



Cloud-based Cowork Center Management & Automation Software



COWORK CENTER BEST PRACTICES

How to build a thriving center



COWORK CENTER BEST PRACTICES - PLANNING MAKES THE DIFFERENCE

OVERVIEW

Coworking may be a relatively new phenomenon, but the number of centers are increasing more than 50% per year, and the number of coworkers continues to double each year. But how many close each year, as well? The models for success are only just emerging, and yours can certainly be one of the successful ones if you pay attention to initial planning and management details. Your first questions need to be:

- Will I locate in a large city or a smaller community?
- Who is my target market? All knowledge workers? Just startups? Solopreneurs?
- What size center do I want? What are my startup costs? Lease costs? Personnel costs?
- What are my offerings? Will I operate 24/7 or working hours? Weekends?
- Does the project pencil out? Can I charge market rates and make a profit?
- How will I manage operations?

This document is a brief overview of critical actions and decisions for you as you create, manage and grow your Cowork Center. Please feel free to contact us to discuss more in depth information or specific details as they relate to your center.

LOCATION...LOCATION...LOCATION

It is easier to create a successful center in a large, affluent city, but smaller communities can support a cowork space by providing a larger set of offerings to attract a broader base of members and being rigorous in managing detail.



While a center in a large city might only need to be attractive to, say, startups, in a community of 50,000 - 75,000 you will need to attract many other types of knowledge workers: CPAs and attorneys, startups and solopreneurs, coders and web designers, therapists and tutors. You need a broad, diverse community to reduce dependency on fewer, larger members, especially as a cowork center is focused on flexibility and typically does not require long commitments. We run successful centers in towns of 10,000 - 30,000 by providing great locations and the right mix of offerings to attract a broader base of members, but you should probably consider 50,000 your minimum population.

Remember, you need a baseline of middle-income members, since most of them will pay directly, rather than be able to have their companies pay. This will change as labor markets tighten, but understand that you are a B - C (business to consumer) company primarily!

It is important to understand that your members choose to come to your cowork space. Your center has to be attractive and appealing. This is not a location that an employer requires an employee to work at! If it is not wonderful to work in, people will work elsewhere. Find a location (if at all possible) in a walkable community, close to coffee shops, lunch places, retail and drinks! Be sure you have a great address — that’s a draw. Natural light always enhances a space and member productivity. And great design is very important.

The structure of your property lease can be the difference between success and failure. Longer terms will get you more tenant improvements paid by the landlord and more free rent. If you are just starting up, you will probably have to provide a personal guarantee — or else put down a very large security deposit. Be sure you can break even between 50% - 60% of full operation.



CRITICAL DECISION

*Based on your lease, what is the required level of occupancy/usage to break even?
If you are not breaking even, what is your Plan B?*

OFFERINGS- I just need to throw a few desks in a room, right?

You maximize revenue by maximizing your potential market while minimizing your costs of operation. And you do that by smartly offering people what they want and automating management of all of it (so you don’t lose the revenue you’ve worked so hard to create.) Most cowork spaces offer primarily open cafe space with a few conference or team rooms.



We recommend a **SMART LAYOUT** that creates small, medium and large (team) offices, a few separate cafe areas (so you have one with “library rules” and one where people can feel free to be louder), dedicated desks and workstations (cubes!) for those who need their own space and some storage but don’t want/can’t afford an office. Be sure you have meeting and conference rooms. Cafe areas can also be utilized for event space in the

evening, which provides more opportunities for revenue. We have developed some optimal sizes for all of these, along with designs that minimize wasted space, provide flexibility and encourage community.

But if you're truly coworking, think about providing all of this 24/7. Workers don't keep regular hours. Remember you are a B - C company, and your members will most likely need and appreciate 24/7 access. We provide 24/7 access (for members only) at all of our locations by using an RFID access system, with a card scanner on every door. This means that a member who provides tutoring services can scan into an office at 7 p.m. and scan out at 9 p.m. She has a "bucket of hours" plan since the space can automatically be used after hours without staffing. She pre-purchases a 20 hour bucket, which refills when empty. Your offices (or workstations or cafe space) get more usage and more revenue than just 9 - 5 — should I repeat — without staffing during those hours!

CRITICAL DECISIONS

How many member plans are you able to provide? What size offices should you offer?

Do you have the flexibility to modify immediately based on the availability of space, both as members leave and members join? Can you plan for the future?

MARKET & SELL EARLY | MARKET & SELL MIDDLE | MARKET & SELL ALWAYS

You have probably done a market analysis before starting (or why would you start?), so assuming you're happy with that, start marketing before you open the doors. Invest in some good graphics of what the place will look like, offer early signing specials. We've found that free online marketing works best. This is where many of your potential members are looking. Good signage is great, if your location allows. We've tried radio, movie theater postings, newspapers. Nothing works as well as Craigslist and listing services, as long as you know how to do it. (We have an On-line Marketing Cookbook that we wrote for our people.) Be ready with regular press releases and know how to write good ones. Properly announced events are great ways to get people in the door. Marketing is, of course, a much bigger topic than we can fully address here.

