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BUSINESS IN A BOX EVALUATION REPORT



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ABOUT RYERSON UNIVERSITY'S DIVERSITY INSTITUTE

Ted Rogers School of Management's Diversity Institute at Ryerson University undertakes research on diversity in the workplace to improve practices in organizations. We work with organizations to develop customized strategies, programming, and resources to promote new, interdisciplinary knowledge and practice about diversity with respect to gender, race/ethnicity, Aboriginal peoples, abilities and sexual orientation.

We collaborate with industry, government, not-for-profits and academics to:

- Research existing practices and evaluate programs;
- Explore barriers to full participation in the workplace;
- Develop fact-based policies and programs to help organizations attract, motivate and develop underrepresented groups; and
- Provide customized training to support the development of diversity strategies.

Using an ecological model of change, the Diversity Institute is driving social innovation across sectors. Our action-oriented, evidence-based approach is advancing knowledge of the complex barriers faced by underrepresented groups, leading practices to effect change, and producing concrete results.



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THE PROJECT

In June 2013, Scadding Court Community Centre (SCCC) implemented the *Business in a Box* pilot project in downtown Toronto. The project builds on the Centre's existing business incubator, Market 707, adding five new vending spaces for retail businesses. While the original market focused primarily on food-vending businesses with longer-term leases, *Business in a Box* is a unique one-month retail 'pop-up' model of social business incubation. In partnership with Ryerson University's Diversity Institute and Levitt-Goodman Architects, the *Business in a Box* project aims to develop a scalable public-private partnership model for poverty alleviation, and to support entrepreneurs by providing affordable retail space in the form of refurbished shipping containers.

EVALUATION PURPOSE AND OBJECTIVES

Ryerson University's Diversity Institute conducted an evaluation of the *Business in a Box* project three months into its implementation phase. The purpose of our evaluation was twofold:

1. To evaluate the *Business in a Box* project's progress toward its three key objectives
2. To evaluate the *Business in a Box* as a viable model of social business incubation

This evaluation report creates a benchmark for Market 707, and can be used as an example of monitoring and evaluation practices for future *Business in a Box* sites.

DESIGN AND METHODS

To evaluate the *Business in a Box* project's progress toward its three key objectives, we assessed the short-term outcomes of the logic model using carefully selected indicators and data sources, including:

- Community needs and market analysis;
- Monthly SCCC activity and vendor reports;
- Monthly *Business in a Box* financial reports;
- Vendor financial reports;
- Vendor exit surveys;
- Customer surveys;
- SCCC interviews;
- Ryerson University feedback; and
- Market 707 marketing materials.

To evaluate the viability of *Business in a Box* as a social business incubation model, we assessed the retail incubator against the three best-practice performance indicators, or Critical Success Factors (CSFs) of incubators, delineated by the academic literature: 1) selection; 2) business support; and 3) mediation. Data sources included:

- Interviews with SCCC incubator managers;
- Vendor exit surveys;
- Market 707 marketing materials; and
- Existing incubator manuals and toolkits.

KEY FINDINGS

Evaluation of progress towards the three key objectives

1. The *Business in a Box* project has made **strong progress** toward achieving the first key objective: *Leverage public and private interests to create a sustainable social entrepreneurship model and funding strategy for shipping container markets and evaluate opportunities to scale up and replicate the project.*
 - SCCC staff gained a better understanding of how to design and implement a social business incubation model since commencing the project.
 - Ryerson University gained data and practical research and evaluation skills to advance knowledge and expertise in the area of social innovation.

Next steps: Review and adapt the *Business in a Box* model in light of SCCC's learnings, the proposed financial strategy, and recommendations made in the evaluation report.

2. The *Business in a Box* project has made **some progress** towards achieving the second key objective: *Increase opportunities for low-income entrepreneurs to access retail space and supports to launch and/or develop a business.*
 - Five new retail vending spaces were created in the community, rented at leasing prices far below the average commercial retail rates of central-downtown Toronto.
 - There is a need to improve business supports or connections to existing supports to help with business planning and development.

Next steps: SCCC must engage external experts in entrepreneurship and business to provide business supports, advice, and mentorship to Market 707 vendors and to help SCCC develop in-house expertise.

3. The *Business in a Box* project has made **some progress** towards achieving its third key objective: *Improve access to goods and services and community animation in underserved areas.*
 - Local residents made regular use of Market 707 as a whole, and were generally happy with its products, services, and prices.
 - The majority of local residents expressed positive perceptions of Market 707's impact on local community space and the creation of a streetscape.
 - According to an assessment of local goods and service demand as well as surveys, there is local demand for more drink and food-related options, art and design, locally fabricated crafts, and goods and services related to local amenities.

Next Steps: Retail vendor selection should be determined based on community needs and a market analysis.

Evaluation of *Business in a Box* model of social business incubation

1. An evaluation of the first Critical Success Factor, **Selection**, found:
 - The retail pilot market lacked a defined selection and outreach strategy during these initial months.

Next Steps: SCCC should adhere to a refined selection strategy, aligned with the *Business in a Box* project vision and goals, and advertise the low-cost retail spaces to local, low-income entrepreneurs.

2. An evaluation of the second Critical Success Factor, **Business Supports**, found:
 - It is critically important for the incubator to improve on business support delivery (e.g., skill-building opportunities, coaching, marketing, sales assistance, and help with developing a business plan).
 - At the time of our evaluation, SCCC did not conduct vendor exit interviews or follow-up meetings with vendors.

Next Steps: SCCC should implement a formalized process for connecting vendors to external organizations and experts providing business supports, coaching, and mentorship. This includes connecting vendors to post-incubator supports. SCCC should ensure that incubator staff and management are well-informed on these processes.

3. An evaluation of the third Critical Success Factor, **Mediation**, found:

- SCCC performed well in terms of marketing Market 707 as a whole, especially when promoting events, but most vendors did not feel that SCCC effectively promoted the retail component of Market 707. SCCC has taken steps to improve in this area.
- The location of the retail stalls, facing away from the street and at the end of the market, acts as a barrier to vendors engaging with community members and potential customers.

Next Steps: SCCC should liaise with public and/or private partners to reorganize the Market 707 layout, including the integration of retail spaces with food-vending spaces. SCCC should also enhance efforts to foster team building and encourage collaborative success among vendors.

MOVING FORWARD

Based on the *Business in a Box* evaluation findings, the Diversity Institute suggests that the goals of the model be redefined to include a greater community focus. Rather than centering on rapid business or earnings growth, which relies on a consistent stream of customer traffic, the revised goals should aim to create sustainable businesses rooted in the community.

The Diversity Institute suggests that the refocused *Business in a Box* model be three-pronged, comprised of three types of vendors:

1. **Stable businesses:** Longer term, consistent vendors, primarily food and service-based

2. **Incubator businesses:** Businesses that remain at the market until they “hatch,” but with an upper time limit for those businesses that do not succeed
3. **Pop-up businesses:** Businesses in the incubator for a shorter period of time than incubator businesses, but no shorter than three months. These stalls would be particularly beneficial to community members with a seasonal business idea, or those with a limited inventory supply

This model would better engage local entrepreneurs to develop stable and sustainable businesses that aim to meet community needs.

OVERALL CONCLUSIONS

Our evaluation finds that the *Business in a Box* project is making progress to meet its three key objectives. The project has already met elements of the key objectives, such as improving community animation and engagement, providing affordable retail spaces for new entrepreneurs, developing a business and financial model for shipping container markets, and evaluating opportunities to scale up and replicate the project. Based on this progress, our evaluation finds the *Business in a Box* project to be well on its trajectory to effect positive social and economic changes in local communities.

Our evaluation also finds that the *Business in a Box* model performs well on a number of the CSFs. Room for improvement does exist, particularly with regard to the implementation of business supports. Once the model is revised based on the recommendations in this report, the social business incubation model will show strong potential for scalability and replicability.

The *Business in a Box* model adds value and opportunity to initiatives and strategies of importance that are already underway in the areas of economic development, community and neighbourhood revitalization, food security, poverty alleviation, and social innovation. It is a model for effecting social and economic change on a large scale and from the roots up.



BUSINESS IN A BOX: A SOCIAL BUSINESS INCUBATION MODEL

In June 2013, Scadding Court Community Centre (SCCC) implemented the *Business in a Box* social business incubation pilot project. The project builds on the Centre's existing business incubator, Market 707, in downtown Toronto. *Business in a Box* is a unique one-month retail 'pop-up' model, adding five vending spaces for new retail businesses to the original Market 707, which already hosts 11 spaces for primarily food-vending businesses with longer lease terms. In partnership with Ryerson University's Diversity Institute and Levitt-Goodman Architects, the *Business in a Box* project aims to develop a scalable public-private partnership model for poverty alleviation, and support entrepreneurs by providing affordable retail space in the form of refurbished shipping containers. Specifically, the *Business in a Box* project has three key objectives:

1. Leverage public and private interests to create a sustainable social entrepreneurship model and funding strategy for shipping container markets, and evaluate opportunities to scale up and replicate the project;
2. Increase opportunities for low-income entrepreneurs to access retail space and supports to launch and/or develop a business; and
3. Improve access to goods and services, and community animation in underserved areas.

Social entrepreneurship can produce small changes in the short term that reverberate through existing systems to catalyze large changes in the longer term (Ashoka Innovators, 2000)

In order to achieve these objectives, SCCC has undertaken a number of activities including the design and installation of a retail market of retrofitted shipping containers, the recruitment and selection of retail vending businesses to occupy retail stalls, and the provision of ongoing vendor supports and market management.

The Diversity Institute used a theory-based approach to measure the effectiveness of these activities in catalyzing social and economic change. Specifically, we employed a 'theory of change' approach to examine the assumptions underlying the causal chain that connects inputs (i.e., resources), to project activities, to outputs (i.e., what is produced as a result of the activities), to outcomes and impacts (i.e., changes or benefits resulting from the activities) (Dwyer, 2007; White, 2009). The graphic representation of this

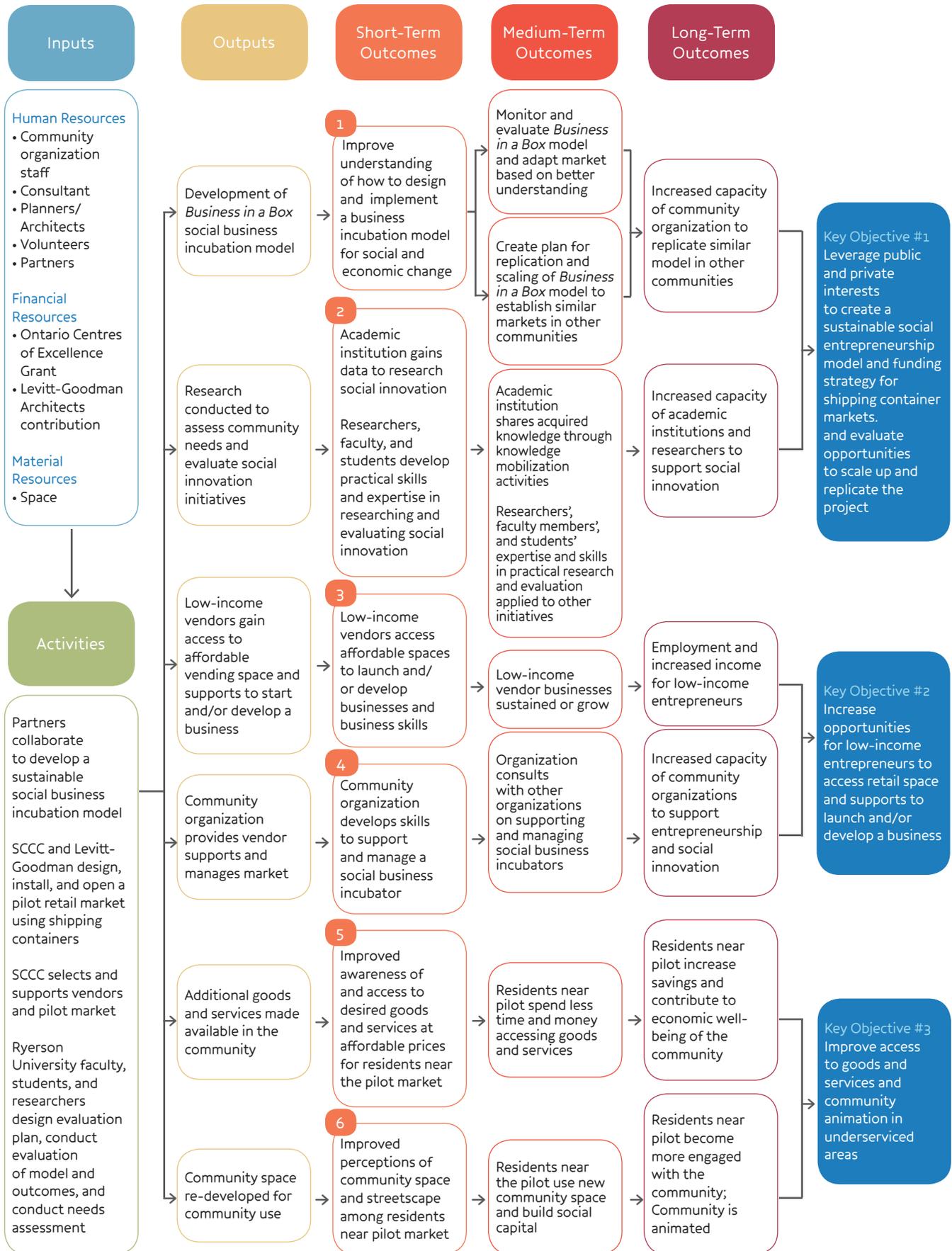
logical chain, showing how the project activities lead to the desired impacts, is called a 'logic model' (Diagram 1). Inputs, outputs, and outcomes used in the logic model are empirically measured using carefully selected indicators to evaluate whether the project achieved its goals (Dwyer, 2007; Institute on Governance, 2002).

The logic model developed for the *Business in a Box* project (Diagram 2) demonstrates the causal chain between the *Business in a Box* project inputs, activities, outputs, and eventual outcomes or impacts. Starting at the far left, the inputs to the

DIAGRAM 1: CAUSAL CHAIN MAP



DIAGRAM 2: THE BUSINESS IN A BOX LOGIC MODEL



project consisted of the human resources, financial resources (such as grant contributions), and material resources (i.e., space provided by SCCC). The related project activities include: the conceptualization of a sustainable social business incubation model; the design, installation and implementation of pop-up retail stalls at Market 707; the selection and support of retailers for the new pop-ups; and the series of research activities led by Ryerson University. The activities then feed into the project outputs, which included: the development of the *Business in a Box* model, research and evaluation activities, the creation of affordable retail spaces for low income entrepreneurs to start or develop their businesses, the addition of goods and services in the community, and the re-development of community space.

The resulting changes and impacts are the project outcomes, which are divided into short-term, medium-term, and long-term outcomes. Short-term outcomes are the learnings and skills gained by project stakeholders, such as the community organization (knowledge and skills to implement a social business incubator), academic institution (skills and data to research social innovation initiatives), vendors (business development skills), and community members (improved access to resources and perceptions of community). These short-term outcomes link to changes in actions and behaviours in the medium-term.

The medium-term outcomes of the *Business in a Box* logic model include:

1. Monitor and evaluate *Business in a Box* model and adapt market based on better understanding
2. Create plan for replication and scaling of *Business in a Box* model to establish similar markets in other communities
3. Academic institution shares acquired knowledge through knowledge mobilization activities
4. Researchers', faculty members', and students' expertise and skills in practical research and evaluation applied to other initiatives
5. Low-income vendor businesses sustained or grow
6. Organization consults with other organizations on supporting and managing social business incubators
7. Residents near pilot spend less time and money accessing goods and services
8. Residents near the pilot use new community space and build social capital

The medium-term outcomes eventually result in the intended long-term, larger-scale social and economic impacts of the *Business in a Box* project.

The intended long-term outcomes of the *Business in a Box* project represent the social, economic, or environmental consequences of the project. They ultimately feed into the overarching three key objectives. Two of the long-term outcomes feed into the first key objective of the project, which include:

1. Increased capacity of community organization to replicate similar model in other communities; and
2. Increased capacity of academic institution and researchers to replicate similar model in other communities.

Two of the long-term outcomes feed into the second key objective of the project, which include:

1. Employment and increased income for low-income entrepreneurs; and
2. Increased capacity of community organizations to support entrepreneurship and social innovation.

Two of the long-term outcomes feed into the third key objective of the project, which include:

1. Residents near pilot increase savings and contribute to economic well-being of the community; and
2. Residents near pilot become more engaged with the community; Community is animated.

The *Business in a Box* logic model informed the evaluation plan utilized in this report (see Appendix A). As this evaluation occurred three months into the project's implementation phase, we assessed the short-term outcomes of the logic model using carefully selected indicators.

EVALUATION FOCUS

As part of our role in the *Business in a Box* project, the Diversity Institute undertook an evaluation three months into the project's implementation phase. The purpose of our evaluation was twofold:

1. To evaluate the *Business in a Box* project's progress toward its key objectives to date. These findings will be important to community organization stakeholders, including SCCC, as they will help determine whether *Business in a Box*

is a viable project for social business incubators seeking to effect social and economic change.

2. To evaluate the *Business in a Box* business model. These findings will be important to community organizations, potential vendors, and external stakeholders, such as existing or potential funders, as it will determine whether *Business in a Box* is a viable social business incubation model to scale and replicate.

These two purposes encompass both outcome and process types of evaluation. An outcome evaluation states whether a project has achieved its goals, whereas a process evaluation states how and why the results were or were not achieved (James Bell Associates, 2007). Since a comprehensive process evaluation was outside the scope of this report, we limited our process evaluation to the effectiveness of the *Business in a Box* as a social business incubator.

The results of the evaluations are contained within this report.

MARKET 707: SCCC'S INITIAL SOCIAL BUSINESS INCUBATOR

Recent city plans have highlighted the potential for economic development and revitalization in the SCCC community area. People from marginalized groups that face augmented labour market barriers are highly represented in this area. This includes a greater number of individuals born outside of Canada (54.9%) than the overall city average (45.7%) (Chui, Tran, & Maheux, 2007). Local residents are also more likely to be visible minorities (57.6%) than the overall city average (43%), and nearly one-quarter of the population do not speak either English or French (City of Toronto, 2008; Statistics Canada, 2007). In 2006, the median income of \$40,033 reported by families living in the vicinity was significantly lower

than the median income of \$69,321 reported by families in the total Toronto Census Metropolitan Area (Statistics Canada, 2007). Therefore, as part of the redevelopment vision for the area, and through consultations with local residents, SCCC has sought to improve economic and self-employment opportunities for residents through their unique and socially innovative project.

