Wisconsin’s economic future lies in its ability to nurture its creative and knowledge-based entrepreneurs. We believe this can be accomplished through a network of coworking centers acting as a platform for business start-up and acceleration services. This approach removes barriers to entry, provides access to resources, furnishes a professional work environment, and promotes cross-fertilization of ideas as entrepreneurs interact and collaborate with each other. Coworking centers are at the forefront in a new wave of how we do business in America. Wisconsin deserves to ride the crest of this wave; not to be left in the trough. This proposal ensures that Wisconsin will be looked to as a knowledge economy pioneer—an entrepreneurial state.
TERMS

**Coworking** is a rapidly growing trend in which independent workers come together to work in a shared space. While reduced costs and access to facilities and equipment are incentives, the true value of coworking lies in the community that is formed. A synergy occurs when talented people share space. Workers from different backgrounds and industries create a stimulating environment, draw upon their collective knowledge and experience, and seek out opportunities for innovation and collaboration in a process known as accelerated serendipity.

**Business incubators** are facilities that nurture start-up businesses, providing them affordable space, technical assistance, mentoring, and shared equipment or services to help them succeed. Businesses are expected to spend a limited time - typically three to five years - in the facility before “graduating” to conventional space.

**Virtual business incubators** provide many of the same mentoring and technical assistance services to businesses without a dedicated space in which businesses are housed.

**Business acceleration** offers technical support and services to businesses to speed up their growth during critical phases. Accelerators typically focus on established businesses that may be developing new products or exploring new markets.

**Hot-desking** is a term that refers to multiple people using the same desk in an office setting. In cowork settings, hot-desking is the practice of having unassigned desk space open to members, and often rentable on a daily basis.

**Micro-enterprises** are businesses with five or fewer employees. These businesses made up 24.5 million of the 27.8 million businesses in the United States in 2007.

**Stage 1 businesses** are defined by the Edward Lowe Foundation as having two to nine employees. The foundation defines four stages in all, based on the number of employees and common needs of businesses in these groupings. Stage 1 businesses are focused on defining a market, developing a product or service, obtaining capital and finding customers.
CONTENTS

An idea for our region - an overview of the proposal ................................. 1
Profile of coworkers............................................................................. 3
Targeted businesses, individuals, and entrepreneurs.............................. 5
Market demand................................................................................... 7
Profile of coworking spaces............................................................... 9
Existing services................................................................................ 11
Potential programming..................................................................... 13
Next steps......................................................................................... 14
We envision a program of business start-up and acceleration services geared to knowledge-based businesses, delivered through a network of coworking centers. By targeting these businesses we can enhance access to specialized resources - such as software and office equipment - that may not be readily available to many of these small businesses. Drawing on internal resources as well as existing public and non-profit service providers, we will deliver a program of business support services addressing three core issues of competency (planning and capabilities), capital (resources and funding) and connectivity (networking and access to markets).

- Start-up programming will typically address issues such as business planning, legal advice, financial advice, marketing support, and management advice.

- Acceleration services are oriented to existing businesses. Based on input from area small business assistance providers, programming may focus on enhancing market opportunities, assisting in product development, and management issues such as human resources or accounting.

- Coworking is more than just a professional presence, office space, and infrastructure - although the specialized equipment and software will be a significant benefit to members. Coworking is about community. Members interact, share, help, and collaborate in ways that foster new business formation, growth, and innovation.
As community leaders and economic development professionals we are looking for effective ways to promote innovation and spur business growth. Too often, these efforts are directed at a small number of large firms while ignoring the emerging entrepreneurs and micro-businesses whose ideas and energy spawn the greatest number of new jobs. The recession has been hard on these businesses. We share a concern about the declining pace of start-ups and lack of job creation within existing small businesses. The proposed program of knowledge industry incubation and acceleration services, linked with a network of coworking facilities, creates an environment in which emerging businesses, solopreneurs, and micro-enterprises can prosper. Outcomes we can anticipate include:

- a greater number of knowledge business start-ups and improved success rates among them
- accelerated growth of the knowledge economy with the high-wage jobs it provides
- a pipeline of growing businesses and future tenants for conventional office space
- improved access to entrepreneurs and small businesses for area SBDCs and other service providers
- effective economic development with a low investment per business and job created.