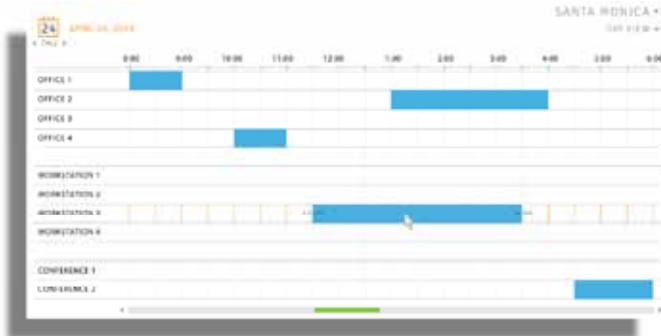
CRITICAL ACTION

If you are a new facility, you should be marketing at least two months before you open to get to your break even point as quickly as possible.

WANT TO SUCCEED? AUTOMATE THE DETAILS!

People build a cowork center because they care about community. They lose a cowork center because they aren't managing the detail. Or have processes that are too cumbersome. Or are using ten different programs or paper or the credit card services offered through their bank or an expensive all-in-one processor or...the list goes on. In order to succeed, you want to be able to hire staff that are community (and sales) focused. They may not be great at operational detail. So you need systems that are. These are some of the areas to think about:

Reservations: Be sure your reservation system has a simple, global one-view of everything going on in your space and ties directly into your income accounting system. Ours is part of our single cloud-based management



system, DeskWorks. DeskWorks' Reservation Calendar lets you flip from day view to week view with one click, see spaces available for day use and what's taken full time, and pushes the day's activity to your Center Coordinator's email. Reservations convert to billings at the member's rate, which may be different for different people. Get them on the right pricelist one time, and they're automatically charged appropriately. DeskWorks even makes it easy to manage different pricelists based on different locations since a

center in the middle of New York will have very different costs than one in the suburbs. And there is an included algorithm that disables online cancellations by members within 24 hours of a reservation, so you don't have to be the bad guy!

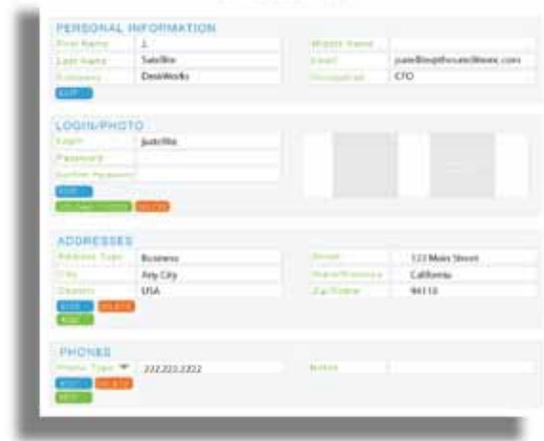
CRITICAL QUESTION

How automated is your Cowork Space?

Member Self-Sufficiency: You need to operate with as little staffing as possible - so your Center Coordinator can do what they should be doing: building community.

Be sure members can register themselves, make their own reservations, update credit cards and pull statements whenever they want — from their smartphone, laptop or tablet. You should be able to do it for them, for your less tech-savvy members or those who want more direct connection.

DeskWorks is built for ease of use to allow members to check, modify, reserve and get access to their profile information from all of their devices.



CRITICAL ACTION

Have you provided an intuitive and platform-friendly user interface to allow your members to interact, reserve products and services, and view their data?

Automated Charging: It's so easy to miss a charge, so as much as possible, your software or accounting system should do this for you.

DeskWorks has a “sweep” feature that enables you to set a fixed number of days in advance to invoice before charging members’ credit cards. On that day, everything posted to a member’s account is “swept” onto the invoice; reservations are converted to billings, any reservation credit that is tied to the person’s membership plan is subtracted, their recurring billing is automatically posted, and the whole thing is invoiced. Then on the Recurring Billing date, their credit card is automatically charged and payment posted — and you get an email for any bad credit cards. While you’re sleeping.



Financial Views in Real-Time: It's very important that you can instantly see — any time, any where, up to the minute— what your financial picture is. How much cash has come in this month? How much more should I expect this month from Recurring Billings? What's my Accounts Receivable? How late is all of it? What should I expect to come in next month? How many members do I have? And you need to be able to easily tie into QuickBooks or whatever else you're using for paying your bills. We typically get a quick view each morning, so if anything is going off the rails, we catch it instantly.

CRITICAL ACTION

Can you see if your Cowork Center will be profitable this month, right now, as you finish reading this best practice document on Cowork Center Success? If not, your Cowork Center might be a candidate for DeskWorks. You can contact us for a demo by going to our website, www.satellitedeskworks.com, and selecting the Request a Demo icon, or you can call us at 888.379.2865.

ABOUT THE SATELLITE

Satellite DeskWorks, our cloud-based cowork center management program is an outgrowth of The Satellite Centers. We have four successful (and profitable) centers running today, with two more coming online shortly. We know what it takes to make cowork centers work — the Four Pillars (Financial Control, One View, Member Self Sufficiency and Scalability) and we created DeskWorks for our own use. It's now available for other cowork centers.