

# Start-Up Community

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## Best Practice Report

*CO-WORKING SPACES*

*AS NEW PLACES OF INFORMAL LEARNING, COLLABORATION AND ENTREPRENEUR SUPPORT*

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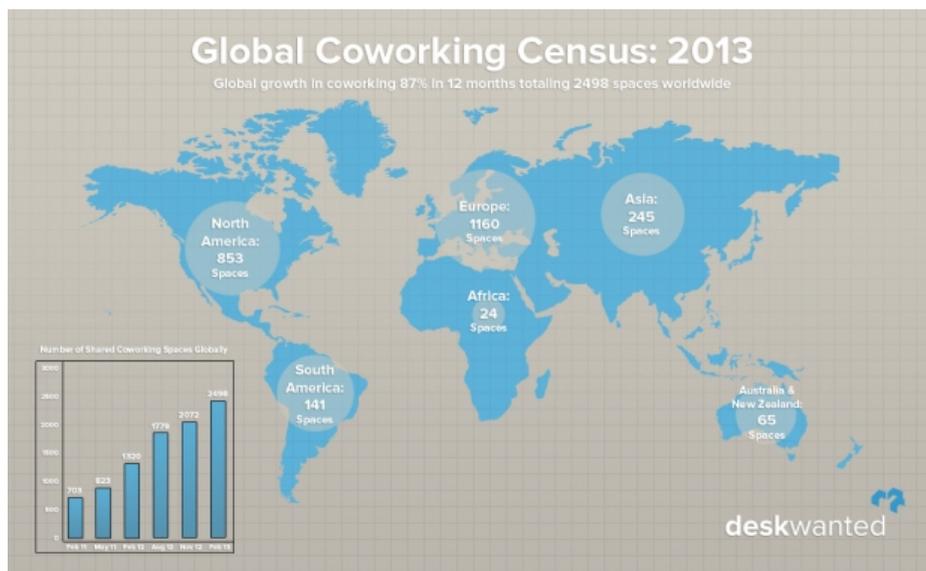
## What is coworking?

“Coworking is a style of work that involves a shared working environment, often an office, and independent activity. Unlike in a typical office environment, those coworking are usually not employed by the same organization. Typically it is attractive to work-at-home professionals, independent contractors, or people who travel frequently who end up working in relative isolation. Coworking is also the social gathering of a group of people who are still working independently, but who share values, and who are interested in the synergy that can happen from working with like-minded talented people in the same space. Coworking is not only about the physical space, but about establishing the coworking community first.”<sup>1</sup>

“The term "coworking" was coined by Bernie DeKoven in 1999 and used as a domain in 2000, and in 2005 Brad Neuberg used it to describe a physical space which he originally called a "9 to 5 group".

## Coworking in Europe

According to a study conducted by Deskwanted<sup>2</sup> in February 2013, Europe is the continent that has the most coworking spaces<sup>3</sup> with 1160 spaces across the continent.



The study shows that coworking spaces increased 82% within a year; concretely, there were 1320 coworking spaces globally in February 2012; and around 2500 in February 2013.

<sup>1</sup> Wikipedia, consulted the 31st of December 2013

<sup>2</sup> The survey is available on the following website:  
<http://www.zonacoworking.es/wpcontent/uploads/2013/02/Global-Coworking-Census-2013.pdf>

<sup>3</sup> <http://www.maddynews.com/accompagnement/2013/03/19/france-coworking/> consulted the 3rd of January 2014

The classification by country is rewarding, at the European level, both Germany (2<sup>nd</sup> of the worldwide classification with 230 spaces behind the USA) and Spain (3<sup>rd</sup> of the classification with 199 coworking spaces around the country). Then, we find UK at the 4<sup>th</sup> position with 154 spaces and France at the 6<sup>th</sup> with 121 spaces<sup>4</sup>.

On the other hand, some countries in Europe are just starting to develop their activities regarding coworking. There is little data available but some partners (e.g. Cyprus) have been unable to find many examples of coworking in their communities. Therefore there is significant variation across the EU in the availability of coworking spaces and their impact on the start-up environment.

## The Learning Value of Coworking Spaces

In a start-up community, strong value can be gained by the possibility of applying learning by doing procedures.