In 2011, recognizing the potential of low-cost micro-enterprise infrastructure to develop strong urban neighbourhoods, Scadding Court Community Centre (SCCC) established the social business incubator Market 707, an outdoor marketplace on the sidewalk adjacent to their main building. Market 707 predominantly hosts food vendors that sell an array of cuisines, including Japanese street food, Filipino dishes, and gourmet mac'n cheese. Vending spaces rent for just over \$10/day, and entrepreneurs are housed in colourful retrofitted shipping containers. These vending spaces were chosen for their many beneficial characteristics: shipping containers are inexpensive, abundant, modular, stackable, easily transportable, durable, and recyclable. Recently, the market's innovative design was awarded the City of Toronto's 2013 Urban Design Special Jury award.

Market 707's various successes have generated interest from stakeholders across sectors, including other non-profits, public health organizations, community housing, city planners, architects, and city councillors. All parties are rallied around the vision of replicating the *Business in a Box* model in order to advance social and economic change throughout local and regional communities.

In June 2013, SCCC expanded the original Market 707 to include five new vending stalls. The stalls were used to pilot a pop-up retail variation of the original model. This recently implemented retail component of Market 707 is the focus of this evaluation report.



Healthy neighbourhoods are an essential part of the long-term prosperity of our metropolitan areas. Healthy neighbourhoods are well kept, regularly updated, and give local residents a sense of pride and safety in their community (Boehlke, 2011). The City of Toronto's many distinct neighbourhoods are home to highly innovative and creative business solutions that serve the needs of their diverse communities. At the same time, Toronto has pockets of underutilized and underserved areas that are in need of revitalization. As a result, various levels of government, community housing, and other stakeholders are undertaking community revitalization projects across the city.

According to the 2006 Census, one in every five Torontonians is living in poverty. This is particularly true of the inner suburban communities surrounding the downtown core, which are predominantly comprised of high-rise apartments where the city's poverty is concentrated (United Way, 2012). The City of Toronto has designated many of the inner-suburb areas with concentrated poverty "priority communities." Residents in these priority communities often lack access to basic retail amenities despite having the density to support dynamic retail enterprises (United Way Toronto, 2012).

Underutilized spaces also raise issues of community safety and security, as the Toronto Police Services have reported that community spaces lacking activity and ownership may be linked to criminal activity and contribute to negative perceptions of community space (McKay, 1998). Recent studies have identified the need for initiatives that enhance the quality of neighbourhood life in certain areas of Toronto, and increase access to resources for local residents (United Way Toronto, 2012).

Establishing low-cost micro-enterprise infrastructure in our local communities is one such initiative that may act as a catalyst for community development. Recent research suggests that micro-enterprise development plays a critical role in Toronto's community economic development strategies (Toronto Community Housing, 2010). According to Cordero-Guzman and Auspos (2006, p. 195), community-based initiatives drive economic development by:

- Expanding access to capital and stimulating asset accumulation;
- Increasing local access to consumer goods and services;
- Expanding the local entrepreneurial base;
- Expanding local employment opportunities;
- Giving neighborhoods more control over ownership of local resources; and
- Connecting residents and businesses to the regional economy.

Micro-enterprise projects are drivers of community economic development, as they promote entrepreneurship and focus on bringing small home-based businesses into the formal economy and community spaces. Such initiatives are especially beneficial to community members that face augmented labour market barriers, such as women, visible minorities, and individuals born outside of Canada (Block & Galabuzi, 2011; Diversity Institute, 2011; Shields et al., 2010). Many immigrants in Canada report barriers to finding employment that makes use of their skills and education. The most commonly cited issues include the lack of Canadian work experience, little transferability of foreign credentials, and issues with English acquisition and/or accent discrimination (Chui, 2003). Micro-enterprise projects with a focus on retail may help to facilitate immigrants' entrance into the formal labour market, and may particularly benefit

immigrant women. Such a model could support the home-based retail businesses popular among female newcomers, and potentially boost revenue for these women, as nearly half of these entrepreneurs currently report an income of less than \$20,000 (North York Community House, 2013; Wayland, 2011). Finally, community-based retail enterprise projects can also enhance community safety by attracting foot traffic and improving community development by creating physical spaces for residents to come together (United Way Toronto, 2012).

SOCIAL BUSINESS INCUBATION: SOCIAL ENTREPRENEURSHIP TO ADDRESS SOCIAL NEEDS

Business incubators are organizations dedicated to supporting early-stage emerging ventures; most often through joint-location, business support and planning, networks, financial advice, and help with sales and marketing (Aerts, Matthyssens, & Vandenbempt, 2007; Bergek & Norrman, 2008; Cukier, Fox, & Rahnama, 2012; Hamdani, 2006). Business incubators vary in terms of goals and type, and can include: technology, basic research, economic development, mixed, and social business incubators (Aernoudt, 2004). Despite their diversity, all incubators share certain commonalities, which mostly fall under the overarching business incubator concept (Aernoudt, 2004; InfoDev, 2007; Schwartz, 2013): “To produce successful firms that will leave the program financially viable and freestanding” (National Business Incubation Association, n.d.). The successful graduating firms (i.e. those exiting the incubator) can subsequently create jobs, revitalize neighbourhoods, and strengthen economies (National Business Incubation Association, n.d.).

Social business incubators predominantly address a social need (Aernoudt, 2004). They tend to use entrepreneurship and innovation as mechanisms for social impact by focusing on producing publically valuable services and products, and aiming to promote the development of companies by employing people with low employment capacities (Aernoudt, 2004; InfoDev, 2007). Similar to most business incubators, they generally offer business development services, business support, accommodation, and logistical support (Aernoudt, 2004). Although measuring long-term social impacts can be difficult, the evaluations of social business incubators are continually

demonstrating their capacity to improve the economic and social realities of individuals, families, and communities (InfoDev, 2007).

In Canada, only 37% of new retail ventures survive to their fifth year (Baldwin et al., 2000). Retail incubation is a model increasingly employed by social business incubators to enhance the sustainability of new retail in Canada (e.g., Toronto Business Incubator, Toronto Fashion Incubator). Retail incubation is also a desirable model as it has great potential to address social gaps, such as moving informal economies into formal community spaces, and assisting low-income and immigrant retail entrepreneurs during the high-risk startup phase and initial years. As research indicates that incubators have a positive effect on the sales and economic performance of firms (Colombo & Delmastro, 2002; Löfsten & Lindelöf, 2002), retail incubation can be particularly useful in ensuring firm survival, and fostering social impact. However, retail incubation remains one of the least common forms of business incubation in practice, with only 8.2% of business incubators in Canada covering retail clients (Aerts et al., 2007; Joseph, Bordt, & Hamdani, 2006). Retail incubation generally, and as a model of social business incubation specifically, is largely absent among the academic incubation literature. Therefore, this evaluation report of SCCC’s *Business in a Box* retail model of social business incubation is particularly unique and timely.

ASSESSING THE SUCCESS OF BUSINESS INCUBATORS

No definitive strategy exists within the academic incubator literature to assess the impact and effectiveness of business incubators on new ventures (e.g., Aernoudt, 2004; Mian, 1996; Sun, Ni & Leung, 2007). This is largely because the diversity of incubators makes comparison between incubator successes difficult (Cukier & Middleton, 2012; Dee, Livesey, Gill & Minshall, 2011; Schwartz, 2013). For instance, some authors have analyzed firm graduation and survival rates to determine incubator success. However, analyzing the survival of firms after leaving the incubator is not necessarily a reliable measure of incubator effectiveness. Incubators can select tenant firms based on varying criteria, with some only selecting those firms most likely to succeed and others selecting firms based on the similarity of their overarching goals. Therefore, many authors have found incubator performance

indicators to be useful measures of incubator effectiveness instead, as they relate specifically to the incubation experience (e.g., Bergeck & Norrman, 2008; Cukier et al., 2012).

To determine the success of incubators, the Diversity Institute identified relevant Critical Success Factors (CSFs) to serve as useful performance indicators. CSFs are:

Events, circumstances, conditions, or activities that require special attention because of their significance. They can be internal or external and can influence success either positively or negatively. Their essential character is the need for a special awareness or early warning system to avoid unpleasant surprises or missed opportunities (Dickinson, Ferguson, & Sircar, 1984).

We applied Bergeck and Norrman's (2008) framework to determine best practices for incubators in this study. This has enabled a more rigorous evaluation of the incubators' performance, which includes three CSFs: selection, business support, and mediation. These three CSFs are repeatedly cited throughout the academic incubation literature as vital functions of business incubators.

Selection

The success of a business incubator often relies on the selection of its tenants as much as it does on their development (Wiggins & Gibson, 2003). Appropriate selection criteria is crucial for the incubator to meet its defined objectives (Lumpkin & Ireland, 1988), and research finds that more balanced and rigorous screening practices lead to lower tenant failure rates (Aerts et al., 2007). This is likely because rigorous and early evaluation of potential clients creates a positive survival bias (Cukier & Middleton, 2012; Cukier et al., 2012).

Incubators can help to assess and determine whether business ventures cannot be helped through business incubation (chances of survival are slim), are weak but promising (resource gap), or are promising overall (can survive on their own) (Hamdani, 2006). Through an efficient selection system, incubators can promote the success of as many promising applicants as possible (Hamdani, 2006). As tenants with better performance during incubation are more likely to survive post-graduation, monitoring tenants means incubatees can be removed if it is determined that their business is not viable (Hamdani, 2006; Schwartz, 2009). It is also important to have pre-screened tenants waiting in the pipeline for immediate turnover (Hamdani, 2006).

Selection criteria and processes can, however, be more relaxed in certain circumstances. Incubators take time to become integrated into the local business environment (Dee et al., 2011). Therefore, at the beginning, the incubator merely tries to maintain a stable demand for its spaces. Once demand for incubator space and services grows to more than its capacity to service new companies, the incubator becomes a "centre of entrepreneurial gravity in the community" (Dee et al., 2011, p. 31). As such, an incubator may initially experience limited demand and more relaxed selection until it reaches a critical mass of occupants. Subsequently, with an excess of tenant demand, the incubator can become more selective. This eventually allows for specialization and rigorous selection by the incubator (Dee et al., 2011).

Business support

While co-location is an important feature of incubators, business support may be the most important factor of business incubation (Bergeck & Norrman, 2008). Business incubators need to develop and deliver a suite of value-adding services to member companies (Bergeck & Norrman, 2008; Hamani, 2006; Wiggins & Gibson, 2003). Effective incubators offer not only shared space, but also support from management and access to a variety of resources, including financial and legal information and business contacts (Aernoudt, 2004). Specified business support may also include entrepreneurial training and business development, such as coaching, leadership, marketing, sales assistance, and help with developing a business plan (Bergeck & Norrman, 2008). In Canada, the three business support services most likely to be utilized by incubator firms are help with business basics (61%), marketing assistance (47%), and help with accounting or financial management (39%) (Joseph et al., 2006). Unsurprisingly, tenant firms find business support to be vital to incubation success (Akçomak & Taymaz, 2004).

Business support services must be continually reassessed and refashioned according to the tenant firms' evolving needs, or tenants will become quickly dissatisfied (Dee et al., 2011). Moreover, support services should not stop after tenants graduate from the incubator. While post-graduation support should not include financial support, the incubator should host monthly check-ins to help firms survive the critical three-years after graduation, also known as the "high-risk" period when incubated firms are most likely to fail (Schwartz, 2009; Schwartz, 2013).

Mediation

Mediation is the process by which incubators provide a “bridge” between incubatee and their environment (Bergek & Norrman, 2008). This may include mediation with other incubatees, local universities, industry contacts, professional service providers, community members, and potential customers, among others (Adlesic & Slavec, 2012; Bergek & Norrman, 2008). A crucial element of mediation for retail incubators is location. Location is both vital to the success of retail businesses, and it can also determine whether incubated companies are exposed to a wide range of investors and customers (Cukier et al., 2012; Vandell & Carter, 1993).

Since networking is deemed a crucial and essential aspect of a successful startup, it is also vital that incubators offer assistance with network mediation (e.g., Bollingtoft & Ulhoj, 2005; Freel, 2003; Rothschild & Darr, 2005). Linking incubatees with the most promising social capital avenues can be the difference between their success and failure. For example, business incubators can ensure that member companies gain access to necessary human

and financial resources, such as angel investment, venture capital, and strategic corporate investment (Wiggins & Gibson, 2003). Business incubators themselves can also benefit from diversifying their funding strategies and increasing their financial networks (Chandra, Choa & Ryans, 2011).

Networks can also include the incubator staff and managers (Adlesic & Slavec, 2012). This is important to note, since most studies of incubator success do not take into account the mediation of the incubator’s Highly Qualified Personnel (HQP) (Cukier & Middleton, 2012). As such, incubators must work to retain entrepreneurial employees to provide guidance and business leadership to the incubator’s start-ups. The incubator also benefits from assisting their HQP with networking, as “results also show that the incubator can take advantage from their relations with incubated entrepreneurs” (Maalel & Mbarek, 2011, p. 1). Through their leadership and expertise, the incubator director can also set the tone for the future development of the incubator, and ultimately, its long-term success (Wiggins & Gibson, 2003).



OVERALL APPROACH

The first aim of this report is to evaluate the *Business in a Box* project's progress toward its key objectives to date, since commencing in June 2013. The project has three key objectives:

1. Leverage public and private interests to create a sustainable funding strategy for shipping container markets, and evaluate opportunities to scale up and replicate the project;
2. Increase opportunities for low-income entrepreneurs to access retail space and supports to launch and/or develop a business; and
3. Improve access to goods and services, and community animation in underserved areas.

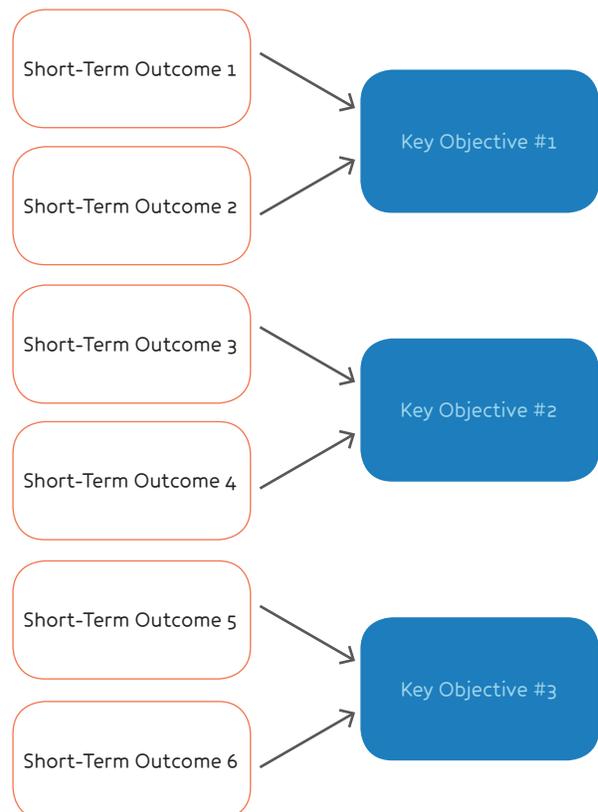
To assess the project's progress, the Diversity Institute conducted literature reviews, developed a logic model, and created an evaluation plan with a variety of data sources as indicators, including: a SCCC community needs and market profile, monthly SCCC activity and vendor reports, monthly *Business in a Box* financial reports, vendor financial reports, vendor exit surveys, vendor interviews, customer surveys, Market 707 marketing materials, SCCC interviews, as well as Diversity Institute and researcher feedback.

The second aim of this report is to evaluate the viability of the *Business in a Box* incubation model. To evaluate the *Business in a Box* model, we assessed the SCCC retail incubator against the three best-practice performance indicators (CSFs) delineated by the academic incubator literature: selection, business support, and mediation. To do so, we analyzed interviews with SCCC incubator managers, vendor exit surveys, and existing incubator manuals and toolkits.

EVALUATION PLANS

This section details how we evaluated both the project's progress toward the three key objectives and the success of the *Business in a Box* social business incubation model. As previously mentioned, the *Business in a Box* logic model connects the project's activities and outputs with the anticipated short-, medium-, and long-term outcomes. Importantly, the short-term outcomes signal the project's progress toward the longer-term outcomes, which align with the overarching three key objectives of the project (see Diagram 3).

DIAGRAM 3: THE SHORT-TERM OUTCOMES AS THEY SIGNAL PROGRESS TOWARD THE THREE KEY OBJECTIVES



1. EVALUATION OF PROGRESS TOWARD KEY OBJECTIVES

To assess the project’s progress toward meeting its three key objectives we developed an evaluation plan based on the logic model’s short-term outcomes (see Appendix A). A review of the academic social impact literature was also used to inform the creation of our evaluation plan. The literature defined the indicators and data sources generally used to evaluate and assess the impact of social innovation projects. The evaluation plan thus identified the various indicators and correlating data sources we utilized to closely examine and evaluate the short-term outcomes of the *Business in a Box* project.

A total of six short-term outcomes were evaluated to determine the project’s progress toward its overarching three key objectives:

Key Objective #1

Leverage public and private interests to create a sustainable social entrepreneurship model and funding strategy for shipping container markets, and evaluate opportunities to scale up and replicate the project

Short-Term Outcome 1: Improve understanding of how to design and implement a social business incubation model

To measure progress towards Short-Term Outcome 1, Market 707’s management team at SCCC were asked to identify the knowledge they have gained since joining the *Business in a Box* project, with regard to designing and implementing a social business incubator model.

Indicator	Data Source
SCCC perceptions of knowledge gained since commencing <i>Business in a Box</i> project with regard to designing and implementing a social business incubation model	SCCC interviews

Short-Term Outcome 2(a): Academic institution gains data to research social innovation

Evaluating progress towards this outcome was based on the deliverables produced by Ryerson University for the *Business in a Box* project, including the evaluation plan, the community needs and market profile, and the final evaluation report.

Short-Term Outcome 2(b): Researchers, faculty, and students develop practical skills and expertise in researching and evaluating social innovation

To evaluate this outcome, faculty, students and researchers were asked to report on the skills and knowledge they have gained through contributing to the *Business in a Box* project.

Indicator	Data Source
Academic institution gains data through completion of <i>Business in a Box</i> project deliverables	<ul style="list-style-type: none"> • <i>Business in a Box</i> evaluation plan • Community needs and market profile • Final evaluation report
Ryerson University’s faculty, students’, and researchers’ perceptions of skills and knowledge gained through participating in <i>Business in a Box</i> research and evaluation	Feedback from Diversity Institute researchers

Key Objective #2

Increase opportunities for low-income entrepreneurs to access retail space and supports to launch and/or develop a business

Short-Term Outcome 3: Low-income vendors access affordable spaces to launch and/or develop businesses and business skills

To measure performance on this outcome we tracked the number of vendors rotating through the incubator on a monthly basis and conducted interviews with vendors as they exited the incubator, asking their opinion on the affordability of renting a retail stall at Market 707. Rental costs were also gathered from financial reports submitted by vendors. Vendors were also asked about their previous job title before vending at SCCC.