Additionally, we note that many of the expected coworking centers will be located within downtown and neighborhood business districts, contributing to their vitality and ongoing redevelopment.

**ACIEVING REAL RESULTS**

**A STABLE AND COST-EFFECTIVE PLATFORM FOR START-UP AND ACCELERATION**

**A look at the impact of coworking on its members**

- **3.6** - the average number of useful connections made through coworking in the past two months
- **88%** - the percentage of coworkers reporting increased interaction with others
- **85%** - the percentage of coworkers who state that they are better motivated in a coworking environment
- **77%** - the percentage of coworkers interacting socially with other coworkers outside of a work setting
- **60%** - the percentage of coworkers who are more relaxed at home - finding a better work/life balance
- **60%** - the percentage of coworkers who say they are better organized in a coworking environment
- **57%** - the percentage of coworkers working in teams more often since they started coworking
- **42%** - the percentage of coworkers reporting that their income has increased since they started coworking
Profile of Coworkers

- **Flexibility** is a prized feature of coworking spaces.

  - **54%** of coworkers have 24-hour access
  - **31%** of coworkers keep a traditional office schedule

- **Two-thirds** of coworkers are male - about the same ratio as the population of entrepreneurs.

- **55%** of coworkers either own, or work for a company with employees

  - **44%** of coworkers are freelancers or solopreneurs
  - **20%** of coworkers employ others within their company
  - **20%** of coworkers are employed by others, typically a company with less than five employees

- **Information technology** and web development/design account for the largest segment of coworkers. The “other” occupations include a wide range of consultants, freelancers, journalists, and others.

  - **Three-quarters** of all coworkers have at least a bachelors degree. This compares to half of all business owners, and about a quarter of the population overall.

  - **Half** of coworkers report average income. A quarter earn above average, and a quarter earn below. Income varies according to age and occupation.

  - **Flexibility** is a prized feature of coworking spaces.

    - **54%** of coworkers have 24-hour access
    - **31%** of coworkers keep a traditional office schedule

      - **4.5** - the average number of monthly events hosted by coworking centers
      - **1.8** - the average number of events coworkers attend each month
      - **84%** - the percentage of coworkers regularly attending events

- **Coworkers are happy with their space. Overall satisfaction increases after three months and remains above 90% until the fourth year, when a slight decrease may be associated with the member’s changing business needs.**

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **20 to 29 years**

  - **41%**

- **30 to 39 years**

  - **37%**

- **40 to 49 years**

  - **14%**

- **50 or older**

  - **8%**

- **Two-thirds** of coworkers are male - about the same ratio as the population of entrepreneurs.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.

- **34** - the average age of a coworker. Coworkers are typically in their 20’s or 30’s.
In Their Own Words

We are at the base of the bell curve and can ride this thing to the very top. We are starting a revolution and this is really exciting.

- Liz Elam, Link Coworking

*Incubators are starting to look carefully at what coworking can provide.*

- Jean-Yves Huwart, Global Enterprise

We stop thinking of work as a place to go to work and more as a network of spaces where we choose to work.

- Kevin Kuske, Turnstone

People are looking to pool their resources and share the resources they all need to succeed. It is collaborative consumption.

- Campbell McKellar, Loosecubes

Coworking is built for free-range humans who carry their office in a backpack.

- Benjamin Dyett, Grind

A flexible space is a place where people want to be.

- Adam Neuman, WeWork

We have moved from an industrial society where economic development meant infrastructure, to one in which cities build competitive advantage based on people.

- Carsten Foertsch, Deskmag
FREE adjective. Not subject to arbitrary interference or conventional restraints. Not fixed in position; capable of relatively unrestricted motion. Not forced or persuaded to act, think, or speak in a particular way. Able to act at will. Autonomous or independent. Open to all comers. verb. To remove obstructions or entanglements. To relieve of a burden, obligation, or restraint. Not affected or restricted by a given condition or circumstance.

RADICAL adjective. Relating to or affecting the fundamental nature of something; far-reaching or thorough, especially as regards change from accepted or traditional forms. Departing markedly from the usual or customary. A way of doing something new and very different from the usual way. noun. One who advocates revolutionary changes in current practices, conditions, or institutions. slang. Excellent; wonderful.

