by net sales. Planning debt service coverage, before income tax and equipment replacement = (full-run sales times contribution margin ratio, minus fixed costs other than loan interest) divided by (loan interest + loan principal).
- Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied (not month 12's own sales). Test 1 needs that rate at or above cash break-even and my floor held 24 months; Test 3, coverage at full run and at that rate.
- Test 6 = 12 months of (full-run sales minus their variable costs, minus full-run fixed costs, line 4 included, minus principal), seasons applied to every sales line but booked lines, which run in their own months, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on opening day after startup spending is paid. Place every receipt and payment (lot invoices, consignor payouts, fit-out bills, funding) in the month the cash moves. Income tax set-aside, equipment replacement and stock build-up go in their own row. Enter lot payments on the terms I actually get. In the slow-start case, every month's sales are the tested share of expected sales; fixed costs, other cash out, principal, bills and funding stay as planned; all variable lines fall with sales, each figured from the slow-start sales of the same month, on the same payment timing as the expected case (fair because line 14 holds only hours I would cut). Runway = how many months ahead the shop keeps paying, counted back from the last closed month (before opening, from opening day), before the first month in which closing cash falls below my cash floor.
(Continued on page 17.)

PAGE 17

The prompt, continued

Paste this part directly after the rules on page 16, as one message.

5. Do not give legal, tax, employment, wage, security, consignment or lease advice. Do not name laws, approval types, agencies, government fees or wage rates, even as examples. When my question touches these, write only "Review this with a qualified professional" and continue with the rest. You may record and use figures I give from my own records, such as my sales tax rate and when I remit it, without checking, interpreting or advising on them.
6. Do not quote statistics, studies or sources that are not in the kit, and make no claim about where a piece came from, whether a designer label is genuine or how a lot will grade. For the market and marketing sections, use only what I tell you, and list the local facts I should gather, such as intake volume and nearby competitors.
7. Work every total line by line and recheck it in total. In the cash forecast, show the arithmetic for month 1, one later month and the year total; give plain numbers for the other months.
8. If a formula would divide by zero or a contribution margin is zero or below, write N/A, say why, and do not continue that calculation. If my lender defines coverage differently, show both results and label each. If cash never falls below my floor in the forecast, write the runway as more than 24 months; otherwise give the runway in months and, separately, the first month below it, counting year 2. With no loan, Test 3 passes.
9. Use business figures only. Do not ask for names, home addresses, bank account or tax ID numbers.
10. Mark every output: Draft for my own planning. Not for a lender or investor until a qualified accountant has reviewed it.
11. If your full answer would be very long, deliver outputs 1 to 4 first, then stop and ask me to type "continue" for the rest.
12. Build the cash forecast month by month from the sales build, the cost lines, my payment terms and my opening cash; it does not need the inputs for pages 7, 9 and 10. Each month: cash in = sales receipts plus money arriving; cash out = each variable cost, calculated from the sales that created it and placed in the month it is paid under my terms, plus fixed costs (lines 1 to 12, with line 4 only if I draw it in cash), plus loan principal, startup bills and other cash out. Loan interest is already in line 5; never add it again. Supplier payments follow the cost of what I sold plus any stock build-up I give; if I buy ahead or carry supplier balances, ask me for purchases and payments by month instead. If you can run code, do every calculation in code.

