

Business-in-a-Box Concept Paper

COVID has exposed the growing challenges facing small businesses in Canada. Between competition from large chains, technological change, and the already low margins, small businesses struggled to manage the crisis. Many small businesses have begun closing and the prospects for many of those that remain appear grim. [Research](#) suggests that COVID is accelerating the greatest wealth transfer in the history of retail, which is exacerbating the already unequal distribution of ownership in our society.

There is significant danger COVID will result in “ghost communities” with boarded up stores and a lack of available community services. Rebuilding the neighbourhood economy is critical: these businesses are not only important employers but help create communities in ways that large chains or digital first businesses cannot. However, COVID has increased the perception that small businesses are high risk and low reward endeavors, which will make it a challenge to replace and rebuild main streets across Canada.

Rebuilding neighbourhood main streets will require new approaches that increase access to both small business ownership and resilient business models. Many barriers to small businesses ownership need to be systematically eliminated, especially in low-income neighbourhoods. Businesses with modern retail formats and digitally-enabled capabilities need to become more widespread. Achieving both objectives will be difficult without new platforms designed exclusively for neighbourhood entrepreneurs.

Business-in-a-box (BIAB) is a non-profit, franchise-like model that provides neighbourhood entrepreneurs with the support needed to compete in today’s economy. Each new neighbourhood business model would be based on a successful existing business that has demonstrated resiliency and has a forward-looking approach to its digital offering and customer experience. Working with the successful businesses’ entrepreneur and existing support partners, BIAB would develop their business into a repeatable and scalable model complete with a customized digital infrastructure and training and support tools. Connecting multiple business models together could increase competitiveness through group purchasing and improved access to financing. Doing all of this through a non-profit platform would ensure that profit stays within local communities. (See case studies of similar approaches on page 2).

Executing on this vision would require partnerships with the small business ecosystem, and a new dedicated organization. Identifying proven business models can be done through a nationwide search that awards a significant one-time grant and ongoing royalties to successful owners. Organizations such as Digital Main Street and Futurpreneur, who have proven that government-backed models can enhance small business success, can aid in both the search and in building a pipeline of prospective high-potential and underserved business owners. Ideally an already established organization like these could incubate a new organization with the resources and requisite experience (i.e. franchising, leasing, training) to make business-in-a-box successful.

About Social Capital Partners

Social Capital Partners is a non-profit that designs projects to create economic opportunity. We are independently funded, so we try to take risks that others cannot. Our team comes from the private sector, bringing a range of experiences as executives, entrepreneurs and investors. We are currently thinking about how private company ownership can be redesigned to broaden access to wealth.

Case Studies

Business-in-a-box is inspired by innovative platforms that have made it more accessible and profitable to own a neighbourhood business. Two examples, Wonderschool and Home Hardware, are profiled below.

Wonderschool increases access to early childhood care by helping educators open their own business. Since launching in 2016, they have supported the creation of 140 childcare centres and preschools across the United States.

How Wonderschool is different:

- Unlike a franchise, Wonderschool reduces the financial barriers to starting and running a business by charging no up-front fees and taking only 10% of revenue for 2 years, with no mandatory renewal.
- Wonderschool offers a digitally-enabled “off-the-shelf” business model that makes it easier to open a childcare center. This includes support with licensing, health & safety, and branding.
- Once open, Wonderschool provides educators with a range of support services to make it easier to operate a childcare center. These services include, billing, enrollment, parent communication and access to technical and business expertise, benefitting those without a business background.

By offering an accessible and resilient business model with economics that are favourable to the owner, Wonderschool scales ownership for an underserved population in a core neighbourhood business.

Home Hardware Stores Ltd. is a Canadian owner-owned co-operative in the home improvement space that enables members to benefit from scale and compete with “big box” retailers. They have 1,000+ stores across Canada.

How Home Hardware is different:

- Owner-owned co-operatives create favourable economics for owners, by having lower fees than comparable franchises and by distributing excess profits at the co-operative level to member-owners.
- Home Hardware enables local owners to benefit from scale, increasing their buying power and distribution capabilities, enabling them to access a broader product line at more competitive prices.
- Local owners benefit from a recognized brand, making it easier for an owner to sell their business at retirement, thus ensuring the business stays within the community.

Owner-owned co-operatives help local stores compete and have been successful in many industries. Other prominent brands that leverage this structure include, CCA Global with 1,000 flooring stores and Land O’ Lakes a farming co-operative with 3,444 member-owners.

The BIAB concept combines the Wonderschool “off-the-shelf” neighbourhood business model with the scale and alignment benefits of the owner-owned cooperative structure. This will enable dozens of easy to implement and resilient neighbourhood business models that would each scale quickly and keep the benefits within the community. The BIAB model provides a mechanism to both target underserved populations with wealth-building opportunities, as well as quickly and sustainably rebuilding main streets.

Sample opportunities for BIAB models

Barbershops and hair salons, bicycle shops, mobile phone repair, tattoo parlours, educational and recreational services for children, bookstores, yoga studios, co-working, ice-cream parlours, etc.



Business-in-a-Box Process Map