Indicator	Data Source
Number and description of business in retail stalls	<ul style="list-style-type: none">Monthly SCCC activity and vendor reportsVendor exit surveys
Cost and affordability of monthly rental space	<ul style="list-style-type: none">Vendor financial reportsVendor exit surveys
Vendor sales performance and perceptions of business skills gained	Vendor exit surveys

Short-Term Outcome 4: Community organization develops skills to support and manage a social business incubator

To evaluate this outcome, we asked vendors exiting the pilot market to rate the SCCC incubator managers' skills and performance in managing the incubator, and to describe the level of advice and support they received while in the incubator. We also asked SCCC to describe the skills they gained in supporting and managing the social business incubator since commencing the *Business in a Box* project.

Indicator	Data Source
SCCC perceptions of the skills they have gained to support and manage a social business incubator	SCCC interviews
Vendor perceptions of SCCC support and management	Vendor exit surveys

Key Objective #3

Improve access to goods and services, and community animation in underserved areas

Short-Term Outcome 5: Improved awareness of and access to desired goods and services at affordable prices for residents near the pilot market

Our evaluation of this outcome was based on customer survey data that has been filtered to examine only the responses provided by community members living within walking distance of Market 707. To evaluate awareness of and access to goods and services at Market 707, customers were asked how they learned about Market 707, how frequently they visit, and their likelihood to return. Ryerson University's Centre for the Study of Commercial Activity compiled market data to determine whether the goods and services sold by retail vendors at the pilot market addressed local gaps in retail.

Indicator	Data Source
Feedback from local residents on how they gained awareness of Market 707, frequency of visits to Market 707, and their likelihood to return	Customer surveys
Analysis of retail market supply and demand in area surrounding Market 707	Data compiled by Ryerson University's Centre for the Study of Commercial Activity for trade area of 0.5km

Short-Term Outcome 6: Improved perceptions of community space and streetscape among residents near pilot market

To measure performance on this outcome, customer surveys were used to gather local residents' perceptions on the impact of Market 707 in the area. The frequency of their visits to Market 707 and likelihood to return were also used as indicators of positive perceptions of the community space and streetscape among local residents.

Indicator	Data Source
Local residents' perceptions concerning the impact of Market 707 in the area, how often they visit Market 707, and their likelihood to return	<ul style="list-style-type: none">Customer surveys<i>Business in a Box</i> monthly activity and vendor report

2. EVALUATION OF THE *BUSINESS IN A BOX* MODEL

To evaluate the *Business in a Box* model we developed an evaluation plan based on the three critical success factors of business incubators: selection, business support, and mediation (see Table 1). This evaluation plan outlines the evaluation questions and correlating indicators and data sources used to evaluate the *Business in a Box* model against the three CSF categories. Evaluating the *Business in a Box* model’s success will ultimately benefit the community organization, funders, and external stakeholders. The evaluation results will inform the success of the first key objective: to leverage public and private interests to create a sustainable social entrepreneurship model and funding strategy for shipping container markets, and evaluate opportunities to scale up and replicate the project.

TABLE 1: *BUSINESS IN A BOX* MODEL EVALUATION QUESTIONS, INDICATORS, AND DATA SOURCES

Evaluation Question	Indicator or Performance Measure	Data Source
What were the selection strategy and processes of the <i>Business in a Box</i> project?	The criteria SCCC used to select <i>Business in a Box</i> tenants.	<ul style="list-style-type: none"> • SCCC interviews • Vendor exit surveys • Vendor application form • SCCC “Become a Vendor” website
What business supports were offered/provided by the <i>Business in a Box</i> project?	The business supports (e.g., co-location; accounting, financial and legal advice; business planning and development support; coaching; leadership; marketing and sales assistance) that SCCC provided to tenants.	<ul style="list-style-type: none"> • SCCC interviews • Vendor exit surveys
What were the mediation practices of the <i>Business in a Box</i> project?	The assistance that SCCC offered in terms of connecting vendors with other incubatees, local universities, community members, industry contacts, professional service providers, incubator staff, among others.	<ul style="list-style-type: none"> • SCCC interviews • Vendor exit surveys • <i>Business in a Box</i> monthly activity and vendor report • Market 707 marketing materials

A description of each data source utilized in our evaluation plan can be found in Appendix B.



1. EVALUATION OF PROGRESS TOWARD KEY OBJECTIVES

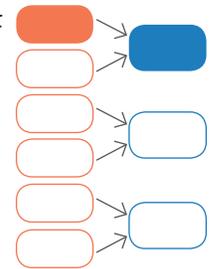
This section evaluates the *Business in a Box* project’s progress toward its three key objectives.

Key Objective #1

Leverage public and private interests to create a sustainable social entrepreneurship model and funding strategy for shipping container markets, and evaluate opportunities to scale up and replicate the project

Short-Term Outcome 1: Improve understanding of how to implement a social business incubation model

Indicator: SCCC perceptions of knowledge gained since commencing Business in a Box project with regard to designing and implementing a social business incubation model



According to interviews with SCCC incubator managers, before joining the Market 707 and *Business in a Box* projects, managers only had a basic understanding of social business incubation. Since joining the *Business in a Box* project, SCCC incubation managers perceived that they had developed a better understanding of social business incubation. These understandings have enabled the SCCC managers to identify key learning outcomes around implementation as demonstrated in Table 2.

TABLE 2: KEY LEARNINGS AND OUTCOMES OF SCCC MANAGERS

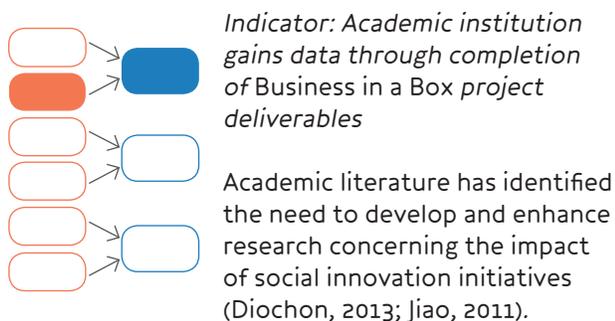
Key Learning	Outcomes
The important differences between food and retail vending, in term of customer base and price points.	The incubation managers have attempted to rebrand the market to include both food and retail, without losing the momentum they have gained as a primarily food vending destination.
Retail incubatees take an initial few weeks to gain momentum.	The one-month pop-up retail model impeded vendors’ ability to build on any momentum gained, and led to limited pay-off for marketing and advertising efforts. The managers discovered that it would be beneficial to host retail vendors for a longer period of time, such as a minimum three-month pop-up period.
It is optimal to have vendors cycle in-and-out on the same schedule.	The incubator can hold larger-scale orientation sessions if vendors enter and exit the retail spaces at the same time. They would also know what to brand at any given time.
The need to integrate the physical layout of the entire market.	The retailers were located to the side of the market and were less visible from the street. They did not therefore catch the Market 707 food customers. Integrating them would likely promote brand recognition and sales.
It is important to find the right partners to replicate the model.	Market 707 managers had already talked to and excluded a number of external sites. They acknowledged the importance of finding another non-profit in the right location that was also appropriately energized to take on a similar project.
It is crucial to have best-practice examples available to replicate.	The SCCC incubator managers felt that they had to develop and implement the <i>Business in a Box</i> model “the hard way,” as no relevant retail social business incubator case study examples were available. They were therefore keen to share their learnings with other community organizations.

Results

Findings from the SCCC interviews indicated that the incubator managers demonstrated an improvement in their understanding of how to design and implement a social business incubation model, since joining the *Business in a Box* project. Incubator managers seemed responsive to gaps in their knowledge, by seeking to continually learn from the model's flaws to better revise the *Business in a Box* model. They also became interested in learning about the scaling up and replication process. The incubator managers also consulted with Ryerson University's Diversity Institute and retail management faculty and students to develop a sustainable funding strategy to support the model (see Appendix L).

The *Business in a Box* project has met Short-Term Outcome 1, and demonstrated strong progress toward achieving the first key objective.

Short-Term Outcome 2(a): Academic institution gains data to research social innovation



Achieving Short-Term Outcome 2(a) can address this need. This outcome includes developing a repository of data that can be used to further academic literature in the areas of social innovation, social entrepreneurship, impact evaluation, and social business incubation. It also provides the foundations for an emerging area of study: retail incubation. To indicate whether the *Business in a Box* met Short-Term Objective 2(a), we compiled a list of data sources produced through the project. The data collected included:

- Customer surveys (n=209);
- Vendor exit surveys (n=8);
- Vendor follow-up interview (n=1);
- SCCC interviews (n=2);
- Vendor financial reports (n=4);
- Market analysis of Market 707 and surrounding area (market data with NAICS codes for 0.5km radius surrounding Market 707); and
- Community focus group (15 participants).

“Amidst a proliferation of government-initiated policies and programs to encourage the formation of social enterprises that are entrepreneurial and innovative in their solutions to poverty and marginalization, surprisingly little is known about the ability of these initiatives to produce the results expected” (Diochon, 2013)

Short-Term Outcome 2(b): Researchers, faculty, and students develop practical skills and expertise in researching and evaluating social innovation

Indicator: Ryerson University’s faculty, students, and researchers’ perceptions of skills and knowledge gained through participating in the Business in a Box research and evaluation

The researchers, faculty, and students that researched and evaluated the *Business in a Box* project indicated that they had gained several skills and expertise as a result of their role in the project, including:

- Refined skills in developing a logic model based on a theory of change, assessing social impact using a logic model, and evaluating social impact based on financial proxies as per Social Return on Investment (SROI) guidelines; and
- Expertise in evaluating the effectiveness of social business incubators.

Results

The *Business in a Box* project has developed and enhanced data and research in the areas of social innovation, social business incubation, social impact evaluation, and the emerging field of retail incubation. Researchers, faculty, and students involved with the project have also enhanced their practical research skills and expertise regarding social innovation. Findings therefore indicate that the *Business in a Box* project has made significant strides towards developing the capacity of academic institutions and researchers to further knowledge and evaluate social innovation.

The *Business in a Box* project has achieved Short-Term Outcomes 2(a) and 2(b), and demonstrated strong progress toward achieving the first key objective.

Key Objective #2

Increase opportunities for low-income entrepreneurs to access retail space and supports to launch and/or develop a business

Short-Term Outcome #3: Low-income vendors access affordable spaces to launch and/or develop businesses and business skills

Indicator: Number and description of business in retail stalls

There were a total of 11 retail pop-up vendors between June and September 2013 (see Table 3). The types of products sold by these vendors included pre-packaged food, electronics, artwork, jewelry, and clothing.

TABLE 3: RETAIL VENDOR DESCRIPTION

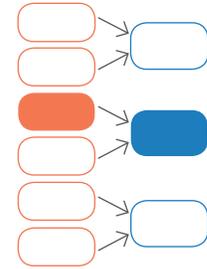
Vendor Name	Product	Month
Cookie Martinez	Ice cream sandwiches	June
Princess Fabulosa	Jewelry, handbags and scarves	June
Louise Prete Fine Foods	Pasta sauces	June
North Korean Refugee Association of Canada	Artwork	June
1% Talent x Morico	Designer tees	July
Little Miss Sassy	Girls' clothing	July
Sweet Sammies Ice Cream	Ice cream sandwiches	July
Abokichi	Japanese rice balls	July
Sell Teck	Electronics	July/August
Iced Iced Baby	Cupcakes	August

Vendors with diverse professional backgrounds ran pop-ups. According to the vendor exit surveys, a number of vendors held typically well-paying positions before vending with *Business in a Box*. Examples of previously held positions included: stock broker, insurance broker, management consultant, afternoon tea-server, and an administrative assistant at a government department. Other vendors were previously students or self-employed.

Indicator: Vendor sales performance and perceptions of business skills gained

Only one business among the retail stalls experienced a profit during their time at Market 707. Of the eight vendors surveyed, half experienced a loss and three other businesses were able to break even.

Nevertheless, six of the eight respondents to the vendor exit survey believed that their experience at Market 707 helped them to develop the skills and knowledge they needed to run a business. Some of the knowledge and skills the vendors reported gaining included:



- How to organize the production process and keeping inventory on hand;
- How to do cash flows and track inventory;
- The daily general operational tasks of retail;
- Organizational skills (such as self-imposed punctuality and keeping regular hours);
- An understanding of the realities of having a storefront, such as inevitable downtimes and the importance of knowing your customer base;
- An awareness of some crucial success factors, such as location; and
- The importance of marketing and advertising.

Indicator: Cost and affordability of monthly rental space

The cost of monthly rental space varied between \$500-600 for the smaller stalls, and \$800 for the larger stall. Eight vendors responded to questions about affordability on the vendor exit survey. Of those respondents, two found the spaces affordable. Two more thought the spaces were affordable originally, however found them unaffordable upon occupying them. This could also be due to the unforeseen need to rent a commercial kitchen, which added to costs, and lower than anticipated projected sales, rendering their profit margins small.

Results

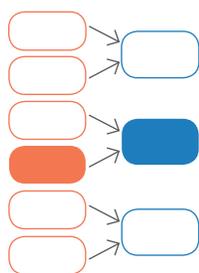
The *Business in a Box* incubator hosts five retail-vending spaces. Having been open for three months, SCCC has had the opportunity for at least 15 vendors to occupy those spaces. However, according to the monthly SCCC activity and vendor reports, since June 2013 SCCC has rented to a total of 11 vendors. This indicates that although there is opportunity for the community to access retail space, vendor interest is lacking. At the time of the evaluation, the retail component of the market was only in the initial months of its implementation phase; too short of a time to be established as a 'destination' for retail. As

a result, it may be too early to predict future vendor interest in retail at Market 707. Moreover, since a number of the vendors were not low-income before joining the *Business in a Box* project, advertising among potential low-income vendors may be needed.

The perceived affordability of the retail spaces was an even mix between positive and negative, with most vendors falling somewhere in the middle. Yet the prices of the retail stands are affordable in comparison to standard central Toronto leasing rates for spaces 1,000 square feet or less (\$49.99 per square foot) (TREB Commercial Division, 2013). The perceived unaffordability by some vendors may therefore be due to sales, since, as one vendor indicated, low monthly sales can leave vendors with low profit margins after rental costs.

While only one of the retail vendors experienced a profit at Market 707, most stated that they had developed business skills during their time with *Business in a Box*. In particular, vendors felt that they had gained a better understanding and grasp of the retail process, including cash flow, inventory, and organizational skills. As one vendor put it, “the experience teaches a lot—it’s priceless.”

The *Business in a Box* project has met certain components of Short-Term Outcome 3, and demonstrates some progress toward achieving the second key objective.



Short-Term Outcome 4:
Community organization develops skills to support and manage a social business incubator

Indicator: SCCC perceptions of the skills they have gained to support and manage a social business incubator

The SCCC incubator managers indicated through interviews that they gained important managerial skills as a result of their role in the project, including:

- Problem-solving, communication, and time-management skills;
- Navigating the City of Toronto licensing procedures, such as zoning requirements, health and safety requirements, and fire safety requirements;
- Conducting communication, marketing, and outreach for special events; and
- Providing business advice.

Indicator: Vendor perceptions of SCCC support and management

The majority of vendors that responded indicated that SCCC performed well or very well on vendor selection and intake (n=5) and planning events (n=6). The majority of vendors that responded indicated that SCCC performed poorly or somewhat poorly on business support (n=5), marketing Market 707 (n=7), marketing for individual vendors (n=8), providing skill-building opportunities for vendors (n=5), and team building among vendors (n=5). Vendors also had mixed perceptions of SCCC’s responsiveness to their needs.

Vendors were also asked to comment on the supports they had requested from SCCC during the incubation period, and on the quality of support they had actually received. The results are demonstrated in Table 4.

TABLE 4: VENDOR ISSUE AND PERCEPTION OF SCCC’S RELATED MANAGEMENT PERFORMANCE

Issue/Situation	Vendor perception of SCCC’s management of issue/situation
Concerns of theft after hours and security at night	Vendor felt SCCC could provide more security
Vendor requested Wi-Fi internet	Vendor expressed disappointment that they did not receive Wi-Fi internet
Vendor requested air conditioning reparations	Vendor felt it took SCCC too long to fix the unit
Vendor requested a step for the entrance to the container because it was too steep	Vendor felt that SCCC response was too slow
Several vendors initially experienced problem with hydro in their container	Vendors stated that the problem was fixed and felt neutrally about the issue

Results

SCCC managers have gained a number of skills to manage social business incubation. However, managers have room to develop supportive skills, as vendors indicated dissatisfaction with SCCC’s timeliness of response to vendor needs and issues, and with business development advice and support. SCCC has taken steps to improve in this area. One example includes partnering with Working Habitat to provide a manual with advice for pre-launching, launching, and running a small enterprise, including how to develop a business plan.

The *Business in a Box* project has met some components of Short-Term Outcome 4, and demonstrates some progress to the second key objective.

Key Objective #3

Improve access to goods and services, and community animation in underserved areas

Short-Term Outcome 5: Improved awareness of, and access to, desired goods and services at affordable prices for residents near the pilot market

Indicator: Feedback from local residents on how they gained awareness of Market 707, frequency of visits to Market 707, and their likelihood to return

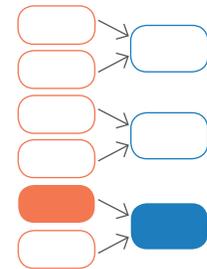
A customer survey was conducted at Market 707 between the months of June and September 2013 in an attempt to gauge the current awareness of, and reasons for, visiting Market 707. The survey also analyzed satisfaction with the current markets offerings and propensity of patrons to visit and/or return to Market 707, and inquired about product offerings that patrons would like to see added to the market. The 209 surveys collected were used to analyze customer demand for goods and services among individuals living within the Market 707 community. A breakdown of differences between those that live locally (within walking distance, 38.6%), and those that live outside the local area (61.4%) allowed for greater understanding of community impact.

The greatest percentage of visitors discovered Market 707 through word of mouth (45.5%) or just passing by (31.6%). The primary reason that most patrons visited Market 707 was to eat (58.9%). Many patrons also visited Market 707 out of curiosity. While not a largely popular reason for visitation among those surveyed, some patrons frequented Market 707 to shop (n=7). This lower propensity to visit for shopping could be due in part to the lack of non-food retail vendors.

Overall, patrons were overwhelmingly happy (96.0%) with the service/products they received or purchased at Market 707. This was also reflected in the high likelihood to return to Market 707 (95.1%) among patrons surveyed, no matter their residency. While there were no differences in the likelihood to return, local residents were more likely to be weekly visitors (42.3%) of Market 707 compared to those from outside the local community (18.6%).

