

# Richmond Times-Dispatch

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## Biz Buzz: Private equity firm Boxwood adds Web retailers

By Louis Llovio | TIMES-DISPATCH COLUMNIST



Richmond-based private equity firm Boxwood Capital Partners quickly is building a roster of online retailers that sell everything from yoga mats to printer cartridges to coffee filters.

Joining its already eclectic mix of online retailers, Boxwood is expected this week to buy a health and fitness online retailer and is launching Tennis Pro Shop next month.

"We like to deal with consumable products that create a natural reordering pattern," said Patrick Galleher, managing director of the Shockoe Slip firm, referring to the kind of merchandise consumers return to again and again.

Boxwood is growing, acquiring and operating the sites through its subsidiary, Shockoe Commerce Group.

The latest additions to Boxwood's list of businesses closely follow last month's purchase of Yoga Direct, an online yoga supply company.

In all, Boxwood now operates Coffee Wholesale USA, Snack Warehouse and Office Saver.

Galleher said Boxwood wants to operate 20 online businesses by 2012.

The plan is to create two to three companies and to acquire two to three others each year, he said.

Boxwood started Office Saver and Snack Warehouse but bought Yoga Direct and Coffee Wholesale.

Boxwood's main goal as it looks to add to its growing portfolio is to discover businesses that aren't beholden to trends and offer products people buy often.

The products need to be "something you know. That you don't have to touch and feel," he said.

Tennis, yoga, office supplies and coffee are good examples of that because customers already know the brands they like and the merchandise needs replacing.

For example, Galleher says, gyms that teach yoga classes are always going to need new mats and businesses run out of paper.

The decision to go into e-commerce was a fairly simple one, Galleher said.

"I find myself shopping online more and more," he said.

Galleher said that while it is popular, online shopping still has significant growth potential.

"The vast majority of Americans haven't shopped online yet," he said.

That provides opportunities for Boxwood to carve out its space and be ready to capture those customers as they discover online shopping.

Boxwood wants to expand the existing businesses through direct sales to other companies.

The company is hiring several people to work as sales reps in the Richmond office.

Galleher thinks inside-sales people calling on businesses will help boost sales. The online businesses can compete with major companies because the structure keeps costs low.

"With no brick-and-mortar operations, we can offer very low prices," Galleher said.

### Paper store closing

If It's Paper in Richmond is closing.

The store on Westwood Avenue off West Broad Street will close at the end of the year or when it runs out of inventory.

The Richmond store is one of 12 remaining If It's Paper stores in the country. The chain's parent company, Ohio-based Xpedx, has decided to close all the stores by the end of this year.

About two years ago, it closed 10 other locations.

"This decision was made after careful evaluation of a number of factors, including financials, location and the long-term viability of the If It's Paper store model," said Lisa Jonas, a spokeswoman for Xpedx.

The store began a liquidation sale of all its merchandise last week.

Discounts began at 50 percent. Jonas said product discounts will be determined by local managers in each market.

If It's Paper sold invitations and party supplies.

Xpedx will continue to sell the products from If It's Paper at its website, XpedxStores.com.

### Sheehy's new store

After nearly three years of delays, construction has begun on the new Sheehy Ford in Hanover County.

Sheehy is building the store along U.S. 1 in the Northlake Center. The company bought the land in 2005 and had expected to start construction in 2007.

The new location will replace the dealer's current store, which is several miles north on U.S. 1 in Ashland.

Sheehy, which is targeting the Richmond market for expansion, purchased a Nissan dealership in Mechanicsville this year.

Sheehy Auto owns 17 new-vehicle dealerships and two used-car stores in Virginia and Maryland, including three in the Richmond area.

Hancock expansion

Hancock Village in Chesterfield County will add several retailers in the next year as it begins its second phase.

Construction is expected to begin in the spring.

Among the retailers coming are a 50,000-square-foot Dick's Sporting Goods and a 3,500-square-foot Crazy Greek restaurant.

A flier for prospective tenants shows a 7,500-square-foot Five Below, a 10,000-square-foot Ulta Beauty and a 25,044-square-foot Bed Bath & Beyond. However, those retailers have not signed leases, said Ellen Long, who oversees leasing at Hancock Village.

The center, which opened last summer at Hull Street and Winterpock roads, already has Wal-Mart, Johnny Rockets and McDonald's among its tenants.

J.C. Penney was expected to build a store there, but it is unclear if the retailer plans to do so.

Developers are in talks with other retailers to fill remaining space.

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