Step 1. Before you write anything else, ask me for the inputs below in three rounds, one message per round. Ask round A as one numbered list, then wait for my answers. When I answer, ask round B and wait; then round C and wait. Start Step 2 only after I answer round C.
Round A, sales, capacity and evidence:
a. Concept, customer and supply mix, floor and sorting square footage, the departments I carry and the floor space each takes, and whether I buy lots, take donations or consign.
b. The sales build: for each department, the items a month and the average shelf tag; days open per week and opening hours; a ramp percentage for every month from 1 to 12 (ask me to confirm any month I leave out); a seasonal percentage for each month; and the slow-start percentage I want to test (this kit sets a 70 percent stress test, a kit rule rather than my estimate; use it unless I give evidence for a higher share). Give counts at full run, with month 1 as my opening month. Give the evidence behind each count (a prior store's till counts, a fortnight of intake and sales logs, or a documented traffic count with a capture rate).
c. For each merchandise department: units sold a month at full run, the average retail price a unit, and the average unit cost at cost, plus the gross margin the department has to hold.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. The startup budget: an amount and its source (contractor, fixture or conveyor quote, landlord, or calculation) for each line on page 5, from the leasehold works to the contingency.
e. Monthly fixed costs for each numbered line on page 8, from rent and common area charges (line 1) to training and renewals (line 12), including loan interest and my market wage for buying and consignor time (line 4; my hours on the floor go in line 3 (the minimum opening crew) or 14 at a crew wage), whether I draw that wage in cash, and my monthly loan principal. Give interest and principal as year 1 monthly averages for break-even and coverage, and, for the cash forecast, any payment, fixed line or other cash line that changes in months 1 to 24 (a payment holiday, a balloon payment, a rent step) with its month.
f. Variable cost shares of net sales for lines 13 to 17: line 13, cost of goods sold, blended across the three departments (set by the department costs); line 14, hourly intake, sorting and pricing labor above the minimum opening crew, with payroll taxes; line 15, card and processing fees; line 16, shrink at cost (set by the department counts); line 17, bags, hangers, tags, markdowns and unsellable-goods disposal; and any sales line whose own shares differ, given for that line.
g. My annual inventory turns (annual cost of goods sold divided by average stock at cost), stock on hand at cost on the first day of the plan month, stock already on order and arriving this month at cost, the supplier lead time in days, and the supplier payment terms in days.
h. For each department: book stock at cost and counted stock at cost at my last physical count, and one store-level figure for the number of months since the previous count.
i. The debt service coverage ratio my lender requires and how the lender calculates it, if I know them.
Then wait for my answers.
(Continued on page 18.)

PAGE 18

The prompt, last part

Paste this part directly after the text on page 17, still as one message.

Round C, cash timing, sales tax, deposits and Gate 0:
j. Payment terms: when customers pay me (at the counter, by card or in cash, and how many days a card batch takes to settle), when I pay a consignor after an item sells, and when the store pays its lot suppliers, including how many days a grader allows me and when the invoice falls due. Say when each sales line pays me.
k. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
l. Monthly cash out beyond operating costs: income tax set-aside, conveyor and vehicle replacement and stock build-up.
m. Cash on hand on opening day after all startup spending, fit-out bills still to pay by month, owner money or loans still to arrive by month, and my minimum cash floor (at least one full-run month of fixed costs plus principal).
n. If I am already open: what customers owe me and what I owe suppliers and staff, each by the month it will be paid, deposits I already hold, and sales tax already owed with its payment month.
o. Sales tax: the rate I collect on taxable sales, from my own registration, which sales lines (or what share of each) are taxable, and when I remit what I collect (each month, each quarter or another schedule), so the forecast holds collected tax apart until it is paid.
p. Gate 0: which agreements, quotes and approval requirements I already have in writing.
Then wait for my answers.

Step 2. When I answer, produce these as plain tables I can copy back into the kit:
1. Business plan sections 1 to 8 for my thrift and consignment store, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by department and month, with annual takings and the intake and floor capacity check from page 6.
3. The completed startup budget with the total, listing the leasehold works and fixtures first. Size the reserve by the page 5 rule; if I gave another, show both and the result for each.
4. Operating and cash break-even per month, per week and per day open; break-even items a month (use cash break-even); rent share and planning debt service coverage at full-run sales, labeled before income tax and equipment replacement, and on my lender's definition too if I gave it.
5. The 12-month cash forecast for the expected and slow-start cases, in thousands of dollars to two decimals (51.25 means $51,250) to match the kit, with, for each case, the first month below my cash floor and the first month below zero, and the runway; the second year's lowest closing cash (month 12's ramp and bookings held, each month with its own season, not a flat average); any extra reserve the slow start needs; and the Test 6 cushion, with whether the page 5 buffer covers it (add any excess to the reserve). Add a sales tax memo for each month: collected, remitted, and owed at month end (last month's owed + collected minus remitted), kept out of closing cash.
6. Gross margin and markup for each department and blended across the store, the department carrying the most sales and the one carrying the weakest margin, and the cost-of-goods share the rest of the plan uses.
7. The month's open-to-buy at cost, whether the store is over-bought or under-bought, months of stock on hand, and the date the cash leaves for an order placed today.
8. Shrink in dollars by department, the annualized shrink rate, the shrink share of sales the plan carries, and the count discipline the kit recommends.
9. The kit's page 4 check: Gate 0 and pass or fail for each of the six tests with the reason (if Gate 0 fails, the result is not ready), and the overall result: not ready if Gate 0 fails, with no color; otherwise green, amber or red under the page 4 rules.
10. A final checklist: every MY ESTIMATE figure, every [NEED: ...] gap, every item count or lot quote I should verify, and every question that needs a qualified professional.

