

A Convenience for Everyone – People with Disabilities Open a 7-11 Store in Hong Kong SAR

The Challenge

In the mid-1990s, members of the Rehabilitation Alliance Hong Kong (RAHK) dreamed of creating a tangible example of a business operated by people with disabilities. Most RAHK members are people with disabilities and they know well the difficulties of integrating into society. They also know that those difficulties are surmountable.

The RAHK envisioned its business venture as a viable demonstration that would prove to private enterprise owners and rehabilitation professionals alike that people with disabilities are capable of succeeding in business. They also wanted to inspire other people with disabilities by demonstrating that participation in society is achievable. And they wanted to make money.

The first question facing the RAHK centred on what type of business could support people with disabilities. At the time, Hong Kong was experiencing a rapid decline in manufacturing workplaces, rising unemployment and an influx of service industries, particularly the food and hospitality industry. The RAHK's dream seemed far from realization.

Meeting the Challenge

After market analysis and careful deliberation, a core RAHK planning group saw convenience and opportunity in numbers: 7-11. Working with the Hong Kong 7-11 Convenience Store Company in 1995, the group bought franchise rights for two stores and hired 22 employees, 17 of whom had some type of disability. Ever since, the business and the workers have flourished, and the RAHK is now expanding.

The Good Practice: A self-help group that creates mainstream businesses to offer employment to people with a range of disabilities and empowers them to live more independently.



• Background •

The Rehabilitation Alliance, Hong Kong is a self-help group of about 1,800 members, 75 per cent of whom are people with chronic illness and physical, visual, hearing, intellectual and psychiatric disabilities; the others are family members and supporters. The alliance was organized about a decade ago to promote full participation and equal opportunities for people with disabilities. Disabled people comprise the majority of the RAHK Executive Board members.

The RAHK also facilitates the exchange of ideas, knowledge and experiences among rehabilitation experts through seminars, forums and conferences. As an advocacy group, the RAHK fights for the rights and needs of people with disabilities and seeks changes in rehabilitation and related policies. It supports self-help and advocacy groups and collaborates with other organizations to promote rights and opportunities for people with disabilities. It conducts public education on the equal rights of disabled people and provides hotline services, training courses and recreation programmes.

• How the 7-11 Venture Started •

The idea. “We do think that disabled people can fit many jobs but just lack opportunities from the society,” says Joseph Kwok, vice chair of the Rehabilitation International Regional Committee for Asia and the Pacific and RAHK Executive Committee Member. “We chose a retail business because it has many tasks that fit people with different types of disabilities.”

In pursuing its dream of a model enterprise, the RAHK formed a core group to consider business possibilities. The group included businesspeople who had connections to a hospital and university. Once the group decided that a retail venture made the best sense, RAHK officials used their connections to enter into agreements with hospital and university administrators to lease retail space on their respective premises.

The 7-11 convenience business is based on an established “formula” system for stocking, pricing, accounting and the general operation of its stores. Given that most RAHK officials knew little about business, especially retail operations, the formula strategy made 7-11 a prime candidate. At that time, the 7-11 company in Hong Kong was looking to expand into hospital and university sites. It was an ideal match. When approached by the RAHK core group, the 7-11 company immediately responded in the affirmative. As negotiations began, the 7-11 company conducted a feasibility study.

Partnering with 7-11. Through long and sometimes intense negotiations with the local 7-11 officials, the RAHK was able to obtain a franchise fee at a nominal price, thereby substantially lowering the requirement for large sums of start-up capital. Only 7-11 and the RAHK are involved in the business. RAHK officials trained for two months with 7-11 to understand how the complete business works.

Finding locations. With an agreement to rent retail space already executed between the RAHK and the university and a regional hospital, the 7-11 officials coordinated the final transaction. Both landlords agreed to reduce the rent for the term of a three-year contract. At the end of that period, the contract would be available for bidding in the open market. The RAHK and 7-11 succeeded in renewing the contracts on the two premises by agreeing to pay market-value rent.

Start-up capital. For the franchise fee, renovations, inventory and all other start-up costs, the RAHK raised HK\$0.5 million (US\$71,429) – as a type of loan – from private individuals who have supported the alliance’s work in the past. The donors asked that the money be repaid to the RAHK to finance other activities.

Hiring staff. While the 7-11 formula includes specific requirements for hiring and training staff, the RAHK insisted on making adjustments to fit its needs. The RAHK recruits employees through NGO career centres, the Government’s Labour Department and newspaper advertisements and hires people with all types of disabilities. Given that the first 7-11 convenience store was set up with the stated objective of primarily hiring people with disabilities, the RAHK provided intensive training for the disabled staff.

Employees work eight hours per day and receive the same salary as that set by 7-11 for all its store workers. Annual leave varies according to position. Employees receive bonuses when profits exceed a certain level, and their benefits follow the Employment Ordinance and other relevant regulations, such as the Mandatory Provident Fund Scheme.

The number of staff at the two locations exceeds that typically employed in 7-11s, with tasks broken down among the extra staff. In addition, a job coach of sorts – an RAHK staff person experienced in working with disabled people – supervises the workers, provides counselling when needed and responds to customer complaints.

