



Yardi® Kube

OVERCOMING OPERATIONAL CHALLENGES IN COWORKING

Learn how to create the right space, make smart investments
and drive memberships



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FEATURED INDUSTRY EXPERTS



Willie Gutierrez

Chief Financial Officer, Premier Business Centers

Mr. Gutierrez has been chief financial officer for Premier Business centers since 2009. Prior to that, he was a vice president at Merrill Lynch, responsible for the disposition of all excess office space throughout the country as well as planning and strategy for each office in his portfolio. Gutierrez is a CPA. He has a B.S. from the University of Redlands and an MBA from Biola University.



Karen A. Condi

President, Office Suite Strategies

Ms. Condi is the most sought after thought leader and resource in the workspace industry. Her understanding of the industry's best practices maximizes revenue and drives profits for her clients. In the last two decades, Ms. Condi has acquired, developed, opened and managed more than 50 serviced office properties throughout the U.S.

Condi's unparalleled start up, sales, marketing, finance and operations experience has helped shape the next generation of shared workspace environments. She is regularly invited to speak and share her expertise at events for the Global Workspace Association (GWA), Alliance Business Center Network (ABCN), Global Coworking Unconference (GCUC) and Workspace Association of New York (WANY).

HAVING A VISION

How important is having a vision? Coworking was created with the vision of building community, flexibility, accessibility and creativity. Coworking spaces can have different values and goals depending on their location, industry and target clientele. Some of these values include diversity and sustainability, as well as growth. Will your space be creative, academic, technological, for profit or nonprofit?

The vision of an operator, manager and investor can differ based on their goals for the space.

- Managers seek to create relationships, retain members and catalyze networking. They are responsible for the cultural ambience and atmosphere so clients are more inclined to stay.
- Operators look at the density as well as the usage of the space. They also focus on revenue.
- Investors are more interested in the cash flow and rate of return. They want to have the space up and running as quickly as possible. Their goals include peak operation and utilization.

In [*"The 5 Essentials of Opening a Coworking Space,"*](#) we share that the trick is to design your project with a mix of open, private and amenity space. Usually the ratio is around 100 square feet per person. "Make sure your members don't feel packed but, at the same time, aren't feeling spaced out and isolated. Some of the best coworking spaces are built on density, striking the perfect balance between having your members feel open and always engaged."

Condi says, "It's very important to understand what you're going to lay out. Understand what percentage of private vs. open space is needed. You must envision the flow of your office space. Density is key."

CHOOSING YOUR LOCATION

A majority of coworking spaces are in urban areas. Gutierrez says the reason for this is because they offer the most in terms of amenities and population density. There are more things to do in urban spaces as well as a greater variance in industries and cultures.

Want to make the most of your location search? Condi has the following advice:

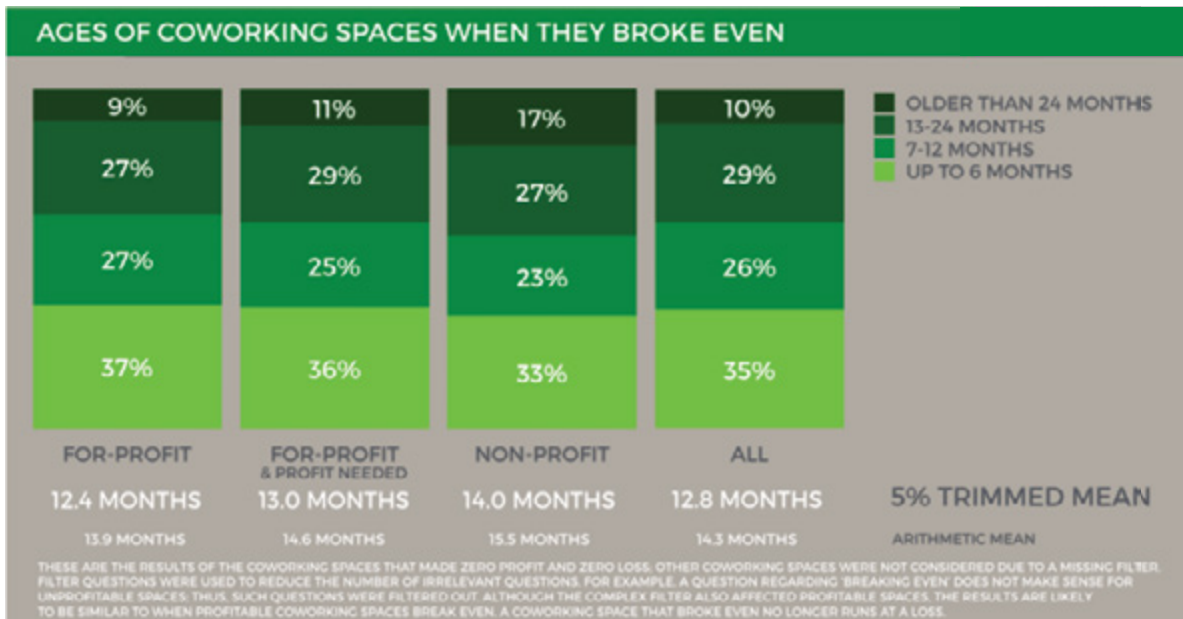
- Figure out what problems your coworking space will solve in the local area.
- See if there is a need for coworking spaces in areas where people are telecommuting. Do they lack a convenient place to work?
- Remember, you have to be flexible to grow.

It's a good idea to find your local economic development center or chamber of commerce and familiarize yourself with the data they have about your market. Getting to know the lay of the land (and the competitive landscape) can pay dividends when it comes to choosing your location.



SHORT- AND LONG-TERM STRATEGIES

There is almost a 70% chance that it will take your coworking space more than six months to break even.



What short-term strategies should you take into consideration? First, Gutierrez suggests, make the most of your relationships with brokers and the community. Invest in signage, get your space known and be aggressive with pricing. Make sure you or an affiliate knows how to best negotiate your master lease.

Note: The lease is the highest expense at most coworking spaces. The first and most important part of making your coworking space profitable is finding a good lease in a quality space. For more information on leasing, please read [*"The Cost of Coworking."*](#)

Condi suggests another thing to think about immediately is the lifecycle of coworking members. You must find ways to nurture prospects into becoming members and then work toward extending their time in your space.

Long-term

For the long term, Condi believes that the following actions are critical to achieving success:

- Getting exposure. Given how oversaturated the market is becoming, the need to differentiate couldn't be any higher. "Décor is no longer enough to sell memberships." It's best to find a more hospitality-oriented model as that is showing to be a rising trend.
- Make your pricing transparent. Prospects hate secrets. Consumers have their expectations and want them met.
- Have a customer relationship management (CRM) solution for tracking leads and staying on top of all communication. Make everything as data driven as possible. Use your CRM to gauge where your leads are coming from.

Gutierrez adds that it's important to make sure your price and income stays above expenses. Having a general manager geared toward improving relationships in the workspace is ideal for retaining members.