In the specific case of co-working, learning by doing becomes learning by sharing (spaces and) ideas, shadowing people with relevant experience (entrepreneurs and start-ups are in the same place), cooperating and joining efforts for common process and initiatives, attending events that can improve particular competences and skills and very important learning by comparing own ideas with others and receiving feedbacks on what we are developing.

When it comes to entrepreneurship education, it seems only natural that such a system cross-pollinates with students and educators in a community. Coworking communities can benefit from fresh ideas, youthful exuberance and desire to learn, while they are introduced to a healthy dose of real life entrepreneurial spirit and possibly some business mentors. There is often the opportunity for practical collaboration borne from working in proximity.

The best co-working experiences detected in the report are those combining the space with some specific support in terms of mentoring program and counseling. The value of mentoring is straightforward when it comes to the “life expectation” of a start-up: 2 out of 3 start-ups following mentoring paths had the strength to survive during the first 3 years after incorporation.

Some of the best “co-working learning experiences” made or applicable to any start-up community:

- a co-working space in Rome hosted a **Maker Day** where elementary school aged children worked with members to build Minty Boost portable USB chargers;
- Impact HUB Kings Cross in London is developing a month long high-school “camp” for next summer where 12 home schooled students will work 3 days a week at Flex Desks and meet up for 1-2 hours per day in the large conference room;

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<sup>4</sup> *Ibid.*

- Amsterdam university architecture program has used Impact HUB coworking as a weekend venue for presenting ongoing work to local “critics”. Members working on weekends were often pulled into the conversation to add a dose of reality;
- Several business schools from the Barcelona area are working with local co-working spaces to engage with entrepreneurs and community businesses as they prepare their curriculum. These schools help emerging leaders develop the skills, connections and hands-on entrepreneurial experience needed to dream big and activate change. Who better to help consult with educators about leadership than coworkers.
- Last but not least, in Europe there are several on-going partnerships between universities and co-working space that will allow students and professors access to Flex Desks and meeting space. The opportunity for students to talk, learn, share, intern and otherwise engage with “real” business leaders, free-lancers and entrepreneurs is a win-win situation that benefits everyone. Through coworking space, universities also get an exciting urban base that helps the university cross-pollinate with the community.

## Overview from the partners countries

### United Kingdom

As of 2012, the UK is among the most responsive European country to the idea of collaborative working, with a special focus on London. The city leads the co-working market not only for the large number of co-working spaces it offers but also for the variety of spaces that exist to fit the differing needs among start-ups, entrepreneurs and freelancers. In March 2012 Google along with several local partners opened a co-working space in the heart of East London. Campus London is located in Tech City and helps multiple start-ups to grow under the same roof, by mentoring them and giving them the chance to learn more through the events that run every day.

### France

France used to be late regarding coworking experiences compared to other European countries. But, in the last few years, it has changed; France hosted major events such as the European Conference on coworking in 2012. France has now more than 60 coworking spaces. Regional and local authorities, as well as development agencies such as *La Fonderie* in Paris area, support coworking with organizing calls and events about this topic. Currently, coworking has become a tool for public policies and economic development.

### Italy

Italy has 91 coworking spaces referenced on the Global Coworking Census 2013.<sup>5</sup> Italy presents a slightly more complex case for the compilers of coworking statistics. There are counted 39 coworking spaces there, though others might find there to be 69. This is because the Italians have a looser definition of what makes a real coworking space. Italy is home to the Coworking Project, an

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<sup>5</sup> <http://www.zonacoworking.es/wp-content/uploads/2013/02/Global-Coworking-Census-2013.pdf>

organization that also promotes flexible workspaces within traditional offices and temporary spaces. Pop-up workstations are available in many different locations that might not be considered coworking spaces elsewhere.<sup>6</sup>

## Germany

St. Oberholz opened in 2005 as one of the first cafes in Berlin to offer free internet access and allowed people to work on their laptop, without considering them to be annoyances. In 2009, Betahaus took the concept to a new level in terms of size and media attention. Since then, the market has boomed. New coworking spaces popped up in all parts of the country – from small villages to big cities.