FREE RADICAL noun. An atom formed when a chemical reaction breaks the bonds that hold paired electrons together. Free radicals are capable of independent existence for a period of time before reacting with one another or with atoms that have unpaired electrons to produce a stable molecule. In reactions with intact molecules, they abstract a part to complete their own electronic structure, generating new radicals that go on to react with other molecules. New radicals are created, and a chain reaction begins.

What are our targets?

It could be anyone, but there are a number of management, business, science, and arts occupations topping the list. Examples include:

ADVERTISING, MARKETING, PROMOTIONS, PUBLIC RELATIONS, AND SALES MANAGERS: Advertising and promotions managers; Marketing managers; Sales managers; Public relations and fundraising managers

OPERATIONS SPECIALTIES MANAGERS: Computer and information systems managers; Financial managers; Industrial production managers; Compensation and benefits managers; Human resource managers

BUSINESS OPERATIONS SPECIALISTS: Compliance officers; Cost estimators; Labor relations specialists; Logisticians; Management analysts; market research analysts and marketing specialists

FINANCIAL SPECIALISTS: Accountants and auditors; Budget analysis; Financial analysts; Insurance underwriters; Financial examiners

COMPUTER OCCUPATIONS: Computer and information research scientists; Computer systems analysts; Information security analysts; Computer programmers; Software developers; Web developers; Database administrators; Network and computer systems administrators; Computer user support specialists

MATHEMATICAL SCIENCE OCCUPATIONS: Actuaries; Mathematicians; Operations research analysts; Statisticians

ARCHITECTS, SURVEYORS, AND CARTOGRAPHERS: Architects, Landscape architects, Cartographers and photogrammetrists; Surveyors

ENGINEERS: Agricultural engineers; Civil engineers; Computer hardware engineers; Electrical and electronics engineers; Environmental engineers; Industrial engineers; Materials engineers; Mechanical engineers; Drafters

LIFE, PHYSICAL, AND SOCIAL SCIENTISTS: Economists; Survey researchers; Sociologists; Urban and regional planners; Anthropologists and archeologists; Geographers, Historians; Political Scientists

LEGAL OCCUPATIONS: Lawyers; Arbitrators, mediators, and conciliators; Paralegals and legal assistants; Court reporters; Title examiners, abstractors, and searchers

ART AND DESIGN WORKERS: Art directors; Craft artists; Multimedia artists and animators; Commercial and industrial designers; Fashion designers; Graphic designers; Interior designers; Merchandise displayers and window trimmers

MEDIA AND COMMUNICATION WORKERS: Reporters and correspondents; Public relations specialists; Editors; Technical writers; Writers and authors; Interpreters and translators
MAXIMIZING IMPACT ON THE COMMUNITY

Targeted businesses for coworking and services should strive to meet three criteria to maximize benefits to the community:

1. Businesses should be engaged in the knowledge economy, providing goods or services largely derived from the knowledge and creative talents of their owners and employees.
2. Businesses should be growth-oriented, having a goal of building their business and adding employees over time.
3. Businesses should be already selling, or actively marketing their services outside of the region, thereby bringing new income into the local economy.

These workers value independence and flexibility. They come together to share ideas and collaborate with one another. Their creativity and talent spark new opportunities and new ventures that transform the regional economy.

Persons in Management, Business, Science and Arts Occupations by Industry in SE Wisconsin

<table>
<thead>
<tr>
<th>County</th>
<th>All Industries Combined</th>
<th>Information</th>
<th>Finance and Insurance, Real Estate and Rental</th>
<th>Professional, Scientific, Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milwaukee County</td>
<td>149,027</td>
<td>5,055</td>
<td>14,604</td>
<td>19,561</td>
</tr>
<tr>
<td>Ozaukee County</td>
<td>19,657</td>
<td>606</td>
<td>2,098</td>
<td>3,302</td>
</tr>
<tr>
<td>Washington County</td>
<td>24,293</td>
<td>588</td>
<td>2,426</td>
<td>2,939</td>
</tr>
<tr>
<td>Waukesha County</td>
<td>88,330</td>
<td>2,766</td>
<td>9,282</td>
<td>13,421</td>
</tr>
<tr>
<td>Milwaukee Metropolitan Counties</td>
<td>281,307</td>
<td>9,015</td>
<td>28,410</td>
<td>39,223</td>
</tr>
<tr>
<td>Jefferson County</td>
<td>12,393</td>
<td>411</td>
<td>850</td>
<td>1,303</td>
</tr>
<tr>
<td>Kenosha County</td>
<td>25,253</td>
<td>655</td>
<td>1,867</td>
<td>2,747</td>
</tr>
<tr>
<td>Racine County</td>
<td>29,156</td>
<td>564</td>
<td>1,820</td>
<td>3,038</td>
</tr>
<tr>
<td>Walworth County</td>
<td>15,997</td>
<td>333</td>
<td>928</td>
<td>1,705</td>
</tr>
<tr>
<td>Outlying Counties</td>
<td>82,799</td>
<td>1,963</td>
<td>5,465</td>
<td>8,793</td>
</tr>
<tr>
<td>Southeastern Wisconsin Counties</td>
<td>364,106</td>
<td>10,978</td>
<td>33,875</td>
<td>48,016</td>
</tr>
</tbody>
</table>
Estimating Market Demand