Customer survey data was also analyzed for affordability of goods and services, however the vast

majority of individuals surveyed made their purchases at food vendors and not the pilot retail vendors. While 95.8% of those within walking distance of the market were satisfied with the prices at the market, we cannot draw conclusions regarding community perceptions on the affordability of retail offerings from this information.



Indicator: Analysis of retail market supply and demand in the area surrounding Market 707

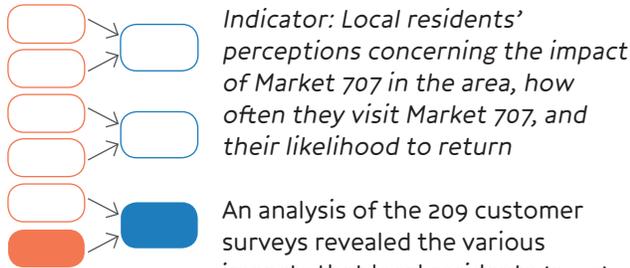
Retail trade makes up the greatest percentage (47.3%) of businesses within 0.5 km of SCCC, followed by food services and drinking places (22.7%). Although there is a high percentage of businesses in food services, drinking places and retail trade surrounding the SCCC market, as well as a high concentration of food vendors currently within Market 707 (83.3%), the top two recommendations from patrons for new goods and services at the market were more food (44.2%) and drink (39.8%) options. Retail options in the form of fruits and vegetables (26.7%), art and design (20.4%), repairs (16.0%), jewelry (14.1%), and clothing (13.1%) were also mentioned by market patrons.

Results

Market 707 captures both first time (28.2%) and repeat visitors from the local community. Many residents of the local community visit the market weekly (42.3%), and nearly all residents who visit the market are happy with the products and services (97.1%) and prices (95.8%). While these indicators suggest that the market is doing well currently, SCCC should consider the residents' desire for a greater availability of food (44.2%) and drink (39.8%) options. Furthermore, given that the random sample of 209 patrons to Market 707 only derived a 3.4% response from retail patrons, it may suggest a limited demand for retail vendors.

The *Business in a Box* project has achieved Short-Term Outcome 5 and demonstrates progress toward the third objective. However, this may not be specific to retail incubator expansion.

Short-Term Outcome 6: Improved perceptions of community space and streetscape among residents near the pilot market



Indicator: Local residents' perceptions concerning the impact of Market 707 in the area, how often they visit Market 707, and their likelihood to return

An analysis of the 209 customer surveys revealed the various impacts that local residents (n=71) believed Market 707 had on the community. Many residents proposed that Market 707 helped to improve the neighbourhood's atmosphere (73.2%). Residents also believed that Market 707 created an enjoyable meeting place (63.4%), as well as enhanced the areas security and safety (33.8%). One quarter of local respondents felt that the market had additional impacts, which included:

- Providing a space for connecting with other community members;
- Fostering a sense of community;
- Creating a vibrant streetscape;
- Developing opportunities for entrepreneurs; and
- Increasing the number of interesting food choices.

Community animation was also supported by the propensity of visits to Market 707 weekly (42.3%) or monthly (21.1%) by local residents. Some residents (28.2%) were also first time visitors to Market 707, 90% of whom indicated that they would return to the market.

Results

A majority of the surveyed customers that resided in the area expressed positive perceptions of Market 707's impact on community space and streetscape, specifically in terms of creating an enjoyable meeting space and improving the neighbourhood atmosphere. These findings suggest that Market 707 as a whole has made good progress to meeting the third key objective with regard to animating the community.

The *Business in a Box* project has achieved Short-Term Outcome 6, and demonstrated strong progress toward achieving the third key objective.

2. EVALUATION OF THE *BUSINESS IN A BOX* MODEL

This section evaluates the Business in Box model against the three Critical Success Factors: selection, business support, and mediation.

Selection

What strategies and processes did the *Business in a Box* project use for vendor selection?

The selection strategies and processes utilized by the *Business in a Box* project were measured using SCCC interviews, vendor exit surveys, the SCCC Market 707 website, and the vendor application form. The SCCC Market 707 website states that priority is given to applicant vendors who:

- Are providing a product or service that does not already exist in Market 707
- Are providing a unique or handmade product or service
- Do not already have a permanent location for their business and could not otherwise afford retail space in Toronto

The website also stipulates that before any new vendor moves into a market space, they are expected to have considered:

- A business plan and financial forecasts
- A marketing/promotion strategy for launching new business
- Potential competitors and how to mitigate risks

Although SCCC stated the above priorities and expectations, at the time of this report SCCC practiced a different vendor selection strategy. To select vendors, SCCC determined whether the applicant vendors' product or service would fit well into Market 707 and add to the products and services already available. SCCC also considered whether the applicant vendors' personality and goals fit with the community atmosphere of the market. The incubator managers also aimed to have a mix of vendors with and without business experience, to facilitate learning and support among the incubatees. Since launching Market 707, managers stated that they have not conducted any outreach for vendors.

Rather, SCCC allowed vendors to approach them. The majority of vendors felt that SCCC performed well on vendor selection and intake, and considered vendor selection and intake to be an important role of SCCC as an incubator. Some vendors indicated that they would be willing to return as a pop-up vendor when the retail market was more of a “destination.”

Results

In August 2013, only one pop-up vendor rented retail space from SCCC, and as mentioned earlier, not many of the 11 total pop-up retail vendors were low-income. The lack of interest from potential vendors, and specifically potential low-income vendors, may be partly due to the lack of awareness of the retail stalls at Market 707, as it is early in their implementation phase, as well as a need for improved outreach to potential vendors.

Although SCCC did not implement a defined selection strategy, the academic literature suggests that the selection process can be relaxed during the early stages of developing a business incubator (Dee et al., 2011). Eventually, as the business incubator becomes established and demand for vending space grows, the incubator must adhere to a more refined and strategic selection process.

Business Support

What business supports were offered/provided by the *Business in a Box* project?

The business supports offered/provided by the *Business in a Box* project were measured through interviews with two SCCC personnel, as well as vendor exit surveys. The majority of vendors felt that vendor selection and intake (n=7), marketing Market 707 (n=7), planning events (n=7), and responding to vendor needs (n=5) were important elements of SCCC’s role as an incubator. While vendors felt that these were important elements that should have been provided to them by SCCC, the majority of vendors proposed that SCCC should improve their business supports (n=5), provide skill-building opportunities for vendors (n=5), and facilitate team building among vendors (n=5). One incubatee did indicate that Scadding Court was receptive to suggestions to improve the model.

The need for improved SCCC vendor business support may be due to the basic level of understanding of social business incubation held by SCCC incubator managers prior to joining and working on the Market 707 and *Business in a Box* projects. This situation poses a problem for the *Business in a Box* project, as Highly Qualified Personnel (HQP) is an important success factor to mediation (Cukier & Middleton, 2012). While it is not necessary for incubator staff to be “specialized” per se, vendors do require support and advice grounded in a solid understanding of business and entrepreneurship, especially as it relates to economic and social change. This may be accomplished by implementing a formalized process for connecting vendors to external HQPs, including business development programs and mentors.

SCCC themselves identified areas for improvement. There is currently no formalized process in place for meeting with the pop-up retail vendors, nor are there follow-up interviews with vendors once they complete their incubation. SCCC managers stipulated that they may implement vendor exit surveys in the future, but that there was no plan to provide business services post-incubation. SCCC also recently developed a vendor toolkit with Working Habitat to provide vendors with business supports and advice.

Results

While SCCC does demonstrate receptivity to improving the *Business in a Box* business model, SCCC needs to improve the supports that they offer to their incubatees. These vendor supports could come in the form of business supports, skill-building opportunities, and team building exercises. SCCC should also implement feedback mechanisms during their incubation period, as well as post incubation, to inform current and future plans.

Mediation

What were the mediation practices of the *Business in a Box* project?

To evaluate the *Business in a Box* mediation practices (i.e., acting as a “bridge” between incubatees and their environment), we analyzed SCCC interviews, Market 707 marketing materials, public events, and vendor exit surveys. Since its inception, SCCC’s

marketing strategy has been primarily events-based. For Market 707 events, SCCC posted through external websites (such as BlogTO), media advisories, the SCCC monthly newsletter SNAPSHOT, the SCCC website, the Market 707 Facebook page (300+ likes), and the Market 707 Twitter account (600+ followers). When asked to rate SCCC's performance in terms of marketing the Market 707 pop ups, the majority of vendors rated SCCC poorly (n=7). Vendors therefore felt that SCCC should improve their marketing strategy. SCCC acknowledged this concern, and perceived marketing to be good for events but not effective for the pop-ups specifically. Overall, SCCC indicated that mediation is an area they would like to develop. In August, SCCC held a marketing expert focus group to brainstorm ideas for improving outreach and social media.

Since mediation also includes connecting vendors with both potential customers and the community as a whole, holding public events is an important element of retail mediation. During the three month evaluation period, SCCC held four public events at Market 707: three "Flavours of City" events (which offer special vendors, activities, and performances), and one press launch for the pop-up retail containers in conjunction with the launch of SCCC's annual 'Gone Fishin' week. SCCC monthly activity reports indicated that attendance at events varied between high, moderate, and low turnout. Reports also indicated that the retail stalls did not receive as much foot traffic from events, highlighting the importance of improving the retail stalls' location. The location of the retail stalls is an important aspect of retail incubation mediation, as made evident through vendor exit survey responses. While not asked specifically about location, vendors commented on location through a number of

observations: "low street traffic is problem," "I felt like I was in a blind spot and most people passing by didn't notice I was there," and "this area is not a destination." SCCC also acknowledged the issue of the retail vendors' location, and the need to better integrate the retail stalls with the food vendors along the street side.

With regard to mediating connections between the various vendors, retail vendors had mixed perceptions of SCCC's performance. When asked to rate SCCC's performance with regards to team building among vendors, vendor responses were split between poorly (n=1), somewhat good (n=2), good (n=3), and no response (n=2). Some vendors felt SCCC could do more in this regard, while others were content with a monthly Market 707 vendor meeting.

Results

Findings indicate that both SCCC and vendors do not feel that current marketing processes effectively promote the retail component of the market. Mixed perceptions of SCCC's teambuilding performance may not account for vendors' agency and the resulting success in terms of fostering connections with other vendors themselves. For instance, one vendor who rated SCCC's teambuilding poorly still highlighted networking with other vendors as the most positive aspect of their time as a Market 707 vendor. Building a connection with community members is a component of mediation that poses a challenge for the retailers at Market 707. Events seem to have a positive effect on foot traffic at Market 707 overall. However, vendor responses suggest that the location of the retail stalls, facing away from the street and at the end of the market, is a barrier to engaging with community members and potential customers.



The Diversity Institute conducted an evaluation of Scadding Court Community Centre's (SCCC) model of social business incubation, *Business in a Box*, over its initial months of implementation from June to September 2013. The aim of the *Business in a Box* project was to develop a scalable public-private partnership model for poverty alleviation, and to support entrepreneurs by providing affordable retail space in the form of refurbished shipping containers. The model added five pop-up retail vending spaces to SCCC's original shipping container market, Market 707, which consisted of 11 primarily food-vendors with longer-term leases.

The purpose of this evaluation was twofold. Our first aim was to assess the *Business in a Box* project's progress toward its three key objectives, in order to determine its effectiveness as a social business incubator in fostering economic and social change. To meet this aim, we utilized the *Business in a Box* logic model to inform our evaluation plan. The short-term outcomes of the logic model were empirically measured using carefully selected indicators to evaluate whether the project achieved what it set out to. Specifically, the short-term indicators were assessed in relation to the three key objectives, to determine whether SCCC was making strong progress to meet them.

Our second aim was to assess the *Business in a Box* social business incubation model, to assess its viability for scalability and replicability. The Diversity Institute identified three Critical Success Factors (CSFs) that served as useful performance indicators of business incubator success: selection, business support, and mediation. Our evaluation of the *Business in a Box* project against the three CSFs is useful not only to SCCC and existing funders, but also to a multitude of relevant stakeholders across sectors. As a project that encompasses economic development, community development, poverty alleviation, food security, and social innovation,

among other strategies and initiatives of importance, the *Business in a Box* model leverages interest among a variety of governmental, community, and private sector actors and institutions. The findings of this evaluation therefore ultimately feed back into the first key objective of the project.

EVALUATION OF SCCC'S PROGRESS TOWARD THE *BUSINESS IN A BOX* PROJECT'S THREE KEY OBJECTIVES

1. Leverage public and private interests to create a sustainable social entrepreneurship model and funding strategy for shipping container markets, and evaluate opportunities to scale up and replicate the project

Findings demonstrated that the *Business in a Box* project has made strong progress toward achieving the first key objective. During the period under investigation, SCCC staff engaged in the project gained a better understanding of how to design and implement a social business incubation model. Without a precedent study to draw on, many of these learnings were experiential. SCCC also expressed interest in incorporating these learnings into their practices as managers of Market 707, and as consultants for similar initiatives applying the *Business in a Box* model. They have also leveraged partnerships, such as with the Diversity Institute, in order to build a sustainable social entrepreneurship model. Next steps include reviewing the *Business in a Box* model in light of SCCC's learnings, the proposed financial strategy, and other recommendations contained within this report. Future markets adopting the *Business in a Box* model should partner with SCCC and employ an initial management and marketing kickstart strategy that includes consultation and financial start up support. In the long term, however, ownership of markets should rest within the community.

Recommendation 1: Continue to monitor and evaluate the *Business in a Box* model, and adapt plans for both scaling up and replicating the model in other communities.

Recommendation 2: Incorporate lessons on the design and implementation of the *Business in a Box* model, and share lessons with future community organizations implementing the model during the start-up phase.

The *Business in a Box* project has also enhanced the capacity of academic institutions to advance knowledge in the area of social innovation by collecting an array of survey, interview, focus group, and reporting data from retail incubatees/entrepreneurs, incubator managers, and other stakeholders. Research drawing on this data should be disseminated widely, to a variety of stakeholders, in order to optimize impact. The *Business in a Box* project has also generated expertise among researchers, students, and faculty in evaluating and assessing the need for, and feasibility of, social business incubation and other socially innovative initiatives. This expertise can be mobilized to benefit other projects in the realm of social innovation.

2. Increase opportunities for low-income entrepreneurs to access retail space and supports to launch and/or develop a business

Findings demonstrated that the *Business in a Box* project has made some progress towards achieving the second key objective. To date, the project has created five new retail vending spaces in the community, rented at leasing prices far below the average commercial retail rates of central-downtown Toronto. Interestingly, some vendors still found stalls in the pilot retail market unaffordable despite the low rentals costs. This suggests that other factors may have influenced vendor perceptions of affordability, such as unexpected related costs (e.g., having to rent a commercial kitchen) and low profit margins. The fact that the retail component of the market was just starting up and was not a “destination” for retail was likely another related factor. Financial reports indicated that only one retail vendor experienced a profit during their month at Market 707. SCCC should continue to keep rent to a minimum to take the financial pressure off low-income vendors.

Our evaluation study uncovered the need for increased business supports provided by the retail incubator. While many vendors were pleased with the business opportunities available to them through Market 707, vendor feedback indicated the desire for more comprehensive business supports. Examples of supports offered by retail incubators elsewhere have included: offering vendors access to retail business counselors, hosting guest speakers to provide business education, providing referrals to professional and business services, and developing mentorship programs with successful retail managers. To improve incubator supports, SCCC staff would benefit from engaging with external experts in entrepreneurship, business, and retail management through consultations and formal trainings, to develop in-house expertise. The vendor toolkit recently created by SCCC in partnership with Working Habitat demonstrates an effort to develop business supports for vendors.

Recommendation 3: Connect retail incubatees with external resources, such as retail business counselors, guest speakers, business and professional services, and mentors who are successful retail managers.

Recommendation 4: To develop Highly Qualified Personnel, the incubator should connect with external experts and run training sessions for staff on business supports.

3. Improve access to goods and services and community animation in underserved areas

Findings concluded that the *Business in a Box* project has made some progress towards reaching the third key objective. Customer survey responses from the entire Market 707 indicated that local residents were making regular use of the market, and were generally happy with its products, services, and prices. However, we cannot conclude that these findings are related to the implementation of the retail stalls specifically, as only a few residents made purchases at the retail pop-ups.

Findings also demonstrated a strong demand for increased food and drink options by local residents. Residents were also interested in having access to pre-packaged food-related products and a produce market. The retail suggestions of local residents predominantly focused on art and design, locally-

fabricated artisan crafts, and goods related to local amenities such as the skatepark and swimming pool. SCCC's retail vendor selection should therefore focus on these opportunities, especially considering the existing abundance of retail options within walking distance of the market (e.g., Kensington Market, Chinatown, and Queen street retailers). These existing options undoubtedly influenced consumer demand for retail in the area. Future markets should assess their own market opportunities based on their specific local context.

Progress toward the third key objective was particularly strong in terms of community animation. The majority of local residents surveyed expressed positive perceptions of Market 707's impact on local community space and streetscape. A recent Projexity crowdfunding campaign launched by SCCC raised funds to build a new public patio at Market 707, including a seating area situated by the retail stalls. This locally designed patio can further enhance community animation, by creating a visually appealing gathering space for the local community. Moving forward, more investment needs to be made to fit out containers in order to enhance the street appeal of Market 707 retailers.

Recommendation 5: Retail vendor selection should be determined based on community needs and market assessments. SCCC should therefore focus on drink and food-related options, art and design, locally fabricated crafts, and goods and services related to local amenities.

Recommendation 6: Increase investments in container fit out to enhance street appeal.

EVALUATION OF SCCC'S BUSINESS IN A BOX MODEL OF SOCIAL BUSINESS INCUBATION

Selection

Our evaluation of SCCC's strategies and processes for vendor selection found that no defined selection strategy was implemented in the first three months of the project. Selection processes can be more relaxed during the implementation phase, however as Market 707 becomes a destination and demand for retail vending space grows, the incubator must adhere to more refined selection processes. Criteria

for tenant selection should be clear and require a majority of businesses to come from the immediate community. The incubator should also have clear terms of business continuance regarding when incubatees move on, and when under-performing businesses are released.

Recommendation 7: Develop and adhere to a refined selection strategy, aligned with the *Business in a Box* project vision and goals.

Recommendation 8: Define clear terms of business continuance for the incubator and communicate to incubatees.

Evaluation findings also indicated that demand for retail stalls was lacking among potential vendors, and particularly low-income vendors. This is not uncommon during the implementation phase, but it does need to be addressed by the incubator. Yet at the time of our evaluation, SCCC did not conduct any outreach for vendors. Therefore, it is important for the incubator to conduct outreach to potential vendors, particularly low-income vendors, based on the project's key objectives.