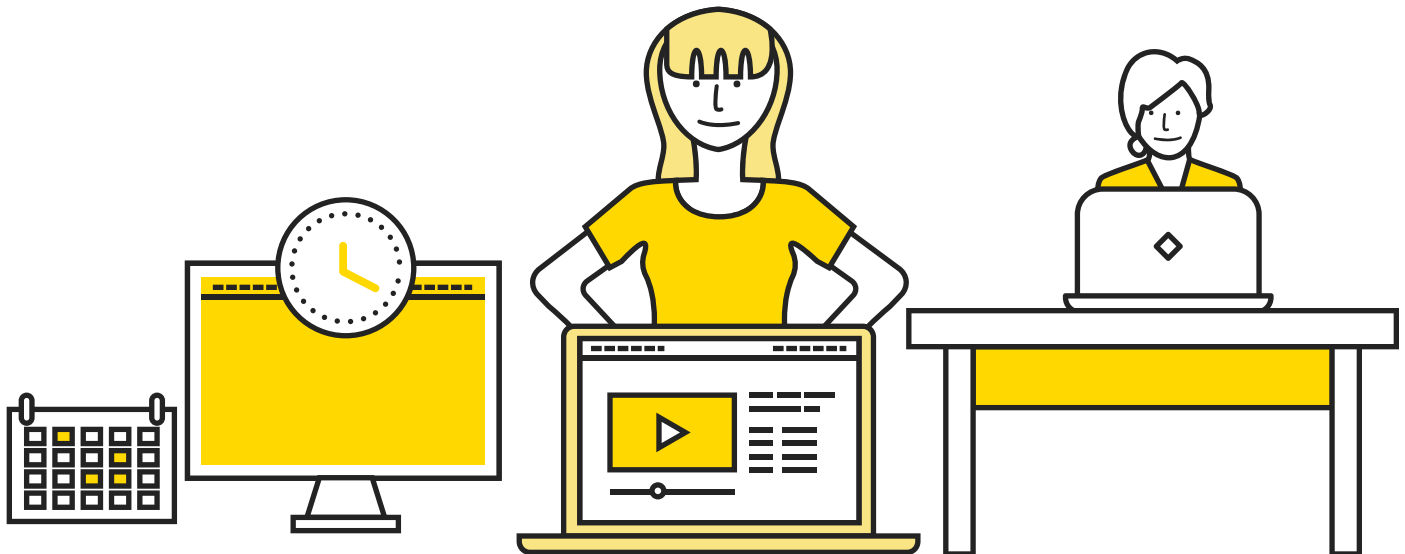
CRITICAL INITIAL INVESTMENTS

Make sure you're ready to meet the needs of potential members before your doors even open. Your technology should be functional and reliable. Tech is important when it comes to making a first impression in coworking.

The next important element is to have a community manager that is personable and understands the services being provided for members.

Gutierrez says it's ideal to have all amenities available, even going so far as to furnishing the offices in advance, to help provide an inside look into the space. Having a working kitchen and open space that is operable can also pave the way for hosting events right out the gate. If you can invite people into your space for networking and thought leadership events immediately upon opening, it will give you a significant head start in building a fan base.

Condi believes that it's also key to do aggressive pre-selling, have a CRM in place and invest marketing dollars toward driving traffic to your space.



COMMUNITY MANAGERS: WORTH THE COST?

Gutierrez believes that a community manager is one of the most important assets for growth. "It's make or break."

Poor community management can lead to lower occupancy and less revenue as well as more time dedicated toward retraining staff. A rising trend in the coworking industry is seeing spaces turn toward profit with the addition of or a change in community management.

As far as key skills for a community manager, Gutierrez believes in using sales experience (retail in particular) as well as customer service expertise as guidelines for finding a good candidate. According to the *2017 GWA Industry Survey*, "The community manager is the foundation of the community ethos embedded in most coworking spaces. A good community manager makes your space sticky. He/she is a connector, a host, a salesperson and a healthy dose of OCD for the space. They're welcoming yet tactful, friendly but professional. They make the magic happen."

In some cases, a community manager may also be referred to as a center manager or by another name altogether. The chief role of this position is to serve as the leader of the member-facing staff.

You may also see the responsibilities of community management handled through the following positions:

- General manager
- Client services manager
- Commercial director
- Community conductor
- Concierge
- Director of first impressions
- Director of marketing
- Events and membership specialist

Note: In *"The Cost of Coworking,"* GCUC Founder Liz Elam mentioned that the community manager is a key competitive advantage to your workspace. On a scale of 1 to a 10, she would rank their utility at a 10. She says, "People may look at a website as a first impression, but their second impression is communicating with the face of the company. Community managers provide that human touch."

TECHNOLOGY NEEDS

Technology needs should be considered as soon as possible, especially during the planning phase and space layout. The sooner you can gauge the amount of cable drops and access points needed, the better you can meet the demand of your members.