## Spain

Spain is one of the champions in Europe regarding coworking. The 4<sup>th</sup> Coworking Europe conference was held in Barcelona in 2013. Due to the crisis, the unemployment rate increased consequently and therefore people were encouraged to start their own business. That is why a lot of coworking spaces were created and in a lot of original places. In fact, buildings and construction were hard-hit sectors. A lot of free spaces were therefore available which a great opportunity for coworking was.

## Cyprus

Cyprus is at an embryonic stage in the coworking area. The start-up theme is very new in Cyprus, only now, after the collapse of its economy, but it has been seen lately some initiatives at the governmental and corporate level.

## Sweden

Culturally, Sweden is close from coworking. Places in this country are not numerous since the survey<sup>7</sup> counted 15 places in February 2013. However, experiencing coworking in a country like Finland will permit to find some outstanding venues. For instance, some spaces have been created in historical venues such as the Church of Entrepreneurs.

## Bulgaria

With the rise of the entrepreneurship, co-working spaces popped around Sofia to be the shelter for entrepreneurs. Bulgaria has 4 coworking spaces referenced on the Global Coworking Census 2013.<sup>8</sup>

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<sup>6</sup> <http://www.deskmag.com/en/820-coworking-spaces-worldwide-statistics>

<sup>7</sup> *Ibid.*

<sup>8</sup> <http://www.zonacoworking.es/wp-content/uploads/2013/02/Global-Coworking-Census-2013.pdf>

## Finland

Finland is the country in Europe where the most people are working from home and yet, coworking is not that developed in this country since the international survey counted only 6 coworking spaces.

## Turkey

Turkey has 6 coworking spaces referenced on the Global Coworking Census 2013.<sup>9</sup> Coworking is a quite new idea in Turkey. That is why it is difficult to find sources about it. But there are coworking spaces offered on the Internet. It would be interesting to have a study on what is offered and what really exists.

## The Value of Co-Working for entrepreneurs and start-ups

### Benefits for an entrepreneur

Besides sharing a common space which is economically interesting for an entrepreneur, working in a co-working space permits them access to a network. Often the coworking space can provide a brand and credibility to a start-up or entrepreneur, too small to have their own office but wanting to progress beyond their garage.

In fact, we have noticed that co-working spaces growth in Europe has started in big cities where rents can be really expensive especially for a new entrepreneur. Starting to work in a shared space allows the entrepreneur to have access to facilities he/she could not have from home. Now that competition exists between spaces, we noticed a wide range of special offers with special access to facilities like a gym or parking space.

On the other hand, most of co-working spaces have decided to be specialized in a special field gathering then professional working in the same area. When starting a new business, this permits to meet a network of people with the same needs and ambitions but with different ideas.

### Benefits for a start-up business

Being in a coworking space has many benefits for a start-up, not only does it provide a positive and engaging work environment for a new team, but it gives them immediate access to a wider community which they can be part of.

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<sup>9</sup> <http://www.zonacoworking.es/wp-content/uploads/2013/02/Global-Coworking-Census-2013.pdf>

The tangible benefits derived from this include finding suppliers that you can talk to everyday, selling work themselves or picking up small contracts to keep the finances in order. Furthermore, conversations can lead to new ideas, collaboration, finding mentors and expanding our network.

It is a difficult balance for a small team and often a separate office is a better choice, however as coworking spaces grow they will be able to curate space specifically for small teams and this is likely to become increasingly popular in the future.

## Benefits for a start-up community

Coworking provides a simple and accessible first step for all entrepreneurs or people interested in different working styles and other opportunities this may present for them. Without this, entrepreneurs are condemned to dark back rooms, coffee shops and any public buildings with free Wi-Fi. Coworking presents a welcoming and comfortable option for many with low risk, low cost and a real sense of community that is essential during the early phases of business start-up when challenges are frequent and help is hard to find.

As we have seen, the most successful coworking spaces have a theme or a specific character. This again is useful as it defines the members and gives them direction and inspiration at a very low resource cost. The value of having specialized spaces is that a wider community can form of different spaces and collaboration can run through them, and access to customers becomes more focused and effective for the businesses based there.