There are several factors to be considered in estimating demand for start-up and acceleration services delivered through a regional coworking network.

Market Area

The primary market area will be the four counties making up the Milwaukee metropolitan area. A secondary market consists of four outlying counties in southeastern Wisconsin.

Industry Sectors

Three industry sectors are considered to have the greatest potential for producing knowledge economy businesses selling outside of the region. These are information (NAICS 51) professional, scientific and technical services (NAICS 54), and management of companies and enterprises (NAICS 55).

Participants will be made up of persons considering a business (potential entrepreneurs), those in the process of starting a business (emerging entrepreneurs), sole proprietors, and stage one businesses (with two to nine employees).

Targeted Sole Proprietorships and Stage One Establishments in SE Wisconsin

Information (NAICS 51), Professional, Scientific, and Technical Services (NAICS 54), Management of Companies (NAICS 55)

<table>
<thead>
<tr>
<th>County</th>
<th>Sole Proprietorships</th>
<th>Stage One Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2008</td>
</tr>
<tr>
<td>Milwaukee County</td>
<td>2,217</td>
<td>2,680</td>
</tr>
<tr>
<td>Ozaaukee County</td>
<td>435</td>
<td>502</td>
</tr>
<tr>
<td>Washington County</td>
<td>314</td>
<td>393</td>
</tr>
<tr>
<td>Waukesha County</td>
<td>1,397</td>
<td>1,692</td>
</tr>
<tr>
<td>Milwaukee Metropolitan Counties</td>
<td>4,363</td>
<td>5,267</td>
</tr>
<tr>
<td>Jefferson County</td>
<td>171</td>
<td>193</td>
</tr>
<tr>
<td>Kenosha County</td>
<td>277</td>
<td>382</td>
</tr>
<tr>
<td>Racine County</td>
<td>493</td>
<td>585</td>
</tr>
<tr>
<td>Walworth County</td>
<td>286</td>
<td>322</td>
</tr>
<tr>
<td>Outlying Counties</td>
<td>1,227</td>
<td>1,482</td>
</tr>
<tr>
<td>Southeastern Wisconsin Counties</td>
<td>5,590</td>
<td>6,749</td>
</tr>
</tbody>
</table>
Our Market is Significant

Whether planned or unintentional, in their working career or as a second career in retirement, the number of people in solo businesses or micro-enterprises is growing.

28 million Americans over the age of 21 (about 8%) are considering independent work. Over half have started research, talked with potential clients, or sought advice on business issues. A quarter have prepared a business plan. One in five have prepared marketing materials. one in seven have started a website, opened a business account, or obtained a taxpayer identification number.

63% of working adults intend to work into retirement - an expected the “Boomer unretirement”

55% of US businesses are already outsourcing work to consultants, contractors, freelancers, self-employed individuals, or small businesses.

Between 1999 and 2008 the number of self-employed persons in Wisconsin grew by 122%, adding a third of all new jobs created in the state. Stage 1 companies with two to nine employees accounted for the remaining two-thirds of jobs.