WHEN THE ANSWER COMES BACK

Copy each table into the matching kit page in pencil. Check every [NEED: ...] gap and MY ESTIMATE figure, items a month and the department tags first, before anyone else sees the plan, then recheck the page 4 result with a calculator.

The worked example's twelve-month forecast, filled in

The page 12 example entered on the page 11 form, month by month, in dollars. A figure in brackets carries a minus. Each column adds up as printed, so a row can move by a dollar between months with the same sales; each closing balance becomes the next month's opening cash. Cash floor $33,118.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**80,200**	**71,163**	**67,274**	**67,359**	**66,932**	**66,279**	**67,470**	**72,079**	**81,382**	**89,583**	**99,008**	**106,835**
In: sales receipts	62,792	76,217	86,576	85,245	84,653	89,462	98,374	110,615	107,740	110,932	106,767	99,367
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: goods, card fees, shrink and markdowns (lines 13, 15 to 17)	35,571	43,177	49,044	48,292	47,955	50,680	55,728	62,663	61,034	62,842	60,484	56,291
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	18,960	19,631	20,149	20,082	20,053	20,293	20,739	21,351	21,207	21,367	21,158	20,788
Out: rent and common area charges (line 1)	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800
Out: other costs, with loan interest (lines 2, 5 to 12)	7,373	7,373	7,373	7,373	7,373	7,373	7,373	7,373	7,373	7,373	7,373	7,373
Out: income tax set-aside, equipment replacement, stock build-up (none in the example; see below)	0	0	0	0	0	0	0	0	0	0	0	0
Out: loan principal	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(9,037)**	**(3,889)**	**85**	**(427)**	**(653)**	**1,191**	**4,609**	**9,303**	**8,201**	**9,425**	**7,827**	**4,990**
Closing cash, expected	**71,163**	**67,274**	**67,359**	**66,932**	**66,279**	**67,470**	**72,079**	**81,382**	**89,583**	**99,008**	**106,835**	**111,825**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**80,200**	**63,939**	**51,281**	**41,405**	**31,171**	**20,778**	**11,677**	**4,967**	**1,544**	**(2,651)**	**(5,989)**	**(10,445)**
Sales receipts, slow start	43,954	53,352	60,604	59,671	59,257	62,624	68,862	77,430	75,418	77,652	74,737	69,557
Out: variable costs, slow start (lines 13 to 17)	27,097	32,892	37,362	36,787	36,532	38,607	42,454	47,735	46,495	47,872	46,075	42,881
Out: fixed costs (lines 1 to 12), principal, bills, less funding	33,118	33,118	33,118	33,118	33,118	33,118	33,118	33,118	33,118	33,118	33,118	33,118
Net cash flow, slow start	**(16,261)**	**(12,658)**	**(9,876)**	**(10,234)**	**(10,393)**	**(9,101)**	**(6,710)**	**(3,423)**	**(4,195)**	**(3,338)**	**(4,456)**	**(6,442)**
Closing cash, slow start	**63,939**	**51,281**	**41,405**	**31,171**	**20,778**	**11,677**	**4,967**	**1,544**	**(2,651)**	**(5,989)**	**(10,445)**	**(16,887)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**7,017**	**8,638**	**9,449**	**5,801**	**3,774**	**4,584**	**7,017**	**11,071**	**9,044**	**9,855**	**7,828**	**4,990**

Reading this forecast. It is in whole dollars, rounded so each column adds up, so a row can differ by $1 between like months; the page 11 form uses thousands. The floor is the cash the plan holds back. The page 5 buffer holds one more month of fixed costs and principal above it, so a small miss spends the buffer, not the floor. The opening cash was sized by the two passes on page 5, buffer included. The example sets aside no income tax (it depends on the owner's whole return, so take the figure from your accountant), replaces no equipment in its first two years and builds no stock beyond the opening stock in the startup budget; enter your own amounts. Second year at the month-12 run rate (about $105,710 a month, against month 12's own $99,367): closing cash runs $118,842 in month 1 and $200,892 in month 12, lowest $118,842 in month 1, above the floor. Sales are net of sales tax, and the example pays each month's tax in the month it is collected, so it owes none at any month end; enter your own rate and payment timing in the page 11 memo rows. If you borrow the reserve, add its interest and principal to the forecast and run both passes again. The slow start lets variable costs fall with sales, which is fair only because hours you cannot cut sit in line 3; waste or purchases you cannot cut make a real slow start worse.