## Steps to Co-Working Success:

### Step 1: Research

Before taking any practical action to start a co-working space, you need to understand if preliminary conditions (such as demand, critical mass of users, local economy and its specificity, space availability, other stakeholders potentially interested and other experiences of sharing economies) are met. Try to understand what are the key elements that could support/slow down your activity and prepare to interact with them – is there any financial support available? Last, but not least, try to understand if there is a real need for a co-working space.

### Step 2: Identity

When ready to develop your space, the first important decision to make is its identity. If your community is nascent for co-working often a general concept of shared space for freelancer can work – but an identity is still critical. If your community already has a co-working landscape you must decide how your space will define itself, what is its specificity and the target groups it will attract to

form its membership. Identity the key as it is the factor that will make a user (or client) choose your space over others.

Would you go for a sector specific space or would you select identity on a different level, such as a client focus to allow functional collaboration and partnerships to form? Alternatively you could just feel fun, etc.

What is your offer? A space to work for those just starting out? A space for those who want to be inspired by working near others? A space with a specific philosophy where you will curate members to be the right fit? All can work but rely on a strong and clear identity.

### Step 3: Sustainability

Opening and managing a co-working space is a business activity and therefore must have a feasible and sustainable long-term business model. There is often finance available for the start-up phase (variable across Europe) but you must plan to survive beyond handouts in the future – but how?

How will you generate revenue – membership fees are a good start but are unlikely to provide all you need? Consider other ways of increasing revenue through your space and build these into your plans e.g. a café, events, meeting room hire, venue hire, additional services such as bookkeeping or design, or indeed acting as a broker for the services of your members, etc.

Are you able to connect your space with projects that could generate revenue? Are you able to expand your services and products beyond your membership base? Can you build a network that adds value?

### Step 4: The People

It is the people that will use the space that should guide how you structure and organize the space, the facilities you will provide, the services offered and any other connected opportunities.

Finding the right people is essential. Do you have the right people involved? Do you have critical mass to make your space used and sustainable in the long term? Does each individual add value to the community?

Member duration is often necessary – you must attract and manage the people using your space. If individuals do not fit the space and its identity or do not add to the community atmosphere, you should consider asking them to leave as if it is not a good match it probably isn't working for them either.

Co-creation: can make your life easier as it involves your users from the outset and guarantees early members, allows you to shape the space and its identity based on them and creates a launch network.

## Step 5: The Space

The physical design of your space is incredibly important and will differentiate it from a simple room people can work in. It must be done after your research and planning so that it can be appropriate, attractive and functional for the members you plan to have. Remember that for them it is important to have a space they are proud to meet with clients and entertain guests.

Additional services depend greatly on the space available to you, its location and the wider community around it. If you can offer a service that will engage the general public as well it is worth exploring, but do not replicate something already easily available.

Engaging your likely users in the design process is a positive step, and remembering that it is fine to try new things even if they do not work.

## Step 6: Evolution

Sharing economy and co-working, as one of its tools, are relatively recent phenomena but, as all elements of innovation, they are also changing very fast.

As a final consideration, you should try to keep your strategy and business model updated regularly. This will allow you to identify and, if appropriate, follow new trends and be able to change and adapt to new needs, new users, and new economic conditions.

The best examples we encountered during our research are those of co-working spaces that evolved into a new model that responded to its members and the wider community, something able not just to survive or break-even but to activate profits for their managers and members.

## Co-Working Models – Succession Stages

The basic principle of Co-Working is providing a flexible working space shared between its members providing an office like environment without the commitment and management required. In practice, how this manifests itself varies wildly as is appropriate for each unique community. There is a succession journey from the simplest format to the more advanced, as detailed below. None is necessarily better than the other, but a community must identify which stage best fits their needs.

### Pioneer – a simple, functional space

Appropriate for entrepreneurs, small businesses, contractors, sole-traders and people exploring new options for them – this is the first step. In its most basic form the space will have desks, Wi-Fi and a toilet, as it advances it can have a kitchen, meeting rooms, a recreational area and start to offer events to its members.

For an undeveloped entrepreneurial community a pioneer space provides somewhere to go, a structure to work within and recognition that entrepreneurialism is possible and positive. To be financially sustainable a pioneer space must have a lean model and multiple revenue streams – some form of institutional funding is a good way to cover development costs.