Recommendation 9: As part of the project's vendor selection strategy, advertise the low-cost retail rental spaces and conduct outreach to potential low-income vendors.

During the three months under investigation, SCCC discovered that one month is too short a pop-up period, retail incubatee onboarding takes a few weeks, and that it is optimal to have vendors cycle in and out on the same schedule to streamline support provision. Moving forward, SCCC should consider adopting a longer pop-up period and a split turnover schedule, whereby a portion of vendors enter and exit the market on the same schedule. This turnover schedule encourages mentorship among vendors, as vendors entering the incubator benefit from the knowledge gained by vendors who are more established at the market.

Recommendation 10: SCCC should develop and implement a longer retail pop-up period and adopt a split turnover schedule.

Business Support

As indicated by the literature, business support may be the most important factor of business incubation (Bergek & Norrman, 2008). While SCCC does demonstrate receptivity to improving the *Business in a Box* model, the feedback from vendors highlighted the need for the incubator to improve business supports. These should be formalized processes in place to connect vendors to business supports that include skill-building opportunities, coaching, marketing, sales assistance, and help with developing a business plan. Supports can also include linking the incubator with mentoring partnership and education programs, which promote development and learning.

Recommendation 11: The *Business in a Box* model should include a formalize process to connect vendors to business supports, and ensure that incubator staff and management are familiarized with the process.

Business support services must also be continuously assessed and adapted to the tenant firms' evolving needs. Moreover, support services should not stop after tenants graduate from the incubator. For instance, the incubator may host monthly check-ins to help firms survive the critical three years after graduation, during the "high-risk" period – the stage when incubated firms are most likely to fail. At the time of our evaluation, SCCC did not conduct vendor exit interviews or follow-up meetings with vendors.

Recommendation 12: Monitor and evaluate business support practices, and adapt to tenant firms' needs.

Recommendation 13: Develop and implement post-incubation supports for graduated retail vendors, including vendor exit interviews and routine check-ins.

Mediation

Findings indicated that SCCC performed well in terms of marketing Market 707 as a whole and planning and hosting Market 707 events. Yet both SCCC and vendors did not feel that marketing processes

effectively promoted retail component of Market 707. Vendors expressed mixed perceptions on SCCC's teambuilding support for vendors, however, it is a process that vendors demonstrated agency to undertake themselves. One vendor who rated SCCC's teambuilding poorly still highlighted networking with other vendors as the most positive aspect of their time as a Market 707 vendor. SCCC should continue to encourage communication and support among vendors. This can include peer-to-peer mentorship processes that enhance camaraderie and encourage collaborative success among vendors.

Recommendation 14: Continue to effectively promote Market 707 as a whole and support vendors with event planning.

Recommendation 15: Develop a strategy to more effectively market the retail component of Market 707, provide skill-building opportunities, and encourage teambuilding among vendors.

Building a connection with community members and potential customers posed a challenge for the vendors at Market 707. Vendor responses suggested that the location of the retail stalls, facing away from the street and at the end of the market, was a barrier to engaging with community members and potential customers. Inconsistency in hours may also contribute to lost business. Therefore, SCCC needs to further mediate the connection between retail vendors and the community and potential customers effectively, by re-evaluating the layout of Market 707 and firmly establishing the months, days, and hours of operation.

Recommendation 16: Liaise with public and/or private partners to reorganize the Market 707 layout, including the integration of retail spaces with food-vending spaces.

Recommendation 17: Establish and adhere to firm hours/days/months of operation.

MOVING FORWARD

Our evaluation of the *Business in a Box* model against the three critical success factors exposed several areas of improvement that need to be addressed for the current model to become a sustainable model of social business incubation. The shortcomings include an undefined strategy for selecting vendors and insufficient supports to foster business planning, business development, and connections with the community. Critically, the location of the retail stalls away from foot traffic impedes retailers from engaging with potential customers and community members. In spite of a great retail concept, poor location can lead to a negative impact on profit, making it difficult for retailers to pay expenses, carry inventory costs and earn a living. Being situated in a high traffic location is highly important for retail incubation.

The Diversity Institute suggests that the goals of the *Business in a Box* model be redefined to include a greater community development focus. Specifically, we propose the following goals for the *Business in a Box* model:

1. Create a social, cultural, economic environment that is driven by the community and serves the needs of the community
2. Provide small business development opportunities for members of the community

Rather than focusing on rapid business or earnings growth, the revised goals focus on creating sustainable businesses rooted in the community. These goals engage local, low-income entrepreneurs to develop their business in affordable retail spaces, and concurrently provide goods and services targeting community needs. A community-focused social business incubator with primarily 'stable' firms has the additional benefit of being able to function well even in an area that is not typically a viable marketplace.

The Diversity Institute suggests that the revised *Business in a Box* model be three-pronged, comprising of three types of vendors:

1. Stable businesses (30-40% of units)
2. Incubator businesses (30-40% of units)
3. Pop-up businesses (remaining units)

Stable vendors would include longer term, consistent vendors, and should primarily consist of food and service vendors. These businesses tend to have a

regular customer base, which help to ground the market. Market 707's existing food vendors are prime examples of stable vendors.

While the *Business in a Box* model would focus on creating stable and sustainable local businesses, there should still be some commitment to incubation and renewal. Another portion of stalls would therefore be reserved for the second type of businesses in this model: incubator businesses. Incubator businesses remain at the market until their businesses "hatch," or graduate out of the incubator, which generally takes 6-12 months. However, an upper time limit should be established to rotate-out businesses that are not viable.

Finally, a few stalls should be designated to pop-up businesses, which brings novelty to the market and generates interest among consumers. Pop-ups stay in the incubator for shorter periods of time, but for no shorter than three months. These stalls would be particularly beneficial to community members with a seasonal business idea, or those with a limited inventory supply, such as artisanal craft or art retailers. Overall, the pop-ups and incubatees would benefit from the stable businesses, which act as mentors to new vendors and provide a solid customer base to draw on.

This proposed model relies upon re-imagining and repurposing community space to create a community hub around the container businesses. Hence, the success of the model depends upon the involvement of, and ownership by, local residents. To this end, a community advisory council should be established to provide ongoing input into the design, implementation, and operation of the market. In regards to size, the market must be large enough to draw in community members consistently. Therefore, the market should ideally consist of 24 or more containers. It should also be outfitted to exude a community and festive appeal. Critically, this model requires investment in the surrounding environment, including seating areas, trash and recycling receptacles, and integration with existing community spaces such as play areas.

Fundamental to a social business incubation model is the need for a financial strategy that supports the incubation period, yet ensures that the business environment is conducive to independent financial success. A financial strategy for the *Business in a Box* model as it moves forward has been provided by Ryerson University as a deliverable of the project (see Appendix L).

OVERALL CONCLUSIONS

This evaluation report can be used as a benchmark for Market 707 as it proceeds with implementation and expands, and as an example of monitoring and evaluation practices for future sites. It is important to note that future projects employing the *Business in a Box* model should adapt the logic model to their own context. Organizations can then assess themselves against the short, medium, and long-term outcomes at various points in the project, to determine whether they are on-track to meet their predetermined, overarching key objectives. Second, project leads should assess their implementation of the *Business in a Box* model against the three critical success factors of selection, business support, and mediation. This will help the organization to enhance their performance as a successful social business incubator.

Our evaluation has shown that the *Business in a Box* project is making progress to meet its three key objectives. The project has already met elements of the key objectives, such as developing a sustainable business model and financial strategy for shipping

container markets, providing opportunities for entrepreneurs to access low-cost retail space, and improving community animation and engagement. Based on this progress, our evaluation finds the *Business in a Box* project to be a promising model to effect positive changes in local communities, but one that requires a refined focus. This could entail a greater community focus, such as the model suggested by the Diversity Institute above. The *Business in a Box* model also performs well on a number of critical success factors (CSFs), but there is room for improvement—particularly in the area of business supports. If the model is revised to better address the CSFs, there is potential for it to be successfully scaled up and replicated in other communities.

The benefits of the model also may have far-reaching effects. It adds value and opportunity to initiatives and strategies of importance that are already underway in the areas of economic development, community and neighbourhood revitalization, food security, poverty alleviation, and social innovation. It is a model for effecting social and economic change on a large scale and from the roots up.



Recommendation 1: Continue to monitor and evaluate the *Business in a Box* model, and adapt plans for both scaling up and replicating the model in other communities.

Recommendation 5: Retail vendor selection should be determined based on community needs and market assessments. SCCC should therefore focus on drink and food-related options, art and design, locally fabricated crafts, and goods and services related to local amenities.

Recommendation 2: Incorporate lessons on the design and implementation of the *Business in a Box* model, and share lessons with future community organizations implementing the model during the start-up phase.

Recommendation 6: Increase investments in container fit out to enhance street appeal.

Recommendation 3: Connect retail incubatees with external resources, such as retail business counselors, guest speakers, business and professional services, and mentors who are successful retail managers.

Recommendation 7: Develop and adhere to a refined selection strategy, aligned with the *Business in a Box* project vision and goals.

Recommendation 4: To develop Highly Qualified Personnel, the incubator should connect with external experts and run training sessions for staff on business supports.

Recommendation 8: Define clear terms of business continuance for the incubator and communicate to incubatees.

Recommendation 9: As part of the project's vendor selection strategy, advertise the low-cost retail rental spaces and conduct outreach to potential low-income vendors.

Recommendation 14: Continue to effectively promote Market 707 as a whole and support vendors with event planning.

Recommendation 10: SCCC should develop and implement a longer retail pop-up period and adopt a split turnover schedule.

Recommendation 15: Develop a strategy to more effectively market the retail component of Market 707, provide skill-building opportunities, and encourage teambuilding among vendors.

Recommendation 11: The *Business in a Box* model should include a formalize process to connect vendors to business supports, and ensure that incubator staff and management are familiarized with the process.

Recommendation 16: Liaise with public and/or private partners to reorganize the Market 707 layout, including the integration of retail spaces with food-vending spaces.

Recommendation 12: Monitor and evaluate business support practices, and adapt to tenant firms' needs.

Recommendation 17: Establish and adhere to firm hours/days/months of operation.

Recommendation 13: Develop and implement post-incubation supports for graduated retail vendors, including vendor exit interviews and routine check-ins.



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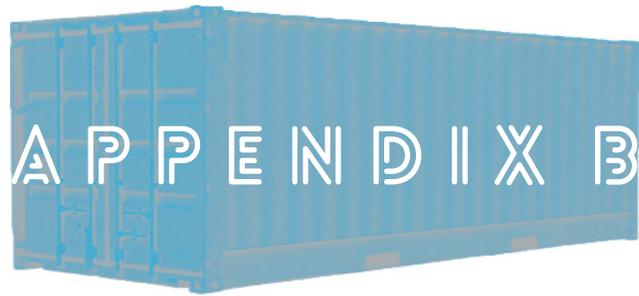
BUSINESS IN A BOX EVALUATION PLAN – PROGRESS TOWARD KEY OBJECTIVES

Timeline (all evaluation activities): June 1, 2013 to September 30, 2013

Key Objectives	Activities/ Milestones	Outputs	Short-Term Outcomes	Indicators	Data sources
1. Leverage public and private interests to create a sustainable social entrepreneurship model and funding strategy for shipping container markets and evaluate opportunities to scale up and replicate the project	SCCC, Ryerson, and Levitt Goodman collaborate to develop a sustainable social business incubation model	Development of <i>Business in a Box</i> social business incubation model	1. Improve understanding of how to implement a business incubation model for social and economic change	SCCC perceptions of knowledge gained since commencing <i>Business in a Box</i> project with regard to conceptualizing and implementing a social business incubation model	SCCC interviews
	Ryerson University faculty, students, and researchers design evaluation plan, conduct evaluation of model and outcomes, and conduct needs assessment	Research conducted to assess community needs and evaluate social innovation initiatives	2a. Academic institution gains data to research social innovation	Academic institution gains data through completion of <i>Business in a Box</i> project deliverables	<i>Business in a Box</i> evaluation plan
			2b. Researchers, faculty, and students develop practical skills and expertise in researching and evaluating social innovation	Ryerson University's faculty, students, and researchers perceptions of skills and knowledge gained through participating in <i>Business in a Box</i> research and evaluation	Feedback from Diversity Institute researchers

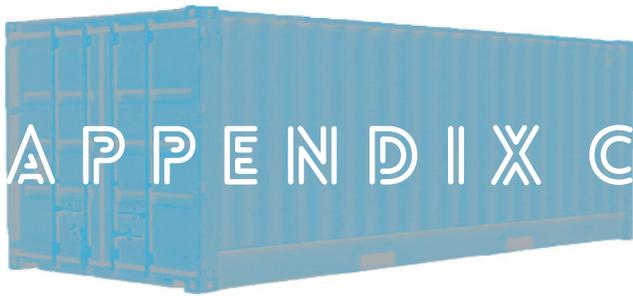
Timeline (all evaluation activities): June 1, 2013 to September 30, 2013 (continued)

Key Objectives	Activities/ Milestones	Outputs	Short-Term Outcomes	Indicators	Data sources
2. Increase opportunities for low-income entrepreneurs to access retail space and supports to launch and/or develop a business	SCCC and Levitt Goodman design, install and open a pilot retail market using shipping containers	Low-income vendors gain access to affordable vending space and supports to start and/or develop a business	3. Low-income vendors access affordable vending space and supports to start and/or develop a business	<p>Number and description of businesses in retail stalls</p> <p>Cost and affordability of monthly rental space</p> <p>Vendor sales performance and perceptions of business skills gained</p>	<p>Monthly SCCC activity and vendor reports</p> <p>Vendor exit surveys</p> <p>Vendor financial reports</p>
	SCCC selects and supports vendors at pilot market	Community organization provides vendor supports and manages market	4. Community organization develops skills to support and manage a social business incubator	<p>SCCC perceptions of skills and knowledge they have gained to support and manage a social business incubation</p> <p>Vendor perceptions of SCCC support and management</p>	<p>SCCC interviews</p> <p>Vendor exit surveys</p>
3. Improve access to goods and services and community animation in underserved areas	SCCC conducts community needs and feasibility assessment, and implements pilot market with affordable goods and services needed in the area.	Additional goods and services made available in the community	5. Improved awareness of and access to desired goods and services at affordable prices for residents near the pilot market	<p>Feedback from local residents on how they gained awareness of Market 707, frequency of visits to Market 707, and their likelihood to return</p> <p>Analysis of retail market supply and demand in area surrounding Market 707</p>	<p>Customer surveys</p> <p>Data compiled by Ryerson University's Centre for the Study of Commercial Activity for trade area of 0.5km</p>
		Community space re-developed for community use	6. Improved perceptions of community space and streetscape among residents near pilot market	Local residents' perceptions concerning the impact of Market 707 in the area, how often they visit Market 707, and their likelihood to return	<p>Customer surveys</p> <p><i>Business in a Box</i> monthly activity and vendor report</p>



DESCRIPTION OF EVALUATION PLAN DATA SOURCES

Data Source	Description	Appendix Location
Scadding Court Community Focus Group Questions	In July 2013 a community focus group was held at SCCC to gather community feedback on Market 707 and to gather community input on potential improvements to Market 707. Fifteen people were in attendance.	N/A
Expansion to the Market 707 Manual - Community Needs and Market Feasibility Assessment Framework	<ul style="list-style-type: none"> The Diversity Institute developed a community needs and market feasibility assessment framework to allow future organizations seeking to replicate. The Diversity Institute did not utilize the feasibility framework in this report, as it was outside the scope of our evaluation role. The Diversity Institute entered the project at a later stage (i.e. after Market 707 was already implemented) and thus a needs and feasibility assessment had already been conducted. 	Appendix C
Community Needs and Market Profile	A deliverable completed by Ryerson University faculty members and students in September 2013 that uses mixed methodologies to report on retail supply and demand in the area surrounding Market 707. A community profile was created using data from the 2006 Census, focusing on the population residing in the two Census tracts surrounding Market 707. In addition, retail market supply in the primary trading area (0.5 km radius) of Market 707 was assessed using data obtained from Ryerson University's Centre for the Study of Commercial Activity (CSCA). Retail market demand was assessed based on the needs identified by community members during customer surveys.	Appendix D
<i>Business in a Box</i> Monthly Activity and Vendor Report Form	A form was completed by SCCC on a monthly basis to track vendor rotation in the pilot market and activities related to the <i>Business in a Box</i> project for the specified month (e.g., monthly Flavours of the Summer events).	Appendix E
<i>Business in a Box</i> Monthly Financial Report Form	A form was completed by SCCC on a monthly basis to track SCCC's income and expenses related to the <i>Business in a Box</i> project.	Appendix F
Vendor Financial Report Form	A form was completed by vendors at the end of each month, between June 2013 and August 2013, to track income and expenses related to their business at the retail pilot market.	Appendix G
Vendor Exit Survey	Vendor exits surveys were distributed to vendors upon leaving the retail marketplace, between June 2013 and September 2013.	Appendix H
Vendor Follow-up Interview Questions	A vendor follow-up interview was conducted with graduate tenant Cookie Martinez, to investigate the various factors that contributed to her business' success.	Appendix I
Customer Survey	Customer surveys were distributed between June 2013 and September 2013.	Appendix J
SCCC Interview Questions	In September 2013 a semi-structured interview was conducted with two staff members at SCCC working as managers on the project. SCCC staff were asked for their perceptions of skills and knowledge gained since commencing the <i>Business in a Box</i> project, in regards to supporting and managing a social enterprise, and conceptualizing and implementing a social enterprise model for social and economic change.	Appendix K
Diversity Institute and Researcher Feedback	Participating researchers and staff at the Diversity Institute assessed the skills, knowledge, and experience gained through participating in the <i>Business in a Box</i> evaluation process.	N/A
Market 707 Marketing Materials	We assessed the various Market 707 marketing materials, for references to the <i>Business in a Box</i> retail site and to Ryerson University's Diversity Institute	N/A



EXPANSION TO THE MARKET 707 MANUAL - COMMUNITY NEEDS AND MARKET FEASIBILITY ASSESSMENT FRAMEWORK

Community Needs Assessment

Consulting the local community will help align the planned modular market with community needs and encourage community support and engagement with the project.

The project lead should evaluate communities in the proposed market location(s) to determine suitability and acceptability based on the following macro-level factors:

- Local demographics (population)
- Human capital (e.g. customers)
- Proximity to customers
- Presence of competitors and customers
- Goods and service gaps
- Business and social innovation climate (receptiveness to new business developments and social innovation)

In order to evaluate these factors, at least one of the following activities should be implemented during the first phase of the project:

Host a public meeting/workshop

The purpose of this meeting is to introduce the modular market concept to the community and give community members an opportunity to share their needs and concerns. This meeting is also the time to identify the study/trade area; to clarify goals, assign responsibilities, identify risks, and to discuss the structure of the project. Urban planners or community members with experience could be asked to facilitate the meeting.