In addition to the hired staff, people from the RAHK vocational training programme work at the stores to provide on-the-job training.

Accounting. The 7-11 Convenience Store Company takes responsibility for all accounting work in its stores. The RAHK franchises follow the same procedure.

Security. The hospital location is open 24 hours daily while the university site opens at 7 a.m. and closes at 11 p.m. Security is a major concern for night shift workers. A closed-circuit television now monitors the 24-hour store. In case of emergency, staff call the police.

A Convenient Way Out of a Demoralizing Factory Job

Ho, 47, has worked on the full-time staff of the RAHK 7-11 for eight years. His boss describes his performance as a cashier as "excellent". Ho, (not his real name) finds his current work more rewarding than his years of work in different Hong Kong factories. "It was unbearable," he says of his previous employment. "The other workers looked down on me. They told me I would never be much of anything in life except a factory worker." He found the 7-11 position through open recruitment. "I enjoy life more now," he says. "Not only does my present job give me respect, security and job satisfaction, but it also lets me live independently." Going to work is fun, he adds. "I really enjoy it very much, even if it is hard work. Customers joke with him but take him seriously. "I feel respected by people," says Ho. In addition, the pay is better than in his previous employment." He has taken on a team leader role and assists in training new staff members.

Accomplishments

The RAHK believes that it has succeeded in convincing other people with disabilities that integration and making money is an achievable combination. The 7-11 Convenience Store Company has recognized the two "best performance" stores among the many hundreds of its franchises in Hong Kong. Within the first three years of operation, profits were sufficient to repay the initial HK\$0.5 million "loaned" by private supporters. At the request of the donors, however, the money was allocated to other RAHK activities.

The total number of staff with disabilities, ranging from chronic mental illness to intellectual and physical impairments, has always been higher than the number of nondisabled staff. Seventeen members of the current staff are people with disabilities and five (30 per cent) are nondisabled people. Nine of the disabled workers are employed full time and eight part-time. Some employees have worked at the convenience store since 1995.

Salaries range from HK\$5,000 to \$11,000 (US\$640 to \$1,410) per month for full-time staff and HK\$21.5 to \$32.5 per hour (US\$2.75 to \$4.17) for part-time staff.

Lessons Learned

Following the success of its retail ventures in early 2000, the RAHK opened a small stationery shop. RAHK had no business partner and officials quickly decided that they did not know enough to run a business on their own. They struggled to create accounting, inventory and purchasing systems. Thus far, the shop is not performing well. The RAHK realized that disability-focused organizations pursuing business ventures need people who understand business. Other lessons the RAHK learned in following its dream include the following:

A balance between making profits and creating job opportunities is essential. Partnering with business executives can pose difficulties. The 7-11 company has set policies on the number of staff per store, wages, profits and so forth. The RAHK entered many rounds of intense debate over these issues. While, for example, the 7-11 company wanted fewer staff, the RAHK maintained that extra employees were required because of the need to share tasks among people with disabilities. The RAHK insisted that providing disabled people with job opportunities is as important as earning a profit.

The support of influential people and organizations is critical. The RAHK's business undertaking would not have been possible without the support of the alliance's extensive network. Generous donor support and good locations were vital to setting up the two stores. Years of networking and good community relationships paid off for the RAHK.

University and hospital administrators can be socially responsive. Institutions such as universities and hospitals tend to support enterprises that aim to expand the opportunities of people marginalized by society. In fact, such institutions are often willing to offer below-market rents and are therefore good choices for setting up a business staffed by people with disabilities. Plus, the high level of traffic in those locations almost guarantees business success.

The division of labour among the staff is a challenge. Given that workers have different disabilities, their strengths vary. Therefore, jobs need to be assigned in accordance with a thorough assessment of employees' abilities, interests and skills. In addition, it makes sense to foster teamwork by employing people who have participated in the on-the-job training programme and, as a result, are familiar with the store and its tasks.

Looking Forward

The RAHK plans to open another convenience store with funding from the "seed money" programme of the Government's Marketing Consultancy Office for the Rehabilitation of Disabled Persons (see Partnerships section).

Replication

Starting up a business or even buying into a well-known franchise operation is not an impossible dream. Clearly, a good location and sufficient capital are important for getting started. Additional ideas for replicating the RAHK model include:

- Seek out hospitals, universities and other similar locations with steady retail traffic and where administrators are more likely to place a premium on social responsibility over profit. At the least, such institutions are likely to offer lower-priced terms, if only for an initial period.
- Negotiate for a reduced franchise fee and use social responsibility arguments as leverage. The franchise fee usually depends on the area where a business locates. For example, a higher franchising fee is expected in areas where the prospective market is expected to be strong.
- Spend several weeks training each employee in the tasks in which he or she has proven most competent.
- Understand the employment and labour laws and pay market wages and benefits.
- Anticipate shoplifting and other security issues by delivering appropriate training to employees and installing monitoring systems.
- Obtain the proper expertise in how to manage a business.

For More Information

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Contact the local representative of the 7-11 Convenience Store Company for information about possible partnerships.