### Happy Intermediate – Tight Community; Clear Identity

As a space develops it is strengthened by having a clear identity which represents its members and gives them credibility. This identity could be sector specific (e.g. tech), character specific (e.g. creative) or a carefully developed brand (e.g. people that care about their community). This identity binds the members together and increases the opportunity for value-add activities that the space can provide such as events, services, collaboration and support – as they can focus their impact more precisely.

The strength of the community that grows when members talk, socialize and work together is incredibly valuable, and for this reason careful duration of membership is important if economically possible. For a Start-Up Community having a number of these spaces builds a far stronger network and structure for entrepreneurs and the wider community (e.g. investors and customers) to engage with.

### Climax – cohesive, functional ‘super-organism’

As the membership develops and there is a popular and varied program of value-add activities, a space can begin to move towards the ‘super-organism’ model. This is where all separate individuals can come together to deliver work beyond their solo capacity – a disparate consultancy. For this to happen the duration of the membership is vital, as is the commitment of members and quality control. The mechanism for this involves a level of natural selection as the key indicator for this climax model is when the space bids for and wins work which it delivers through its members, therefore contributing to their income and membership therefore becoming a net profit gain.

Throughout the evolution journey, a space will need to achieve certain levels to progress and attract members. This includes the design and feel of the space, the extra facilities on offer (e.g. reception, gym), the partnerships created and the value they add, and very importantly the feel, the character and the identity of the space. Being a member must mean something – and something good!

## Summary

Co-working is a flexible structure that provides an important first stage access in a start-up community as well as an incredibly important service bringing a disparate network of individuals together and providing them with a community. When creating a co-working space all decisions must be informed by the members that will be using it and these vary enormously between every separate community – making research extremely important.

The basic co-working model is a difficult one to make sustainable, but this must be the end goal for all. Financial support is useful in the beginning but a plan must be made to reach financial stability again based on the needs and desires of the members and the wider community.

## APPENDIX : Best practices from each country

### UK



- **Campus London**

<http://www.campuslondon.com/>

Campus London is a coworking space, near Tech City, powered by Google. Seven floors of flexible work space, free high-speed internet and support to fuel ideas, from mentoring programs to networking events and much more.



- **The Cube**

<http://thecubelondon.com/>

The Cube's aim is to make workers feel 'calm, focused and happy' through the design of the space. Co-workers are selected or curretted by The Cube, so as they form part of a complementary group of individuals and companies.

### France



- **La Cantine**

<http://lacantine.org/>

La Cantine is a space focusing on new technologies. La Cantine was the first coworking space in France in 2008. Since its beginning, it has been supported by the local government (Conseil Régional & Mairie de Paris).



- **Studios Singuliers**

<http://www.studios-singuliers.fr/>

Studios Singuliers is a coworking space hosted in a building dedicated to innovative companies. One of his founders, Basile Samson will come and present us their work.



- **La Ruche**

<http://www.la-ruche.net/>

La Ruche is a coworking space dedicated to social entrepreneurship.



- **Ashoka**

<http://france.ashoka.org/>

Ashoka is the largest network of social entrepreneurs worldwide, with nearly 3000 Ashoka Fellows in 70 countries putting their system changing ideas into practice on a global scale. Ashoka has provided start-up financing, professional support services, and connections to a global network across the business and social sectors, and a platform for people dedicated to changing the world.



- **Soleilles**

<http://www.soleillescowork.com/blog/>

Coworking spaces focusing on boosting women entrepreneurship.

## Italy



- **AVANZI**

<http://www.avanzi.org/>

Avanzi was born as a place where ideas meet with people bringing in competences and skills. It is a more than a simple co-working space, it is a place where social innovation and social changes are realized through a strong private/public cooperation. The structure of Avanzi is powerful: a think tank, a co-working space, a business incubator, a foundation for innovation.



- **Casa Netural**

<http://www.benetural.com/>

Casa Netural is a rural coworking space located in Matera. Matera is a small town and many of its young people have left, moving to big cities to seek opportunity. To activate the serendipity that comes with coworking, you have to bring new people and fresh ideas into the space.