Host a focus group

A focus group with participants from the community can also be conducted to further investigate themes arising from informal discussions with community members or at the public meeting.

Conduct a community survey

Conducting surveys in the local community will help gain an understanding of how local spaces are used, receptiveness in the community to social enterprise, the need for affordable retail spaces and good or services, among other factors that should be considered before implementing a cargotecture market.

Site Feasibility Assessment

After establishing the need and acceptability of a modular market for community members, potential sites should be identified for your cargotecture market, then evaluated and ranked based on feasibility and suitability. Conducting this assessment will help you determine where the containers can physically fit, where they will not interfere with building access and services or pedestrian access, and where they would be an acceptable and welcome addition to the public realm. Previous modular market projects have benefited greatly from consulting with an urban planner during this phase.

Establish site selection criteria

First, develop a set of criteria to identify potential sites for the market and against which to evaluate the limitations of each location. Criteria can be broken down into required and secondary criteria.

The following lists may need to be adapted to fit project-specific needs, but required criteria to be met for a site to qualify for further evaluation generally include:

- Size (Is there space for a 10', 20', 40', or larger container?)
- Land ownership (Yes/No; Does the project lead own the land?)
- Installation feasibility (High/Medium/Low; Are there no, minor, or major obstructions to installation?)
- Permissions (Yes/No)

Secondary criteria for evaluating potential sites of a modular market include:

- Visibility (High/Medium/Low)
- Area lighting (Yes/No; Is the site adequately lit after dark?)
- Foot traffic (High/Medium/Low)
- Architectural integration (Yes/No; Will the installation block or obscure significant architectural features/details?)
- Compatibility with character (Yes/No; Will the installation undermine the area's natural, architectural, or landscape character?)
- Proximity to customer base (High/Medium/Low)
- Accessibility (Yes/No; Is the site universally accessible?)
- Servicing (Yes/No; Is a clear electricity connection present?)
- Need for animation (High/Medium/Low; Is the space rarely, occasionally, or frequently used?)
- Programming voids (list)

After establishing the site selection criteria, the following activities will inform the site selection.

Site assessment

Candidate sites should be assessed based on the established site selection criteria, and following a discussion of the potential strengths and weaknesses of the sites, should be ranked accordingly based on project priorities.

Meet with the local Ward councillor

Local Ward councillors should be consulted during the site assessment process. Ward councillors can help identify the potential limitations of sites and provide advice on gaining permissions. The backing and advocacy of the local Ward councillor was critical during the implementation of Market 707 in one Toronto neighbourhood.

Developing a Site Plan

Site plan development is the design process whereby configurations of containers and uses are explored for the chosen site. The assistance of a team of urban planners and architects is extremely beneficial at this stage of the project.

Hold a workshop to develop a site plan

Create hand-drawn illustrations of basic site plans for the modular market and start to think of details such as how the containers should be oriented. This process may be completed by projecting an orthographic map on a blackboard then drawing on top of it.

Market Analysis

An analysis of the existing business offerings in the surrounding neighbourhood should be conducted before establishing a cargotecture market, in order to assess gaps in goods and service offerings in the local community. This information will help align the vendor selection process with the needs of the community.

Delineate the study area

The primary study area could be the 0.5 km radius surrounding the site selected for your cargotecture market (previous or ongoing consultations with community members will help determine these boundaries). The area's characteristics (location, size, physical description, and proximity to amenities, shopping centres, transportation access, etc.), should be discussed. Also become familiar with the demographics of the community and potential customers (age, gender, income, etc.).

Analyze demand

First, try to understand what people are currently consuming in the area. An attempt should be made to capture the new location's customer demographics by examining the demographics and patronage of similar businesses close to the new location. Specific needs of future customers can be identified through surveying methods. In addition, examine future plans for retail, commercial, and residential development in surrounding area, to determine possible demand and supply growth.

Analyze supply

Build an inventory of businesses located in the study area. The simplest method of building your inventory is to purchase the data from a national data supplier or research centre, such as Ryerson University's Centre for the Study of Commercial Activity.

You can also walk around the study area and build the inventory yourself or hire someone to do it for you, although this can be a time consuming process. Determine your competition and ways in which you may be able to position yourself as being different than them.

Container Considerations

Installing a modular market will vary in cost according to the scale of a particular project and the function that the containers serve. For example, containers that will host food vendors are much more costly to modify, since they require commercial grade cooking hoods and vents and plumbing.

Breakdown of Estimated Costs

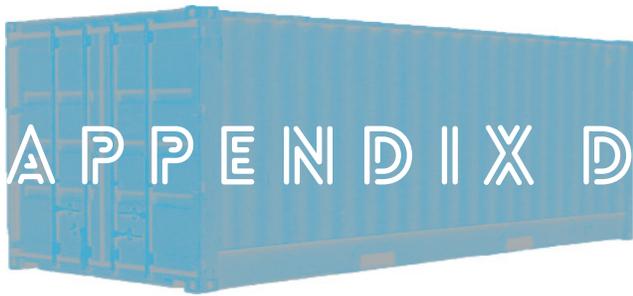
For illustrative purposes, the following is a breakdown of estimated costs that should be factored into your modular market project. These estimates are based on information provided by Scadding Court (for shipping container and administrative costs) and multiple quotes gathered from Greater Toronto Area retailers (for delivery costs).

- Shipping containers: 40' container cost: \$48,755.68; 20' container cost: \$17,013.65 (includes modifications, but need to add \$6200 if food service appliance fit-out is required)
- Delivery: \$150 - 300 per 20 ft. container; \$250 - 500 per 40 ft. container
- Installation: Cost will vary for electrical grid hook-up (at Scadding Court it cost \$14,000 to get power to the part of the building where the containers are located)
- Power usage: Will vary
- Maintenance costs: Will vary
- Administrative costs associated with establishing a shipping container market (excluding ongoing operational costs): 1 employee total of 14 hours @ \$32/hr (incl. benefits)= \$448 + Executive Director 4hrs x \$63 = \$252

Financing Options

There are a variety of financing options for establishing a modular market.

- Loan with pay-back plan: A loan may be used to make the initial investment and work out a payback plan on a yearly basis.
- Grant programs: While it is rare that grants cover funding for capital costs such as purchasing and modifying shipping containers, there may be grants available from foundations or other organizations to support community economic development or alternative business models. E.g., business development grants from government or foundations; training and development grants for mentoring.
- Social venture capital: A form of venture philanthropy or impact investing whereby funds are given to support socially-responsible businesses. SVX is a Canadian financial intermediary for social ventures with an online platform to connect you to investors. More information on social financing is also available at SocialFinance.ca
- Dedication of funds through municipal Planning Acts: City planning acts may have funds available to support capital facilities in their communities. For example, the City of Toronto has monies available through Section 37 of its Planning Act that was used to purchase shipping containers for Market 707.
- Donations: Explore crowd-funding and other sources of donations. Make sure you have a well-defined brand identity and reinforce your core mission to draw potential donors into your project. Downtown Toronto's Market 707 used crowdfunding exclusively to raise the money needed to build an outdoor patio for customers of their cargotecture market.
- Incubator start-up fund for rent off-set: Setting aside funds to cover leasing costs of start-ups broadens the beneficiaries of vending opportunities and may also help kickstart the market during the implementation phase.



COMMUNITY NEEDS AND MARKET PROFILE

Purpose

The purpose of this analysis is to determine the opportunity for retail businesses in the vicinity of Market 707.

Project Location Description

Recognizing the potential of low-cost micro-enterprise infrastructure to develop strong urban neighborhoods, in 2011, Scadding Court Community Centre (SCCC) established the social business incubator Market 707, an outdoor marketplace on the sidewalk adjacent to their main building around Dundas Street West near Bathurst Street. Market 707 predominantly hosts food vendors that sell an array of cultural cuisines, including Japanese street food, Filipino dishes, and gourmet mac'n cheese. Vending spaces rent for just over \$10/day, and entrepreneurs are housed in colourful retrofitted shipping containers. These vending spaces were chosen for their many beneficial characteristics; shipping containers are inexpensive, abundant, modular, stackable, easily transportable, durable, and recyclable. Notably, the market's innovative design was awarded the City of Toronto's 2013 Urban Design Special Jury award.

Market Area and Demographic Information

For the purpose of this study, the two Census Tracts (CT) that surround Scadding Court Community Centre (SCCC) were examined as the primary target market.¹ These tracts are bordered by College St. in the North, Queen St. in the South, Grace St. in the West, and Spadina Ave. in the East.

More than half of the community surrounding SCCC is over 35 years of age, with just fewer than 20% of the population falling between the age of 25 to 34. One quarter (24.7%) of the families living around SCCC are single parents, the majority (80%) of which are female lone parents. This number of single lone parents is higher than the Toronto average of single parent households at 16.9%. The census family median income is also less for SCCC residents (\$40,033) than for Toronto (\$69,321) and Ontario (\$69,156) residents in general.

Along with a higher concentration of single family households, and lower incomes, the SCCC area has a higher percentage of immigrant residents than Toronto generally (54.9% vs. 45.7%). The greatest percentage of SCCC community immigrants arrived in Canada before 1991 (52.2%). The SCCC community also has a higher visible minority representation (57.6%) than that of the Toronto Census Metropolitan Area (CMA) (42.9%). As well, a large portion of the SCCC community identify as Chinese (40.7%), which differs significantly from the 9.6% of the Toronto population that identify as Chinese.

Market 707 Customer Profile

The average customer frequenting market 707 is between the ages of 18 and 34 (67.1%), born in Canada (67.0%), female (49.8%), visible minority (54.7%), employed full-time (61.9%), has a Bachelor's degree or higher (73.7%), and lives outside of walking distance (61.4%).

Although many of the demographics remain the same between those that live within walking distance and those that visit from outside of the walking distance, there are a few significant differences. First, those that frequent Market 707 who live within walking distance are more likely to be younger (between 18 and 34) than those visiting from outside of walking distance (80.3% vs. 61.6%). Those within walking distance are also more likely to have lower (less than \$40,000) household incomes (51.6% vs. 34.1%).

¹ Demographic statistics provided in 'Demographic Profile' were derived from Statistics Canada (2006).

RETAIL MARKET SUPPLY

Retail Trade makes up the greatest percentage (47.3%) of businesses within 0.5 km of SCCC, followed by Food Services and Drinking Places (22.7%, see Table D1).

TABLE D1: PRIMARY TRADE AREA MARKET DISTRIBUTION

Industry Classification	Number	Percentage
Retail Trade	134	47.3%
Food Services and Drinking Places	79	27.9%
Other Services (except Public Administration)	30	10.6%
Health Care and Social Assistance	12	4.2%
Professional, Scientific and Technical Services	7	2.5%
Wholesale Trade	4	1.4%
Finance and Insurance	4	1.4%
Administrative and Support, Waste Management and Remediation Services	3	1.1%
Arts, Entertainment and Recreation	3	1.1%
Manufacturing	2	0.7%
Educational Services	2	0.7%
Mining, Quarrying, and Oil and Gas Extraction	1	0.4%
Information and Cultural Industries	1	0.4%
Public Administration	1	0.4%
Total	321	100%

The SCCC market currently houses 11 vendors, with the largest percentage (83.3%) of vendors selling food (see Table D2).

TABLE D2: CURRENT SCCC VENDORS

Business Name	Business Category	Percentage
I Deal Coffee + Monforte Dairy		
The Original One		
Kim's À La Cart		
NomNomNom Crepes		
Kanto by Tita Flips	Restaurants	83.3%
TNT Roti		
Gushi Japanese Street Food		
Kitchen Cargo		
Mac'n		
Vero Mediterranean Take-Out		
Spin Can	Bike Repair	8.3%
SELLTECK	Computer and Software Stores	8.3%
Total		100%

RETAIL MARKET DEMAND

In a survey conducted at Market 707 between the months of June and September 2013, 209 surveys were collected (see Table D3). Questions were asked of patrons to gauge their current reasons for visiting Market 707, their satisfaction with the current markets offerings, and to inquire about product offerings that they would like to see added to the market.

The primary reason that most patrons visit Market 707 is to eat (58.9%). Many patrons also visit Market 707 out of curiosity. While not a largely popular reason for visitation in those surveyed, some patrons frequent Market 707 to shop. This lower propensity to visit for shopping could be due in part to the lack of non-food retail vendors.

TABLE D3: REASON FOR VISITING MARKET 707

Current Reason for Visiting Market 707	Count	Percentage
Came to Eat	123	58.9%
Just Checking it Out	74	35.4%
Came for a Service	14	6.7%
Came to Shop	9	4.3%
A Market 707 Event	7	3.3%
Scadding Court Community Centre	5	2.4%
Other	28	13.4%
n	209	

While patrons were overwhelmingly (96%) happy with the service/products at Market 707, they did provide recommendations for goods and services that they would like to see at Market 707. (see Table D4) The two top recommendations were greater food (44.2%) and drink (39.8%) options. More than 10% of the patrons also listed fruits and vegetables (26.7%), art and design (20.4%), repairs (16.0%), jewellery (14.1%), clothing (13.1%), and health and beauty products (10.2%) as products/services they would like to see at the market.

TABLE D4: NEW GOODS AND SERVICES PATRONS WOULD LIKE TO SEE AT THE MARKET

Goods and/or Service	Count	Percentage
More Food Options	91	44.2%
More Drink Options	82	39.8%
Fruits and Vegetables	55	26.7%
Art and Design	42	20.4%
Other	40	19.4%
Repairs	33	16.0%
Jewellery	29	14.1%
Clothing	27	13.1%
Health and Beauty Products	21	10.2%
Footwear	16	7.8%
Employment and Training Services	11	5.3%
Games and Toys	10	4.9%
Health and Personal Care Services	9	4.4%
Accounting/Financial Services	5	2.4%
n	206	

PROPOSED DEVELOPMENTS

The community area around Scadding Court is also proposed to go through improvements in the coming years. There are efforts underway to improve the streetscape of Dundas Street West, and to revitalize Alexandra Park.

Dundas Street West Streetscape Development

The Dundas Street West Streetscape Development would result in improvements to infrastructure, as well as specific improvements to the areas surrounding Scadding Court Community Centre, the AGCO, and the at 52 division plaza (Planning Alliance, n.d.). Improvements to infrastructure will include improvements to such things as lights, bike rental stalls, utility poles, etc. The proposed development/improvement to the area around Scadding Court Community Centre include such changes as “a night market, a narrowing of the street, two new pocket parks, and public art, all integrated with the vibrant community work which emanates from the Centre.” The plans for the AGO include efforts to create an urban center where the art gallery and the adjacent Victorian town houses are tied together. The redeveloped plaza at 52 division would include increased planting, new pavement, and the facilitation of art and farmers markets.

Alexandra Park Revitalization Project

The Alexandra Park Revitalization Project aims to develop the “Alexandra Park community housing area generally located to the west of Spadina Avenue between Dundas Street West and Queen Street West” (Toronto Community Housing Corporation, 2011). The plan calls for the development of 333 new residential units, the demolition and rebuilding of the existing TCHC community centre, the addition of 1,540 new market apartments and 9 market townhouses, the addition of a new park, and the addition of approximately 1,160 m² retail space. The development also aims to improve pedestrian flow through the addition of “north-south linkages organized around the proposed public park and the primarily east-west opportunities provided through the introduction of the new public streets within the Alexandra Park area” (Toronto Community Housing Corporation, 2011).

BUSINESS IN A BOX SWOT ANALYSIS

Strengths

- Low cost and low risk business incubation for entrepreneurs
- Community engagement for businesses, funders and community organizations that builds sustainable economic development
- Renewal of under-utilized or neglected city space
- Environmental contribution through re-use of containers
- Stimulus for entrepreneurial innovation (barrier to entry through traditional routes)

Weaknesses

- High risk for funders and community organizations since business model has not been proven viable financially
- Source of community entrepreneurs not known
- Managing tenants may be challenging
- Management and mentoring expertise not fully developed
- Locations that fit both the community development criteria and high traffic business criteria may be difficult to find and sustain

Opportunities

- Support for entrepreneurial business development leading to economic growth for individuals and communities
- Community collaboration and enhancement
- Social engagement within communities
- New business innovation

Threats

- *Business in a Box* concept cannot be patented and so easily duplicated by others leading to over saturation or poor replicas that diminish brand
- Traditional retailers see viability of market and move into areas not previously targeted
- Sources of funding are not well established

CONCLUSION

The community surrounding Scadding Court is a predominantly older population (over 35), with a lower than average median income. More than half of the population identify as not being born in Canada (54.9%) and/or as a visible minority (57.6%). While the average Market 707 customer differs significantly from this demographic profile of the community, tending to be younger (67.1% between the ages of 18 and 34) and born in Canada (67.0%), those patrons from the community do reflect the income levels of the community (51.6% under \$40,000). Regardless of their income, patrons were happy (96.0%) with the service/products, and their respective price (94.2%), at Market 707. This may suggest that the market attracts a younger crowd, although being able to provide goods and services at a price point acceptable to varying income levels.

Although the surrounding trade area is saturated with restaurants (27.9%) and retail outlets (47.3%), customers of Market 707 are most likely to frequent the Market to eat 58.9%. Customers also indicated an interest in

a greater availability of food (44.2%) and drink (39.8%) options. Although Scadding Court does offer retail services, less than 20% of respondents visited Market 707 for a service (6.7%), or to shop (4.3%). Less than 30% of customers also indicated a desire for a greater availability of retail goods/services.

MARKET ANALYSIS OUTLINE CHECKLIST

The following is a general outline of key factors that should be considered when developing a market analysis for a *Business in a Box* installation. The market analysis should include enough detail to sufficiently inform decisions for future market development.