The goals of your workspace technology should be to:

- Handle basic operational procedures including automating manual processes
- Manage memberships, from prospect through onboarding and retention
- Have an infrastructure in place prior to your members arriving

A technology provider can fail a coworking space in the following ways:

- Not delivering on promises
- Not providing support for functionality
- Missing features needed for operation
- No efficiency
- Not meeting the demands of members
- Not being scalable

Gutierrez believes the goal of a workspace technology provider should be to ensure the following:

- Proper bandwidth
- Tech support for members
- Easy communication and self-service tools

In the future, Gutierrez believes spaces will become more paperless. It's best to invest in expanding Wi-Fi and bandwidth in general. A great idea is to form partnerships with vendors and providers. For more information on expanding your Wi-Fi and overall connectivity, please refer to ["Connecting Your Coworking: Cable vs. Wi-Fi."](#)

SECURITY CONSIDERATIONS

As you operate your workspace, it's important to know that access is a privilege, especially if it's offered 24/7. While having 24/7 keyless access can prove to be a cost-efficient move for revenue and meeting the demands of your members, it also poses an inherent security risk.

Condi recommends taking the following actions to best secure your workspace:

- Limit nonmembers to business hours
- Have data tracking for access cards
- Make sure your door access service is automated
- Make sure keys cannot be duplicated by any means other than by your staff



MARKETING CHANNELS

Both Gutierrez and Condi believe that you should advertise in advance. One of the first steps is to have your manager reach out to local organizations such as the area's chamber of commerce and small business development centers.

As far as traditional advertising goes for coworking spaces, the *2017 Global Workspace Association Industry Survey* states that, "One of the most requested industry benchmarks is marketing spend. In the early days of coworking, especially in dense, urban areas, operators would claim that they just 'did a little social media' and poof—their spaces filled up. As competition has increased, and spaces have entered markets that have never heard of coworking, there is generally no more of an 'if you build it they will come' approach."

In terms of finding effective mediums for advertising, we find that the best approach is to be more modern and millennial. Print media, such as newspaper advertisements, has been on a downward trend since the last decade. Paid digital media on the other hand is not only more effective but also measurable.

Unpaid social media is not a bad idea, either. The key is to have engaging content that brings people to your space or website. It's recommended to have landing pages and other sign-up forms to coincide with your promotions for easier conversions. The best strategy is to have a way to capture email addresses and lead information. We recommend using CRM software.

Note: Local SEO is an excellent and unpaid means of leveraging your space through Google's local search results. By listing your location online, Google can suggest your physical address to users seeking your services. For more information please see our webinar, "[Make Your Coworking or Shared Space More Visible Without Spending on Advertising.](#)"

SPACE FOR SUCCESS

It's often asked whether it's better to have a base of clientele or a dedicated location. We asked if it's more advantageous to have 50 members at pre-opening or a space with a good lease in a prime location.

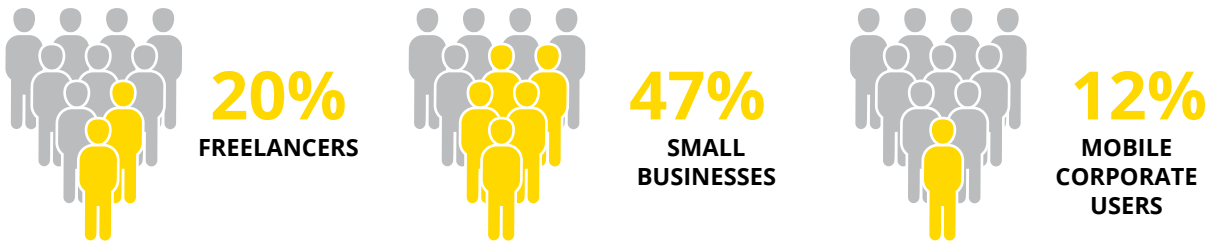
Both Gutierrez and Condi believe that space is becoming more important than ever. With coworking now generating more revenue per square foot than that of traditional offices, and even "serviced offices," location and the quality of the space is becoming a more powerful asset to have. If you cannot have a space to provide for the community, they will find another location given the frequency of new spaces opening.

