

# **Guidelines for Replicating The Fair Trade Market**

**A program of the Returned Peace Corps Volunteers of South Florida  
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**Mission:** Decide what it is you want to accomplish by forming a Fair Trade Market. Is it a fundraiser? Do you want to raise awareness of the fair trade movement and the producers within it? How will the profits be used?

**Vendors/Inventory:** Decide what it is you would like to sell. A foundation, and a way to ease yourself into a market, is to order coffee, tea, etc. from a fair trade organization. We use Equal Exchange, but there are others out there. This is a good way to start since most people use these products and they are not too expensive.

Another way to go is a holiday bazaar. For this it is easiest to order from an organization that provides a variety of products from different areas, e.g., Global Girlfriend, SERV, 10,000 Villages. Some organizations

will assist you with organizing an event and let you send back any unsold items.

Yet another way is to order from organizations that are more focussed. For example, Global Mamas is focussed on Ghana; Aid Through Trade and Ganesh Himal, Nepal; MayaWorks, Guatemala; Escama, Brazil; Women of the Cloud Forest, Costa Rica and Nicaragua; Madecasse, Madagascar. Baskets of Africa has a larger focus ... sub-Saharan Africa. Our program currently orders, or has ordered, from all of the above plus Equal Exchange and Global Girlfriend.

And then, you could place orders only from organizations that were founded by RPCVs. These include Global Mamas, Aid Through Trade and Madecasse.

These organizations can all be found online. In many cases, you can submit an application to sell wholesale and place an order online as well.

Depending on how elaborate you want your program to be, request a certain amount from your organization to be used for inventory purchases. The RPCVSF Board currently allots \$1500 for inventory purchases. This met the needs of our 26 sale days in 2013.

When first establishing a relationship with an organization, it is good to ask if they are willing to work with you on a consignment basis. Often the answer is no; it is indeed extrawork for them. It is also extra work for you since you will be sending any unsold items back at the end of your sales season, being sure the items are in good condition and take off your sales tag. Also it is good to send them periodic payments during the season depending on the quantity of their items that have sold. Nonetheless, this is a good way to expand your inventory without an upfront cash outlay from your group.

**Ordering:** Ordering should be done two to three weeks before a sales event. When received the inventory items are 1) checked against the invoice for accuracy, reconciling with the vendor if needed, 2) added to the inventory spreadsheet (described below) and 3) tagged with the sales price.

**Pricing:** In general, items are priced at the same price as the vendor uses on their online retail store. If the vendor does not have a retail store or if the prices seem out of line, you can price as you see fit. A rule of thumb for retail mark-up is 100%; food products are less.

**Sale Venues:** Give some thought as to what will

work in your community.

In choosing sales venues, consideration is given to the outlay of human energy necessary to carry it off, the number of people who are willing to help (solicited via the website and Facebook) and the space rental fee. Historically, it appears that \$50 is the maximum fee we can pay and still make the day worthwhile financially. Each event is considered individually as to its potential, but once the fee exceeds \$50, there should be very compelling reasons to go.

The sale venues we usually use at RPCVSF include:

- 1) RPCVSF events - Spirit of Service Learning Award, AGM, Holiday Party, Cinco de Mayo fiesta;
- 2) Southwest Community Farmer's Market (SWCM) at Tropical Park - approximately two Saturdays per month from December through April;
- 3) The Ramble at Fairchild Tropical Garden, usually the second weekend in November;
- 4) an Earth Day event;
- 5) community events as suggested by our members and in line with the outreach criteria adopted by the

Board.

Going into the community often requires the purchase of a 10' by 10' canopy, a table, a table cloth and any signage you would like.

Advertising of sales events is via the event notification for RPCVSF events and via the community event advertising for community events.

### **Sales:**

Decide how you want the event to flow. Have a mental picture in your mind and work to make it happen. At RPCVSF, our goal is to “engage the customer” at sales events to let them know where the item is from, where any profits go and how being a part of the fair trade movement has benefitted the producers. Often the item contains a tag with the name of the artisan. The customer can then read about him or her on the vendor’s website.