Purpose

- Outline the projects purpose

Summary

- Provide a summary of findings derived from Market Analysis

Project Location Description

- Discuss the physical characteristics of the new site (location; size; physical description; proximity to amenities, shopping centers, schools, etc.)
 - ◊ Discuss access to major transportation routes and public transit

Market Area and Demographic Information

- Discuss the demographic characteristics of the new site
 - ◊ Demographics of residents in neighbourhood (Age, Gender, Visible Minority Status, Place of Birth, Income)
 - ◊ Compare neighbourhood data to City data
 - ◊ If data for new location customer demographics can be captured, provide here

Retail Market Supply

- Describe current availability of goods and/or services proposed to be provided
- Describe trends on chosen goods and/or services
- Determine saturation of comparable business types and areas with room for expansion

Market Demand

- Discuss needs of future customers
- Examine future plans for construction
- Examine plans for future retail store expansion or addition
- Discuss demographic shifts or population changes that could affect demand

SWOT Analysis

- Discuss strengths, opportunities, weaknesses, and threats of proposed business

Conclusion

- Discuss findings of report and analysis
- Provide financial assessment and projections if available



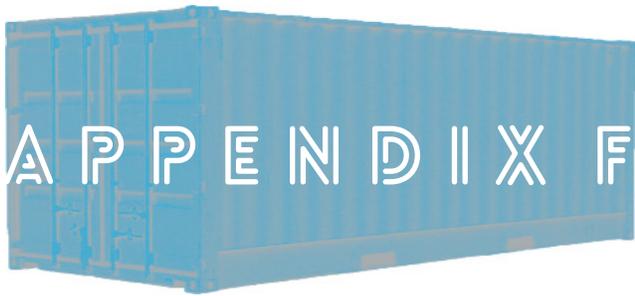
BUSINESS IN A BOX MONTHLY ACTIVITY AND VENDOR REPORT FORM

Monthly Activity Form

Activities (e.g. Flavours of the City event)	Date (MM/DD/YYYY)	Details	Comments (e.g. poor attendance due to rain)

List of *Business in a Box* Vendors

Business Name	Goods / Services Offered
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	



BUSINESS IN A BOX MONTHLY FINANCIAL REPORT FORM

SCADDING COURT - BUSINESS IN A BOX - MONTHLY FINANCIAL REPORT

****Please fill out the cells highlighted in blue.**

MONTHLY INCOME FROM POP-UPS

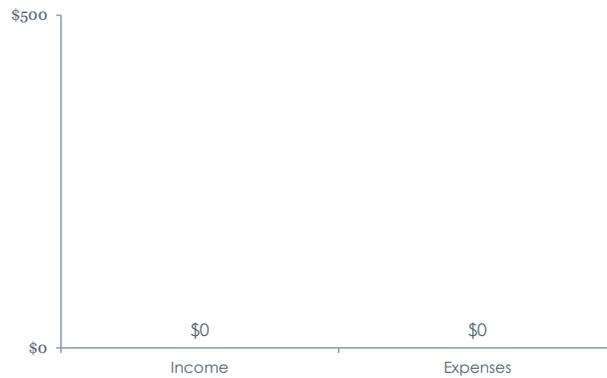
<i>Item</i>	<i>Amount</i>
Income from Stalls	
Other (Specify)	

MONTHLY EXPENSES - POP-UPS

<i>Item</i>	<i>Amount</i>
Capital Costs (One-time costs and Equipment)	
Staff wages	
Electricity	
Marketing materials	
Events	
Miscellaneous (e.g. re-painting)	

SUMMARY

<i>Total Monthly Income</i>	<i>Total Monthly Expenses</i>	<i>Balance</i>
\$0	\$0	\$0



MONTHLY INCOME FROM OTHER SOURCES

<i>Item</i>	<i>Amount</i>
Donations	
In-kind Contributions	

PAYBACK PERIOD

	Interest =			
<i>Principal Investment</i>				
Month		2	3	4
Net Cash Flow				
Present Value (PV)				



VENDOR FINANCIAL REPORT FORM

VENDOR MONTHLY FINANCIAL REPORT

Vendor: _____

Month: _____

MONTHLY INCOME FROM BIB BUSINESS

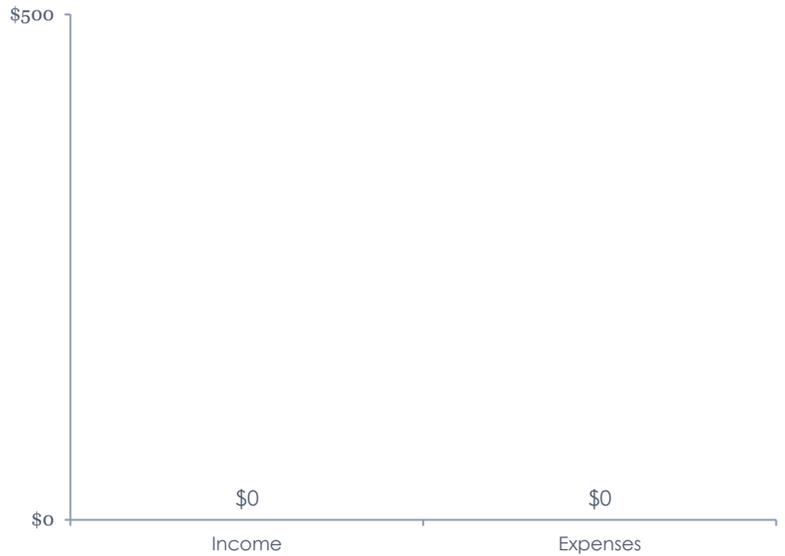
<i>Item</i>	<i>Amount</i>
Income	

SUMMARY

<i>Total Monthly Income</i>	<i>Total Monthly Expenses</i>	<i>Balance</i>
\$0	\$0	\$0

MONTHLY EXPENSES

<i>Item</i>	<i>Amount</i>
Capital Costs (One-time costs and Equipment)	
Rent	
Electricity	
Marketing materials	
Staff wages	
Product	
Miscellaneous	





VENDOR EXIT SURVEY

Thanks for joining us at Market 707! We are always trying to make Market 707 better, so please take a few moments to tell us about your experience so we can continue to improve.

Vendor business name: _____

1. During what month(s) were you a vendor at Market 707?
2. How long have you been self-employed? Is this your first business?
3. What were you doing professionally before starting your own business?
4. What influenced your decision to start a business?
5. What initially attracted you to Market 707?
6. What marketing strategies have you used to promote your Market 707 business?
7. During your time at Market 707, did your business generate profit? Loss? Break even? (Circle one)
Profit Loss Break even
8. A) Did your experience at Market 707 help you develop the skills and knowledge needed to run a business?
Yes No
B) If yes, what skills and knowledge did you develop and how?
9. What is the next step for your business? (Choose one)
 I plan to keep my business running
 I plan to expand my business
 I plan to close my business
 I am unsure of the next step for my business
 Other (provide details): _____
10. How likely would you be to recommend Market 707 to someone looking to start a small business? (Circle one)
Never Maybe Definitely
11. What kinds of products or services do you think would do well as a pop-up business at Market 707? Why?
12. What do you find to be the most positive aspects of having a business at Market 707?
13. How could the vendor experience be improved at Market 707?
14. What advice would you give to potential/existing vendors?
15. Rate your overall experience at Market 707: (Circle one)
Negative Somewhat negative Neutral Somewhat positive Positive

In the following section, please provide feedback on the strengths and weaknesses of Scadding Court Community Centre as managers of Market 707.

16. Which of the following do you see as being most important to Scadding Court Community Centre’s role as managers of Market 707? (Circle one)

	Not important	Somewhat Important	Important	Very Important	I don’t know
Vendor selection & intake					
Guiding vendors through business license/setup process					
Marketing Market 707					
Marketing for individual vendors					
Providing skill-building opportunities for vendors					
Planning events					
Team building among vendors					
Responding to vendor needs					
Other (please specify):					

17. How well did Scadding Court perform their following responsibilities?

	Poorly	Somewhat Poorly	Good	Very Good	I don’t know
Vendor selection & intake					
Guiding vendors through business license/setup process					
Marketing Market 707					
Marketing for individual vendors					
Providing skill-building opportunities for vendors					
Planning events					
Team building among vendors					
Responding to vendor needs					
Other (please specify):					

18. a) Did you ask for any support from Scadding Court during your time at Market 707? Yes __ No __
 b) If yes, please provide more information on the support requested and quality of support received (if any):

19. Overall, how satisfied were you with Scadding Court’s management of Market 707? (Circle one)
 Disappointed Somewhat disappointed Neutral Somewhat satisfied Satisfied

20. What could Scadding Court have done better to support you and/or Market 707?

21. Additional comments:

Please tell us about yourself:

a) Do you live within walking distance of Market 707? Downtown Toronto?
In the GTA? Out of town?

b) Age range:
 18-24 25-34 35-44 45-64 65+

c) Gender:
 Male Other
 Female I prefer not to answer

d) Ethnicity:
 Black Latin American
 Chinese Southeast Asian
 Filipino West/Central Asian
 East Asian White Caucasian
 South Asian Other: _____

e) Immigration Status (Check all that apply):
 I was born in Canada
 I was born outside of Canada
 My parents were born outside of Canada
 I prefer not to answer

f) Your highest level of education:
 Less than high school
 High school degree or equivalent
 Certificate or diploma below bachelor's level
 Bachelor's degree
 Certificate or diploma above bachelor's degree
 Master's degree
 Doctorate

g) Employment Status:
 Employed full-time Retired
 Employed part-time Student
 Unemployed Self-employed

h) Household Income:
 Less than \$20,000 \$80,000-\$99,999
 \$20,000-\$39,999 Over \$100,000
 \$40,000-\$59,999 I prefer not to answer
 \$60,000-\$79,999

Thank you!



VENDOR FOLLOW-UP INTERVIEW QUESTIONS

Selection:

Can you tell me about your background coming into Market 707?

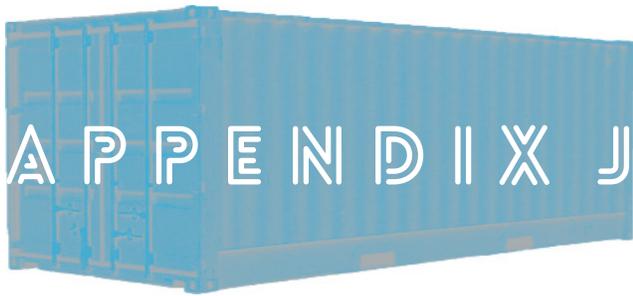
1. Were any of your relatives or close friends involved in entrepreneurial activities?
 - a. If so, briefly describe these activities.
2. Can you tell me about your education experience (courses taken, subjects liked, extracurricular activities, particularly as these relate in some way to entrepreneurship).
 - a. Which of these experiences proved valuable and which proved irrelevant to your present endeavor?
3. What previous types of work experiences did you have?
 - a. How was this experience helpful to you in relation to your present enterprise?
4. Had you any sales or marketing experience prior to starting your own enterprise?
 - a. How important was this experience, or lack thereof, in starting your own enterprise?
6. How did you obtain the necessary funds to start up your enterprise?
7. What type of planning did you do prior to starting up?
8. Did you prepare a business plan prior to start-up?
 - a. (If answer is yes:) Was the plan helpful in the preparation for your start-up?
 - b. What lessons did you learn from the preparation of an entrepreneurial plan?

Business Supports:

9. Can you tell me about the business supports you received in the incubator in terms of:
 - a. Access to finance?
 - b. Legal and/or financial advice?
 - c. Business planning and development advice?
 - d. Training or coaching?
 - e. Marketing or sales assistance?
 - f. Other forms of support?
10. What impact did these supports have on running your business since you left the incubator?
11. Has there been any follow-up with you after leaving the incubator?

Mediation:

12. Can you tell me about the networks and connections you've made being in an incubator with:
 - a. Other incubatees
 - b. Local universities
 - c. Community members
 - d. Industry contacts
 - e. Professional service providers
 - f. Other external networks and institutions
13. How have these networks and connections impacted your business since you left the incubator?



CUSTOMER SURVEY

Thanks for joining us at Market 707! We are always trying to make Market 707 a better place to visit, so please take a few moments to tell us about your experience. We appreciate your support.

Date and Time of visit to Market 707 (e.g. evening of June 16, 2013):

1. Which shop did you visit?

2. How happy were you with your purchase or service at Market 707? (Circle one)

Very happy Happy Somewhat happy Unhappy Very unhappy

3. Do you usually shop for this product or service at Market 707? Yes No

i) If yes, where did you go for this product or service before Market 707 opened?

ii) If no, where do you usually shop for this product or service?

4. How did you find out about Market 707? (Check all that apply)

- Just passing by today
- Word of mouth
- Work/go school in the area
- Live nearby
- Came to use Scadding Court Community Centre
- In the news
- Advertisement – please specify:
- Online – please specify (e.g. blogspot):
- Social media – please specify (e.g. Twitter):
- Other (please specify):

5. What brought you to Market 707? (Check all that apply)

- Just checking it out
- Came to eat at Market 707
- Came to shop at Market 707
- Came for a service (please specify):
- A Market 707 event
- Scadding Court Community Centre
- Other (please specify):

6. How often (on average) do you visit Market 707?

- 1st time
- Daily
- Weekly
- Monthly
- Less often than above

7. How did you get to Market 707?

- TTC
- Walking
- Bike
- Own car

8. Please rate how happy you are with the following items: (Circle one for each item)

- | | | | | | |
|----------------------------------|------------|-------|---------|---------|--------------|
| a) Quality of goods and services | Very Happy | Happy | Neither | Unhappy | Very Unhappy |
| b) Prices | Very Happy | Happy | Neither | Unhappy | Very Unhappy |
| c) Customer service of vendors | Very Happy | Happy | Neither | Unhappy | Very Unhappy |
| d) Location | Very Happy | Happy | Neither | Unhappy | Very Unhappy |
| e) Variety of goods and services | Very Happy | Happy | Neither | Unhappy | Very Unhappy |
| f) Uniqueness of offerings | Very Happy | Happy | Neither | Unhappy | Very Unhappy |
| g) Other (please specify): | Very Happy | Happy | Neither | Unhappy | Very Unhappy |

9. What impact does Market 707 have in the area? (Check all that apply)

- Creates an enjoyable meeting place
- Increases amount of garbage in the neighbourhood
- Enhances security and safety
- Improves neighbourhood atmosphere
- No impact
- Other (please specify):

10. How likely are you to return to Market 707? (Circle one)

- Very likely Likely Unsure Not likely

11. Please indicate here what new goods and services you would like to see made available at Market 707:

(Check all that apply)

- | | |
|---|--|
| <input type="checkbox"/> Clothes | <input type="checkbox"/> Health and Personal Care services |
| <input type="checkbox"/> Footwear | <input type="checkbox"/> Repairs |
| <input type="checkbox"/> Jewellery | <input type="checkbox"/> Accounting and Financial services |
| <input type="checkbox"/> Art and Design | <input type="checkbox"/> Employment and Training |
| <input type="checkbox"/> Health/Beauty Products | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> More Food options | |
| <input type="checkbox"/> More Drink options | |
| <input type="checkbox"/> Fruits and Vegetables | |
| <input type="checkbox"/> Games/toys | |

12. Do you have any other comments or feedback for us?

13. Please tell us about yourself:

a) Do you live within walking distance of Market 707? In Toronto? Out of town?

b) Age range:

- 18-24 25-34 35-44 45-64 65+

c) Gender:

- Male Other
 Female I prefer not to answer

d) Ethnicity:

- | | | |
|---|---|---------------------------------|
| <input type="checkbox"/> Black | <input type="checkbox"/> Southeast Asian | |
| <input type="checkbox"/> Chinese | <input type="checkbox"/> West/Central Asian | |
| <input type="checkbox"/> Latin American | <input type="checkbox"/> White Caucasian | |
| <input type="checkbox"/> East Asian | <input type="checkbox"/> South Asian | <input type="checkbox"/> Other: |

e) Immigration Status (Check all that apply):

- I was born in Canada
- I was born outside of Canada
- My parents were born outside of Canada
- I prefer not to answer

f) Your highest level of education completed:

- Less than high school
- High school degree or equivalent
- Certificate or diploma below bachelor's level
- Bachelor's degree
- Certificate or diploma above bachelor's degree
- Master's degree
- Doctorate

g) Employment Status:

- Employed full-time
- Employed part-time
- Unemployed
- Retired
- Student
- Self-employed

h) Household Income:

- Less than \$20,000
- \$20,000-\$39,999
- \$40,000-\$59,999
- \$60,000-\$79,999
- \$80,000-\$99,999
- Over \$100,000
- I prefer not to answer

Thank you!



SCCC INTERVIEW QUESTIONS

1. What was your understanding of how to manage and support social entrepreneurship before pursuing this project?
2. What knowledge did you have with regards to implementing a social entrepreneurship model to bring about social and/or economic change before pursuing this project?
3. Since commencing this project, what have you learnt about supporting and managing social entrepreneurship?
4. Since commencing this project, what knowledge have you gained with regards to implementing a social entrepreneurship model to bring about social and/or economic change?
5. What skills and knowledge do you feel you still have to gain, or can improve upon concerning supporting and managing social entrepreneurship?
6. Concerning implementing a model of social entrepreneurship to bring about social and/or economic change?
7. What external factors and barriers impeded your ability to manage and support social entrepreneurship?
8. What external factors and barriers impeded your ability to implement social entrepreneurship to bring about social and/or economic change?
9. What indication did you have before pursuing this project that there was a need for:
 - a. Community engagement and animation
 - b. Poverty alleviation
 - c. Affordable and accessible retail
 - d. Entrepreneurship opportunities
10. What financial supports were offered to the pop-up tenants, for example access microloans?
11. How often do you check-in or follow-up with the pop-up tenants regarding their progress? Business plan development?
12. Are there opportunities through Market 707 for the pop-up tenants to connect with other entrepreneurs, mentors, get media attention, professional networks, financiers, or others?
13. What are the strengths or weaknesses of having the pop-up retailers beside the already existing food and drink vendors?
14. What are the strengths or weaknesses of the one-month pop-up retailer model?
15. How much did pop-up rental units cost?
16. Did they differ between vendors?
17. How did you determine what to charge?



BUSINESS IN A BOX – A SOCIAL BUSINESS INCUBATION MODEL

Fundamentals

In order for *Business in a Box* to establish a sustainable business model and funding strategy that is scalable and replicable it needs to adhere to the fundamental principles of consumer facing business – that there are sufficient numbers of consumers to support viable businesses. This is overwhelmingly important for incubation. In spite of a great retail concept, poor location can lead to a negative impact on profit, making it difficult for retailers to pay expenses, carry inventory costs and earn a living.

Also fundamental to a social business incubation model is the need for a financial strategy that supports the incubation period yet ensures that the business environment is conducive to earned success. The recommended financial strategy is based on the following *Business in a Box* Business Models:

Business Model One: Incubator Community

Business model one is a container market approximately the current size of Market 707. In order to keep a consistent customer traffic flow, the model includes a mix of food retail businesses and service businesses, which tend to have a regular customer base, as well as non-food retailers that will benefit from the regular customer base of the other businesses. A unique aspect of this model is that it is three-pronged, comprising ‘stable’ businesses that are long term, consistent vendors, primarily food and service-based; incubator businesses that remain at the market until they “hatch,” but with an upper time limit for those business that do not succeed; and pop-up businesses that are in the incubator for a shorter period of time, but no shorter than three months. These stalls would be particularly beneficial to community members with a seasonal business idea, or those with a limited inventory supply.

Overall, this model would better engage local entrepreneurs to develop stable and sustainable businesses that aim to meet community needs.