Studies are showing that people are taking a genuine interest in being immersed with the environment of coworking. To quote the *2017 GWA Industry Survey*, "They embrace the ability to join the community spaces for breaks, coffee, lunch and learns, and simple water cooler talks. And to take advantage of soft seating and wellness nooks when they have creative work to be done that welcomes the energy and background noise of a busy community."



MEMBER NEEDS BY DEMOGRAPHIC

Who works in coworking spaces?



While some coworking purists idealize open plan spaces for their community-building simplicity, this often comes without practical consideration for the type of work that gets done in shared workspaces. No longer are programmers and freelance designers the core membership. Today, 20% are solopreneurs/freelancers while 47% are small businesses and 12% are mobile corporate users.

Condi believes that while millennials are driving changes in the industry, coworking is no longer predominantly within a startup culture. "Spaces are designed with the current generation in mind. Models are shifting toward today's generation. The key is to maintain the professional atmosphere."

Gutierrez believes in providing for younger groups through perks/rewards and open spaces. But there is a rising trend in booking private spaces due to an increasing prevalence of older age groups and corporations. We expect this number to grow as well. It's important to always keep your demographics in mind to stay on top of rising and declining trends.

As far as measuring member demand and satisfaction, it's critical to keep your eye on your turnover rate as well as data coming from your workspace management platform. The most important conclusion to gain from this data is to understand if people are leaving and why.

MEMBER ADVOCACY

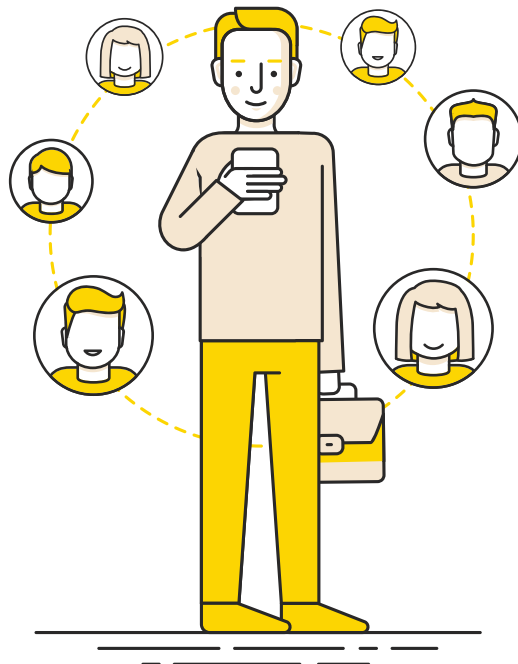
The ideal members are networkers. They'll spread the word about your workspace and attract more professionals and freelancers. Gutierrez believes these members can significantly affect what you can charge as well as your collectability.

As far as revenue, the best members are the ones that can afford and commit to whatever term they want. Keep in mind that longer leases beget more guaranteed income to help you focus on expanding your office.

Another ideal member to have is a virtual member. A virtual membership provides an online work environment where members can work both independently and collaboratively. They can access the community portal, book meeting rooms and have a business mailing address.

