

Case Profiles

The following profiles of U.S. coworking facilities demonstrate the concept's flexibility and range of applications, which vary depending upon the target users.

- **Workbar** in Boston and Cambridge, Mass., is making the leap from being a boutique coworking center to becoming a multisite brand as well as diversifying into “distributed workspace” locations within the excess space of corporations through its Outerspaces program.
- **NextSpace** in San Francisco is part of a chain of coworking centers that recently expanded from California to Chicago, the first of several planned to locations nationwide.
- **Impact Hub** is a worldwide network of social entrepreneurship-centered coworking spaces, with centers in San Francisco, Boston, and 40 other locations.
- **Serendipity Labs** in Rye, N.Y., is a hospitality-driven, corporate-oriented center that doubles as a franchise pilot site and demonstration lab for licensing coworking billing, scheduling, security and membership database management operational systems to others.
- **State Street Bank** in Boston is a coworking-style workplace and an example of the mainstreaming of the coworking concept within corporations.



NextSpace San Francisco

San Francisco

NextSpace is a chain of coworking centers that promotes both convenience and collaboration; its mission is “to ignite the (r)evolution of Work by creating a unique combination of workspace + community.” It does this by emphasizing both convenient locations and interesting programming, as well as by staffing each workspace with both a “community builder” who manages the facility and a “community curator” who promotes human interaction. NextSpace’s original location is in downtown Santa Cruz; it now operates additional coworking centers in Berkeley, Los Angeles, San Jose and Venice Beach — as well as three in San Francisco. (This case profile refers to the first San Francisco center.)

The Basics

Type:

Chain; this is the second location of eight in California; a ninth location opened in Chicago in August 2013, the first of a major nationwide expansion planned for 2014

Twist:

Community emphasis on “people not space,” according to Diana Rothschild, community curator; fostering “accelerated serendipity”; rapid growth; diversification through NextKids at its Potrero Hill site, which incorporates a childcare center

Market:

Entrepreneurs, creative class professionals, freelancers, telecommuters, startups, coders and blocks of corporate workers from companies like Cisco and Plantronics

Formation:

Jeremy Neuner (former economic development manager for the city of Santa Cruz, Calif.), Ryan Coonerty (former mayor of Santa Cruz) and Caleb Baskin (a local attorney and business leader) founded NextSpace in June 2008 and officially opened the doors of its first location in downtown Santa Cruz that October. Their goal was to jump-start the local economy, and “along the way, they realized that NextSpace was on to something much bigger: a revolution in the nature of work.”²⁹ NextSpace hosts tech Meetup (local groups organized online) gatherings and other events, as well as the reputation of its own brand, to form and attract new users to each new center it opens.



Business Structure:

For-profit, privately held C-corporation. Also certified as a B Corp; B Corps are certified by the nonprofit B Lab as meeting rigorous standards of social and environmental performance, accountability and transparency.

Financing:

- Four rounds of angel funding to date
- Revolving line of credit
- Considering institutional debt and equity

Membership:

- 225 members at NextSpace San Francisco
- Nine dedicated offices with up to four users each
- 24 dedicated desk members
- 175 undesignated desk members (includes both full- and part-time members)
- More than 1,300 members at all nine locations

Fee Structure:

- Community Membership: \$25/month for mailings, events and member contacts
- Mailbox Membership: \$59 to \$89/month for address service and access to other fee services
- Cafe Membership: \$350/month for 24/7 access to an undedicated bench desk, lounge or cafe seating
- Workstation Membership: \$590/month for 24/7 access to a dedicated desk or carrel
- Office Membership: \$1,100 to \$2,560/month for 24/7 access to a dedicated office
- Day Pass: \$25/day for undedicated desk use, 8:30 to 5:30 p.m. weekdays

- Meeting Rooms: \$75/hour
- Enterprise Memberships: customized packages of space and services for larger companies
- Galactic Membership: add \$300/year to any membership for Cafe Member-level privileges at any NextSpace location
- Note: Some memberships offer discounts for three-, six- or 12-month commitments

Timeline:

- NextSpace San Francisco center leased May 2010
- First 3,700 square feet occupied June 2010
- Stabilization reached January 2011
- Second 3,700 square feet occupied May 2011

Income:

- 95 percent from memberships and day passes
- 5 percent from events and other sources

The Facility

Location:

28 Second Street, San Francisco, on the corner of Second and Market streets, adjacent to the Montgomery Street subway (BART) station

Location Criteria:

- Transit nodes (as close as possible)
- Social nodes (at the center)
- Demographics (population density)
- Cafe culture; the density of Starbucks locations is a primary indicator of where there will be demand for coworking centers
- NextSpace “will pay premium rent to be where the people are,” said NextSpace Chief Strategy Officer (CSO) Rebecca Brian, and will open multiple coworking centers in a single city. (It now has two additional locations in San Francisco, at Union Square and on Potrero Hill.)

Features:

- 7,400 square feet on the second and third floors of a Class B downtown office building
- Conference rooms/classrooms
- Phone rooms
- Fiber-optic Internet access, Wi-Fi
- Printer, copier
- Staffed reception 8:30 a.m.-5:30 p.m., weekdays
- Undedicated seating (carrels, couches, partitioned alcoves, desks)
- Dedicated desks, carrels and offices
- Security phone



- Event hosting
- “Coworking runs on two things: lightening fast Internet and caffeine, both of which we provide,” said Kyle Fisher, Community Builder at NextSpace Union Square.

Amenities:

- Kitchenette
- Nearby parking, cafes and restaurants
- Discounts at local businesses

Support Services:

- Business services (some included, some for an additional fee)
- Free Zipcar membership and discounted fees
- Other discounted services, such as payroll processing and HR related services, offered through “partner” firms
- Plans to offer skill building and job training services through “NextSpace Labs”

Design Elements:

- Open plan
- Optimal daylight exposure; large windows with minimal obstructions (low partitions and few walls)
- Interior themes and color schemes that form a consistent backdrop throughout all locations but are personalized from site to site

Operations:

- 24/7 access for members
- External event hosting (Hackathons, I-phone app bootcamps, Ninja scavenger hunts)
- Internal event hosting (NextArts, NextTalks, NextLunches)

Addressing Challenges

- Shoring up systems, keeping up with technology and maintaining a high-quality member experience all become more challenging as the company grows.
- NextSpace has had to address and overcome landlord resistance; funding an upfront security deposit as well as brokerage and tenant improvement costs can be difficult if a landlord isn’t flexible.
- “The best relationships are with landlords who find us [directly],” not through brokers from either side,” said Rebecca Brian, CSO.
- “Ownership is not a side job or philanthropy,” added Brian, “and an inadequate business plan lead can lead to failure.”
- NextKids Potrero (a combined coworking and childcare center) has become extremely popular with the 25 percent of Potrero coworking members who rely on its childcare services. This is spurring NextSpace to accelerate its plans to grow NextKids, even in the face of its demanding staffing and equipment requirements.