Table L1 provides further details on the ‘Incubator Community’ model:

TABLE L1: INCUBATOR COMMUNITY MODEL

Location	<ul style="list-style-type: none"> • Must be able to generate enough customer traffic on a consistent basis to support business incubation and growth • Must also meet the needs for building economic enterprise in communities that would benefit from this growth
Scale	<ul style="list-style-type: none"> • 12 to 15 containers • Mostly 20’ containers, with 1 or 2 40’ containers that can be divided into smaller multiple units
Business Types	<ul style="list-style-type: none"> • Up to 50% of units for food retail to generate repeat customers on a multi-visit per week basis • Up to 10% for service retail as a traffic builder • 50% for non-food retail
Three-Pronged Model	<ol style="list-style-type: none"> 1. ‘Stable’ businesses (30 to 40% of units) 2. Incubator businesses (30 to 40%) 3. ‘Pop-up’ businesses (the remainder of units) <p><i>Creates stability for repeat customers; incubation; and enough novelty in the pop-up to sustain regular traffic.</i></p>

Design	<ul style="list-style-type: none"> • Container fit out must have some flexibility and street appeal • Requires more investment than Market 707 to date
Hours of Operation	<ul style="list-style-type: none"> • Months, Days and Hours of operation must be firmly established and adhered to by all businesses
Tenant Selection Criteria	<ul style="list-style-type: none"> • Clear terms of business continuance – incubator businesses move on at certain threshold; under-performing businesses released • Majority of businesses come from the immediate community
Management	<ul style="list-style-type: none"> • There must be a business incubation manager, who can, themselves, act as a mentor, or connect vendors to support services. Marketing budgets will also need to be set based on the specific location and needs of the businesses • Central support services and marketing budgets will also need to be set based on the specific location and needs of the businesses • Incubator should be community owned in the long term. There should be a management/ marketing kickstart strategy which would include partnership with a central <i>Business in a Box</i> group that provides consultation and financial start up support

Business Model Two: Enhanced Incubator and Social Community

Business Model Two encompasses all of the details listed above in Business Model One, with the following additions (see Table L2):

TABLE L2: ENHANCED INCUBATOR AND SOCIAL COMMUNITY MODEL

Scale	<ul style="list-style-type: none"> • 24 or more containers, with a similar mix of business types and use of the three-pronged model
Enhanced Community-focus	<ul style="list-style-type: none"> • Community space added for events; children’s space <p><i>In addition to social business incubation, the goal here would be to create a community hub in select locations.</i></p>

Financial Strategy

Based on a 12 container community (see Table L3):

TABLE L3: FINANCIAL STRATEGY

Fit-out and Container Cost	\$20,000 per 20’ container and \$55,000 per 40’ container, totaling \$275,000	
Area Improvement Costs	Not estimated here but needs to be factored in	
Container Investment	Central <i>Business in a Box</i> group (Scadding Court): 50% <i>Business in a Box</i> community organization: 50%	
Amortization	Containers are amortized over five years	
Annual Rent from Tenants	\$55,000 (plus interest) or \$4,583 per container and payback is done equally to two funders	
Sources of Funds	<p>In addition, each tenant’s rent should contribute to the central services of management/mentoring, marketing and support services such as area up-keep</p> <ul style="list-style-type: none"> • Business development grants from government or foundations • Training and development grants for mentoring • Tax relief for community development • Incubator start-up fund for rent off-set • Rent from tenants 	

Financial Model

Based on a *Business in a Box* Tenant in a 20’ Container
(Target for Successful Incubator or Base for Stable Operation)

Annual Revenues	\$150,000	
Cost of Goods	75,000	50.0% of Revenues
Rent	10,000	6.7% of Revenues
Salary	30,000	20.0% of Revenues
Operating Expenses	10,000	6.7% of Revenues
Profit	25,000	

Notes

1. The starting point for the above financial model is based on the minimum a social business incubator should provide the operator in terms of a livable salary once it reaches steady state growth. Retail business models generally set salaries at 20% of sales; therefore a retail *Business in a Box* enterprise would need to generate \$150,000 per year to support a \$30,000 salary. This represents \$1,500 per square foot, which is at the low end of small square footage norms, but not out of line with unique street locations. This equates to generating \$12,500 per month.
2. Cost of goods will vary depending upon category. Non-food is generally in the 50% range.
3. Rent for most retail is typically budgeted at 15 to 20% of revenues. However that would be unrealistic given the start up nature of these businesses. Therefore rent was calculated on the basis of paying back the amortization cost of the box plus contribution to central costs. In the early months of a business it may be necessary to 'waive' rent and this is where a rent off-set fund might be necessary.
4. Operating expenses include: utilities, packaging, specific marketing, legal, accounting, among other expenses.



BUSINESS CASE FOR POTENTIAL FUNDERS

Business in a Box is a scalable public-private partnership model for poverty alleviation that supports small business development and entrepreneurship. It provides local, low-income entrepreneurs affordable vending spaces in the form of repurposed shipping containers, and improves community access to goods and service options tailored to their needs. Previous evaluations of the *Business in a Box* model have demonstrated its effectiveness as a model to effect positive social and economic changes in local communities.

The *Business in a Box* project has the potential to achieve the following goals:

1. Create a social, cultural, economic environment that is driven by the community and serves the needs of the community
2. Provide small business development opportunities for members of the community

In 2011, recognizing the potential of low-cost micro-enterprise infrastructure to develop strong urban neighbourhoods, Scadding Court Community Centre (SCCC) established the social business incubator Market 707, an outdoor marketplace on the sidewalk adjacent to their main building. Market 707 predominantly hosts food vendors that sell an array of cuisines, including Japanese street food, Filipino dishes, and gourmet mac'n cheese. Vending spaces rent for far below average market rates and entrepreneurs are housed in colourful retrofitted shipping containers. These vending spaces were chosen for their many beneficial characteristics: shipping containers are inexpensive, abundant, modular, stackable, easily transportable, durable, and recyclable. Recently, the market's innovative design was awarded the City of Toronto's 2013 Urban Design Special Jury award.

Market 707's various successes have generated interest from stakeholders across sectors, including other non-profits, public health, community housing, city planners, architects, and city councillors. All parties are rallied around the vision of replicating the Business in a Box model in order to advance social and economic change throughout local and regional communities. The model adds value and opportunity to initiatives and strategies that are already underway in the areas of economic development, community and neighbourhood revitalization, food security, poverty alleviation, and social innovation. It is a model for effecting social and economic change on a large scale and from the roots up.

Social entrepreneurship can produce small changes in the short term that reverberate through existing systems to catalyze large changes in the longer term (Ashoka Innovators, 2000)

STRATEGIC CONTEXT

POVERTY AND UNDERSERVICED COMMUNITIES

One in every five Torontonians is living in poverty. This is particularly true of Toronto's inner suburban communities surrounding the downtown core, which are predominantly comprised of high-rise apartments, where the city's poverty is concentrated.¹ Underutilized spaces in these communities raise issues of

¹ United Way Toronto, 2012

community safety and security. They are also underserved, and lack access to basic retail amenities, despite having the density to support dynamic retail enterprises.² The city's pockets of underutilized and underserved areas are in need of revitalization.

BUILDING HEALTHY NEIGHBOURHOODS

Healthy neighbourhoods are an essential part of the long-term prosperity of our metropolitan areas. They are well kept, regularly updated, and give local residents a sense of pride and safety in their community.³ Recent studies have therefore identified the need for initiatives that enhance the quality of neighbourhood life in certain areas of Toronto, and increased access to resources for local residents.⁴

ENTREPRENEURSHIP FOR COMMUNITY DEVELOPMENT

Investing in and establishing low-cost micro-enterprise infrastructure in our local communities acts as a catalyst for community development, by:

- Expanding access to capital and stimulating asset accumulation;
- Increasing local access to consumer goods and services;
- Expanding the local entrepreneurial base;
- Expanding local employment opportunities;
- Giving neighborhoods more control over ownership of local resources; and
- Connecting residents and businesses to the regional economy

SOCIAL INNOVATION THROUGH INCUBATION

One socially innovative model for poverty alleviation is social business incubation. Social business incubation utilizes entrepreneurship and innovation as mechanisms for social impact. They are dedicated to supporting early-stage emerging ventures through joint-location and business supports,⁵ producing publicly valuable services and products, and employing people with low employment capacities.⁶ Evaluations of social business incubators continually demonstrate their capacity to improve the economic and social realities of individuals, families, and communities.⁷

PRELIMINARY OPTIONS ANALYSIS

Option 1: *Business in a Box* Incubator Community

This option involves the establishment of a container market comprised of 12-15 repurposed shipping containers. In order to keep a consistent customer traffic flow, the model includes a mix of food retail businesses and service businesses, which draw a consistent customer base, as well as non-food retailers that will benefit from the regular customer base of the other businesses. A unique aspect of this model is that it is three-pronged, comprising three types of vendors:

1. **Stable businesses:** Long term, consistent vendors, primarily food and service-based.
2. **Incubator businesses:** Businesses that remain at the market until they “hatch,” but with an upper time limit for those business that do not succeed.
3. **Pop-up businesses:** Businesses in the incubator for a shorter period of time than incubator businesses, but no shorter than three months. These stalls would be particularly beneficial to community members with a seasonal business idea, or those with a limited inventory supply.

A community focused social business incubator with primarily ‘stable’ firms, the model has the additional benefit of being able to function well even in an area that is not typically a viable marketplace.

² United Way Toronto, 2012

³ Boehlke, 2011

⁴ United Way Toronto, 2012

⁵ Aernoudt, 2004; Aerts, Matthyssens, & Vandenbempt, 2007; Bergeck & Norrman, 2008

⁶ InfoDev, 2007; Aernoudt, 2004

⁷ InfoDev, 2007

Option 2: *Business in a Box* Enhanced Incubator and Social Community Model

This model encompasses all of the details listed above in Option 1, with the following additions:

- 24 or more containers, with a similar mix of business types and use of the three-pronged model
- Community space added for events, and a children’s space

This proposed model relies upon re-developing community space to create a community hub around the container businesses. Hence, the success of the model depends upon the involvement of local residents. To this end, it involves the establishment of a community advisory council to provide ongoing input into the design, implementation, and operation of the market. It should also be fitted out initially in such a way as to have a community and festive appeal. Critically, this model requires investment in the surrounding environment, including seating areas, trash and recycling receptacles, and should be integrated with existing community spaces, such as play areas.

FINANCIAL VIABILITY

Fundamental to social business incubation is a financial strategy that supports the incubation period and yet ensures that the business environment is conducive to earned success. The following is the recommended financial strategy:

Financial Strategy

Based on a 12 container community

Fit-out and Container Cost	\$20,000 per 20’ container and \$55,000 per 40’ container = \$275,000
Area Improvement Costs	Not estimated here but needs to be factored in
Container Investment	Central <i>Business in a Box</i> group (Scadding Court): 50% <i>Business in a Box</i> community organization: 50%
Amortization	Containers are amortized over five years
Annual Rent from Tenants	\$55,000 (plus interest) or \$4,583 per container, and payback is split equally between two funders In addition, each tenant’s rent should contribute to the central services of management/mentoring, marketing and support services such as area up-keep
Sources of Funds	<ul style="list-style-type: none"> • Business development grants from government or foundations • Training and development grants for mentoring • Tax relief for community development • Incubator start-up fund for rent off-set • Rent from tenants

Financial Model

Based on a *Business in a Box* Tenant in a 20’ Container

Target for successful incubator or base for stable operation:

Annual Revenues	\$150,000	
Cost of Goods	75,000	50.0% of Revenues
Rent	10,000	6.7% of Revenues
Salary	30,000	20.0% of Revenues
Operating Expenses	10,000	6.7% of Revenues
Profit	25,000	

Notes

1. The starting point for the above financial model is based on the minimum a social business incubator should provide the operator in terms of a livable salary once it reaches steady state growth. Retail business models generally set salaries at 20% of sales; therefore a retail *Business in a Box* enterprise would need to generate \$150,000 per year to support a \$30,000 salary. This represents \$1,500 per square foot,

which is at the low end of small square footage norms, but not out of line with what is achievable through unique street locations. This equates to generating \$12,500 per month.

2. Cost of goods will vary depending upon category. Non-food is generally in the 50% range.
3. Rent for most retail is typically budgeted at 15 to 20% of revenues. However that would be unrealistic given the start-up nature of these businesses. Therefore rent was calculated on the basis of paying back the amortization cost of the box plus contribution to central costs. In the early months of a business it may be necessary to 'waive' rent and this is where a rent off-set fund might be necessary.
4. Operating expenses include: utilities, packaging, specific marketing, legal, accounting, among other expenses.

MANAGEMENT AND CAPACITY

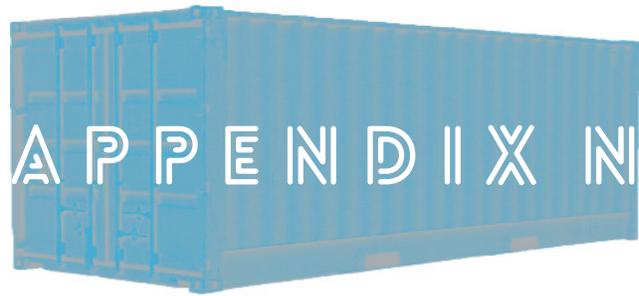
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CONCLUSION

The *Business in a Box* model for social business incubation is a socially innovative initiative that addresses poverty at its roots. Based in our local communities, it enhances economic opportunities and outcomes for those most in need. It also makes a proven contribution to community animation and development. The beautifully designed shipping container market provides affordable and sustainable spaces for local enterprises to grow. Simultaneously, the *Business in a Box* model transforms underutilized spaces in underserved areas into streetscapes of which communities can be proud.

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BUSINESS CASE FOR COMMUNITY ORGANIZATIONS

Business in a Box is a scalable public-private partnership model for poverty alleviation that supports small business development and entrepreneurship. It provides local, low-income entrepreneurs affordable vending spaces in the form of repurposed shipping containers, and improves community access to goods and service options tailored to their needs. Previous evaluations of the *Business in a Box* model have demonstrated its effectiveness as a model to effect positive social and economic changes in local communities.

The *Business in a Box* project has the potential to achieve the following goals:

1. Create a social, cultural, economic environment that is driven by the community and serves the needs of the community
2. Provide small business development opportunities for members of the community

In 2011, recognizing the potential of low-cost micro-enterprise infrastructure to develop strong urban neighbourhoods, Scadding Court Community Centre (SCCC) established the social business incubator Market 707, an outdoor marketplace on the sidewalk adjacent to their main building. Market 707 predominantly hosts food vendors that sell an array of cuisines, including Japanese street food, Filipino dishes, and gourmet mac'n cheese. Vending spaces rent for far below average market rates and entrepreneurs are housed in colourful retrofitted shipping containers. These vending spaces were chosen for their many beneficial characteristics: shipping containers are inexpensive, abundant, modular, stackable, easily transportable, durable, and recyclable. Recently, the market's innovative design was awarded the City of Toronto's 2013 Urban Design Special Jury award.

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ANALYSIS AND RECOMMENDATION: THE *BUSINESS IN A BOX* MODEL FOR SOCIAL AND ECONOMIC CHANGE

The *Business in a Box* model is a socially innovative approach to addressing poverty. This model engages local entrepreneurs to develop stable and sustainable businesses that aim to meet community needs. Two variations of this model will be discussed, based on expertise from Ryerson University's Ted Rogers School of Management and Diversity Institute faculty.

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FUNDING OPTIONS

- Business development grants from government or foundations
- Training and development grants for mentoring
- Loan from central *Business in a Box* group (Scadding Court) with a 5 year payback plan
- Tax relief for community development
- Dedication of funds through municipal Planning Acts (Section 37 of City of Toronto Planning Act)
- Rent from tenants
- Social venture capital

MANAGEMENT AND CAPACITY

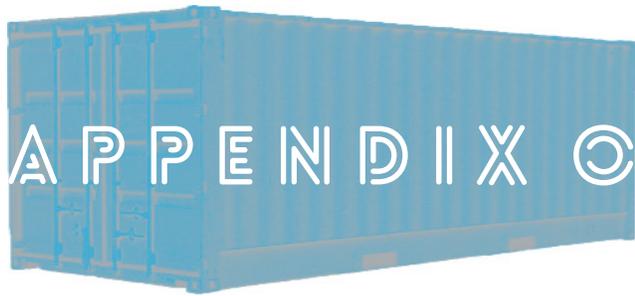
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CASE STUDY - COOKIE MARTINEZ

From her gluten-free guava cookies to vegan ice cream sandwiches, Cookie Martinez has made a name for herself as the Market 707 vendor selling local, organic treats with a Latin twist. Leaving her position as an Administrative Assistant in April 2012, Cookie Martinez has since been hard at work developing her business as a full-time entrepreneur. While her former profession afforded her stability, Cookie Martinez is now her own boss. She is pursuing her love of baking, using skills she learned in her native Columbia and through a continuing education program in Toronto.

Cookie Martinez became a Market 707 pop-up vendor in June 2013, drawn to the option of accessing an affordable storefront location for her baked goods and ice cream sandwiches. She enjoyed the open-air concept, and the ability to interact with customers while selling her products. While a Market 707 vendor, she was able to improve her organizational skills through the production process, networked with professionals in her industry, and learned how to keep an inventory of her product, which she now applies to all aspects of her business.

Cookie attributes her success to being surrounded by entrepreneurial friends and family, who provide mentorship, advice, encouragement, and even co-investment to establish a co-operative kitchen. She also attributes her success to her hard-working personality, and her unique marketing strategies, including bright, funky container decorations, and a real grass patch with table and chairs.

Cookie has since expanded, and now offers a three course lunch delivery for local businesses. She has also broadened her inventory to include new products such as “cricket cookies”. Thanks to professional contacts during her month at Market 707, Cookie Martinez participates in festivals throughout the city. This includes Harbourfront’s recent 2013 Empanada Throwdown, where she took the first place prize for “Best Sauce”, and the David Suzuki Foundation’s Homegrown Park Crawl. Her baked goodies can be found throughout Toronto, including at The Depanneur, The Candy Bar, and the West End Food Coop.

More information about Cookie’s products can be found at www.cookiemartinez.com.





In June 2013, Scadding Court Community Centre (SCCC) implemented the Business in a Box social business incubation pilot project. The project aims to build on the Centre's existing business incubator, Market 707, in downtown Toronto. Business in a Box is a unique one-month retail 'pop-up' model, adding five vending spaces for new retail businesses to the original Market 707, which already hosts 11 spaces for primarily food-vending businesses with longer lease terms. In partnership with Ryerson University's Diversity Institute and Levitt-Goodman Architects, the Business in a Box project aims to develop a scalable public-private partnership model for poverty alleviation, and to support entrepreneurs by providing affordable retail space in the form of refurbished shipping containers.



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