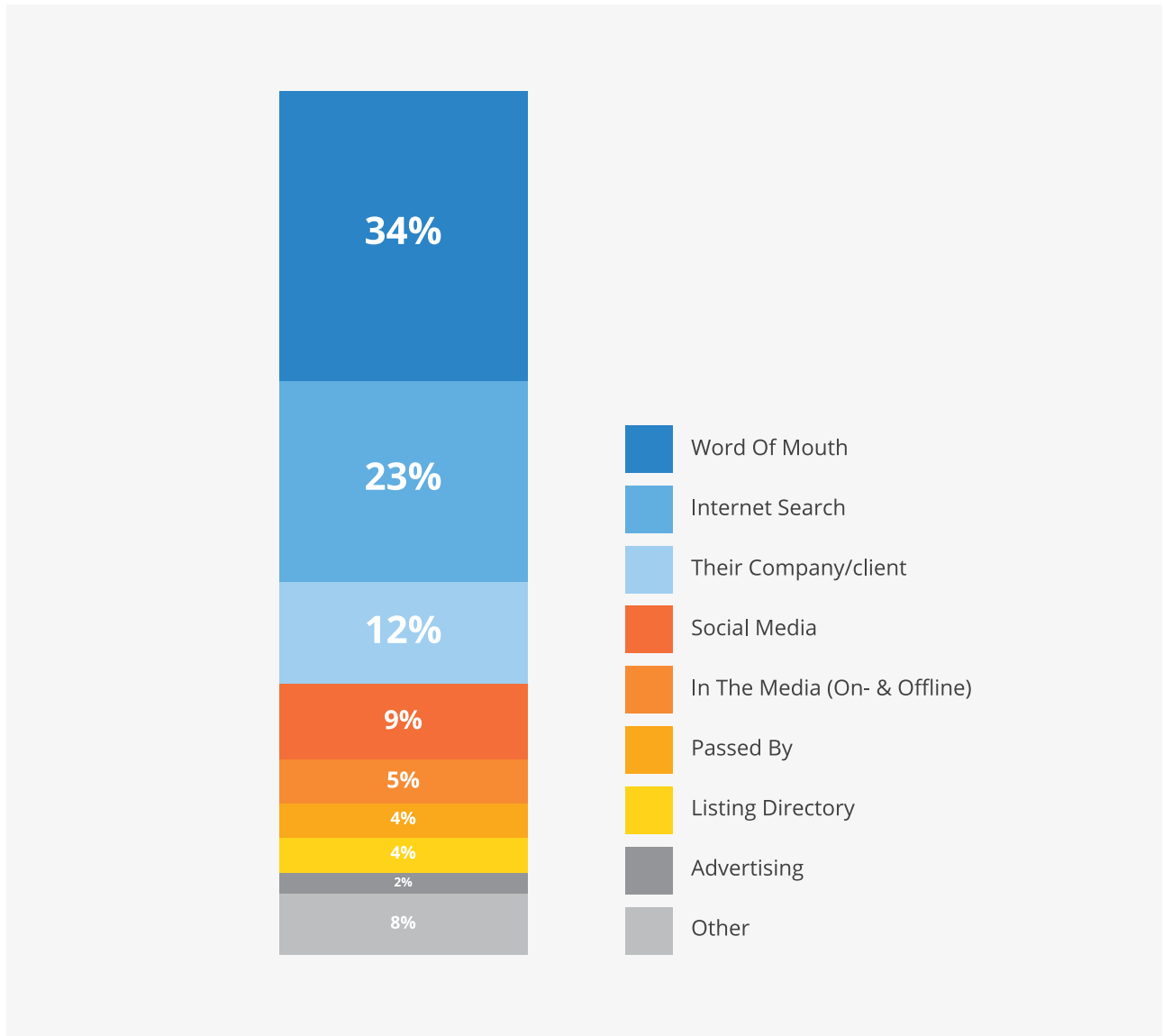
Coworking spaces that do not offer virtual memberships are missing what can prove to be a significant generator of revenue. According to an [coworking article by Inc.](#), "The remote workforce is expected to account for nearly three-quarters of the U.S. workforce by 2020, and your business could benefit from having a more flexible remote work policy and placing employees in coworking spaces."

Given the low-risk, high-reward nature of these memberships, a virtual member is an ideal member to have.



Both Deskmag and the 2017 GWA Industry Survey find word-of-mouth and client referrals to be the top-rated lead generation source.