Minimum petty cash to have on hand: is \$60, two \$10 bills, four \$5 bills and twenty \$1 bills.

Sales are listed in a sales book and payment is by cash, check or credit card. The accuracy of the sales book is very important and should contain enough detail so that the inventory spreadsheet can be

updated with the total sales column total agreeing with the amount you have taken in for the day. Credit card payments come in via PayPal and are swiped on an iPhone; this has worked VERY well for us.

**Expenses:** Aside from inventory, expenses are sales tax, shipping, credit card fees and space rental at community events. The FTM Chair provides information to, and works with, the Treasurer to assure that the sales tax return is filed and sales tax paid by Jan 20th each year. Also the State of FL Resale Certificate is displayed at all community sales events.

**Accounting:** Our Treasurer maintains the accounting system on a "cash" basis ... income booked when received and expenses booked as paid. All FTM transactions are reviewed by the Treasurer and incorporated into the RPCVSF books. The FTM maintains two spreadsheets ... one details the inventory and the second recaps each sales event and determines the profit for the event. These spreadsheets are on a cash basis with two exceptions: 1) inventory is expensed only when sold and 2) sales tax is booked after each sales event when the liability amount for the event is known. These two exceptions are necessary in order to determine the profit generated by each event. Unsold inventory is an asset on the balance sheet.

The **inventory spreadsheet** is organized by vendor and then by items from that vendor.

This detailed spreadsheet contains the following columns:

(A1) vendor, e.g., Global Mamas

(A2) item from that vendor. There will be a row for each item, e.g., apron

(A3) beginning number in inventory - how many are on hand for the day's sale; this amount equals the ending number in inventory from the previous sale

(A4) ending number in inventory - this is often determined backwards by obtaining the number sold from the sales book and adjusting this number accordingly

(A5) number sold (A3-A4)(A6) sales price, as previously decided, tagged and put in spreadsheet

(A7) total sales -  $(A5 * A6)$

(A8) item cost - from vendor invoice

(A9) total cost -  $(A5 * A8)$

(A10) net profit - (A7-A9)

(A11) value of ending inventory - (A4\*A8)

This format continues for each item from the vendor. I've found it helpful to list the items alphabetically. When all the items from one vendor have been listed, you can start with your next vendor.

After events, the items sold as reflected in the sales book are used to update the spreadsheet. There is a separate spreadsheet for each event. The sum of the total sales column should equal the total of cash, checks, and PayPal charges received for the day. The sum of the total cost column gives the cost of goods sold amount for the day. The sum of the value of ending inventory column provides the inventory asset number for the balance sheet. This spreadsheet is very detailed and very necessary!

The recap spreadsheet contains the following columns:

(B1) event, e.g., holiday party

(B2) total receipts

(B3) donation - at times customers tell you to keep

the change; these are donations

(B4) total FTM Sales - (B2-B3)

(B5) nontaxable sales e.g., coffee, tea, hot chocolate

(B6) taxable sales (B4-B5)

(B7) sales tax - formula depends where you live; in Miami-Dade Co FL it is  $(B6 - B6/1.07)$ . In our discussions with the sales tax office, they considered us as being "itinerant" and, therefore, do not require us to "separately state" the sales tax. Check with your state sales tax agency to see how they would like you to handle sales tax collection.

(B8) cost of goods sold - total of the total cost column from the event's inventory spreadsheet

(B9) shipping - from vendor invoices. I expense this cost against the next event after receiving the inventory. At first, we tried to increase inventory item cost by each item's proportional share of the shipping, but this was very laborious and did not work all that well. Our current way of handling it does work well.

(B10) credit card fees

(B11) space rental fees

(B12) profit plus donation - (B4-B7-B8-B9-B10-B11+B3)

Thus, at any time we know what the year-to-date sales and profits are.

How to handle deposits of sales proceeds and payments to vendors and for other expenses is a decision for each group.

**Distribution of Profits:** Profits are distributed in accordance with your Board established mission.

Please keep in mind that the Fair Trade Market is a retail operation. The above information outlines quirks and specifics of this particular operation, but it is very much a store!