- **Make a Cube**

<http://www.makeacube.com/>

At Make a Cube, ideas turn into action. The space welcomes start ups with high potential for creating social and green value. They provide comprehensive business support services, including back-office, governance expertise, access to knowledge and financing.

## Germany

- **Betahaus**

<http://betahaus.de/>

Coworking space in the heart of Berlin. Several Betahaus around Europe (last to open was mid-December 2013 in Barcelona).

*betahaus* |

- **Agora Coworking Space Berlin**

<http://agoracollective.org/agora-coworking/>

Coworking space created in May 2011. 30% of the coworkers are German and 70% are coming from abroad.



- **Welance, space for professionals**

<http://welance.de/>

The core idea of this space is to pursue collaborative online projects within their coworking space and to apply effectively the freelancers expertise.



- **Netting, the coworkers space**

<http://www.coworkingpaderborn.de/>

Located in the city of Paderborn, Netting is a platform for networking and exchange of ideas between stakeholders and different industries.



## Spain



- **Utopicus**

<http://www.utopicus.es/es>

Utopic\_US is a network that supports new talents, a coworking space where innovative and transformative initiatives launched generates its own projects that bring value to society. But it is also an original concept of coworking space where freelancers professionals, freelancers and companies working in a production environment, collaborative and exchange of services, products, ideas and knowledge.



- **Wayco**

<http://wayco.es/>

Born in 2013, and managed by AJEV, now Wayco is beginning to develop its activities as Utopicus space in the city of Valencia.



- **GAR-AJE**

<http://www.ajemadrid.es/garaje/>

An area of 800 m2 to provide a complete service for entrepreneurs formed by an open space where you can hold events, meeting rooms, training rooms, coworking space, café, chill out, bike parking, kids area, and best the CAR (High Performance Centre) . The CAR is 8 boxes which house the projects of entrepreneurs Madrid. The garAJE is a meeting point of knowledge, ideas and networking opportunities, being chosen to host the headquarters reference events as Google, Pink Slip Party, Innosfera, Spain Sports Network and many more, thanks to its capacity of 114 people.

## Cyprus



- **Rent a desk Cyprus**

<http://www.rentadeskcyprus.com/>

Coworking space overwhelmed with interest and demand really quickly. Several spaces available in Cyprus (Limassol, Nicosia, Larnaca and Paphos).

## Sweden



- **The Hub**

<http://stockholm.impacthub.net/>

Impact Hub Stockholm is a collaborative work space where the collective action of its diverse members accelerates inspiration into realization-- creating a sustainable impact in the local community and far beyond.



- **Studio Verket**

<http://studioverket.com/>

Coworking space in Stockholm offering facilities such as 3D printer, architecture and project managing or web & graphics.



- **Entreprenörs Kyrkan**

<http://www.entreprenorskyrkan.se/e/hem.html>

Nothing strange, just a co-working space in a church!

## Bulgaria



- **Sofia Holistic Coworking Company (SOHO)**

<http://www.soho.bg/>

SOHO provides freelancers, entrepreneurs, and other creative professionals with easy and flexible access to a fully furnished workspace.



- **ABC Coworking**

<http://coworking.abcsofia.com/>

ABC coworking space provides facilities to freelancers in Sofia.



- **Init Lab**

<http://initlab.org/>

Initially a hackerspace, Init Lab is the oldest coworking space created in Bulgaria.

## Finland



- **City Office**

<http://www.cityoffice.fi/>

Coworking space in Helsinki.



- **Regus**

<http://www.regus.fi/>

Regus has two coworking spaces in Helsinki.



## Turkey

- **Urban station**

<http://turkey.enjoyurbanstation.com/en/home/>

Urban Station is the first place in Turkey (located in Istanbul) designed especially for mobile workers and for those who share the idea that it is possible to work or meet in a different way.



- **Fors +**

<http://www.forsplus.com/>

Fors + is offering in Istanbul coworking spaces.



- **Yazane coworking space**

<http://www.yazane.com.tr/en/index.html>

Yazane offers offices, meeting rooms, and coworking spaces in Istanbul. Members may also find a shared working environment which will boost their creativity and inspire them.