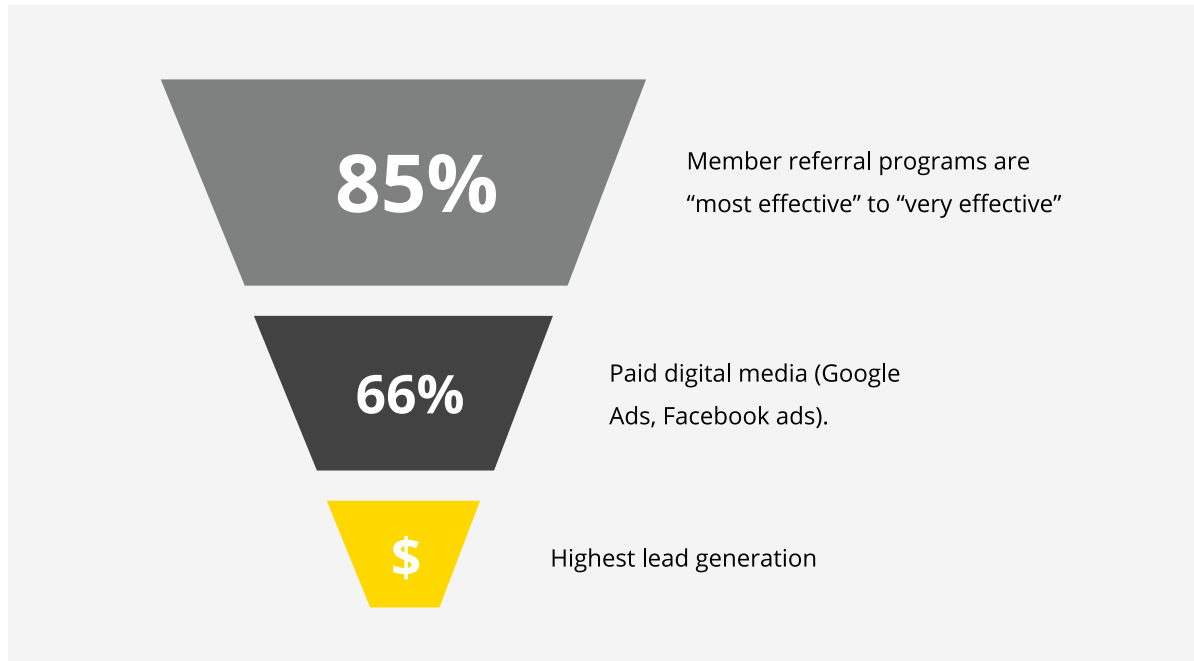
How members found their coworking space before becoming a member



This data shows that it's more effective than advertising. Added to that, 85% of operators rated client referrals as "most effective" or "extremely effective."

Lead Generation Drives Profits

As with any business, your sales funnel is a key success driver. According to a survey, our respondents measured the highest lead generation from member referral programs and the second highest from paid digital media.



Condi believes that members can absolutely become the best part of your marketing. "They can be your curators. People view personal reviews as personal recommendations. Once important, member advocates are now more critical than ever."

Gutierrez believes in offering a program that pays or rewards members for referring users to the space. "They must make sense. They must be accessible to members. Something your members appreciate. Consider a percentage-based referral."

Another practice for promoting member referrals is to take an active role in marketing the businesses of your members. Let them advertise within your space. Encourage them to hold workshops, panels and conferences—which in turn can bring in even more traffic to your space. Having a consistent stream of member referrals can be a win-win situation for all parties involved.

INCENTIVIZING COLLABORATION

When members see the value in connecting with people, curiosity will inspire them to work together. You must remember that every market is different and look at your target audience based on their industry.

By doing this, you can find shared interests you can use to build a fan base.

Other demographics to gauge include:

- Age
- Region
- Culture
- Average salary

Some target audiences do better than others. Gutierrez believes in leveraging the features of your workspace to provide for them. For instance, having an area that's idea for legal and accounting as well as a different one for creative types.

Gutierrez believes that the most marketable audiences are freelancers, workers in information technology and startup entrepreneurs as they still account for a huge sector of coworking. You may want to practice caution with providing spaces unique to government and medical professionals as they are still new to the field of coworking.

The most important thing to incentivize collaboration is to help your members connect with each other. Make sure to host events that include socializing to encourage attendees to network.

ABOUT YARDI KUBE

Yardi Kube provides all the tools you need to grow a smart and connected shared workspace.

Designed to overcome operational complexities, Yardi Kube is a workspace management platform that empowers operators to increase revenue, maximize productivity and build community.

Yardi Kube provides a complete package for accounting, data management and voice services. It gives operators, members and prospects convenient access to manage reservations, billing and more.



Increase Revenue



Maximize Efficiency



Build Community

**See how a workspace management program
can optimize your coworking and shared space:**

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