The Market for Start-up Services, Acceleration, and Coworking in SE Wisconsin

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Milwaukee Metro Counties (Targeted Industries)</th>
<th>Milwaukee Metro Counties (Remaining Industries)</th>
<th>Outlying Counties (All Industries)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Entrepreneurs</td>
<td>5,831</td>
<td>41,045</td>
<td>16,576</td>
</tr>
<tr>
<td>Emerging Entrepreneurs</td>
<td>1,924</td>
<td>13,545</td>
<td>5,470</td>
</tr>
<tr>
<td>Sole Proprietorships</td>
<td>5,267</td>
<td>25,750</td>
<td>12,145</td>
</tr>
<tr>
<td>Stage One Businesses</td>
<td>6,041</td>
<td>40,913</td>
<td>16,302</td>
</tr>
<tr>
<td>Milwaukee Metropolitan Counties</td>
<td>19,063</td>
<td>121,253</td>
<td>50,493</td>
</tr>
</tbody>
</table>

90.2% - the percentage of self-employed, freelancers, etc. working from a home office

4.9% - the percentage of self-employed, freelancers, etc. working from a traditional office

3.1% - the percentage of self-employed, freelancers, etc. working from a shared work environment

A Deskmag survey of people not already in coworking space found interest among 65% of those surveyed. A third of this group had not joined because there were no nearby facilities. The cost of space was a factor for 12 percent.
Profile of Coworking Spaces

*There are approximately 1,320 coworking spaces found all over the world, with 583 in the United States. The number of facilities has doubled every year since 2006. In 2012 over a third (36%) of existing coworking centers are seriously considering expansion by opening an additional location. Another third (37%) will add desks or acquire a larger space. One out of every five coworking facilities is operated by a nonprofit organization. The remainder are privately managed.*

7 months - the average planning time needed to open a coworking facility

$58,000 - the average cost to open a coworking facility. Coworking centers with fewer than 30 members cost an average of $45,000 to open.

January and September - the peak months for opening a coworking facility

September and April - the peak months for new members to join

72% - the percentage of coworking facilities that are profitable after two years

Larger spaces and those offering a greater number of amenities or infrastructure are more likely to be profitable.

*Desk rentals make up the largest part of coworking revenues*

38 - the average number of desks at coworking facilities

50% - the average desk utilization. Most coworking facilities have a greater number of members than desks available.

43% - the percentage of permanent desks rented

57% - the percentage of flexible desks rented

Within the first 15 month, one-third of coworkers rent flexible desks. By the time they have been members for 46 months, two-thirds will rent permanent desks.

54% of coworkers prefer a facility with space for up to 20 people.

42% of coworkers are comfortable with a space large enough for 50 people.

There are documented advantages to larger spaces, including more opportunities for interaction and better profitability for both the center and its members. The longer they are coworking, the more likely a member will be to prefer a larger facility.

6000 square feet - the average size coworking facility
Coworkers rank people (other coworkers) first as a reason for choosing their facility, followed by location. 58% previously worked in a home office and 22% came from a traditional office.

Amenities desired by coworkers include internet access (99%), printers and copiers (80%), meeting rooms (76%), a café (61%), and a kitchen (50%). Just over half of coworking facilities provide fax services. Only 41% of facilities offer phone services, with most members using their cell phones for their businesses.

Considerations for potential coworkers include cost, location, a flexible lease, amenities and atmosphere, and the ability to have a voice in shaping the environment.

- 8% - percentage of facilities allowing members to bring their children
- 11% - percentage of facilities allowing members to bring their well-behaved dogs
- 50% - the percentage of members living within three miles of their coworking facility
- 75% - the percentage of members living within six miles of their coworking facility
- 22 minutes - the average commuting time, although two-thirds have a shorter time. Compared to the general public, a higher percentage take transit, bike, or walk.

Downtown districts that are “hip but still reasonably cheap” are a preferred location, for the unique space that can be found, the atmosphere they impart, and for their setting amid other independent small businesses and desired services.

Businesses that coworkers prefer to have nearby include restaurant and coffee shops, a grocery store, and office services.

Street-oriented locations will help to generate awareness of the facility and will be more inviting to prospective customers than space hidden on the upper levels of an office building.

Rent has been stable from 2011 to 2012. The average cost for typical packages include:
- $387 per month for a permanent desk with 24/7 access rights
- $308 per month for a permanent desk during normal business hours only
- $209 per month for a flexible desk with 24/7 access rights
- $195 per month for a flexible desk during normal business hours only
- $59 per week for a flexible desk
- $23 per day for a flexible desk
Coworking in Southeastern Wisconsin

While the United States may lead the world with 583 coworking facilities, the Southeastern Wisconsin region has a noticeable lack of cowork opportunities. Only three facilities can be described as attempting to meet the definition of coworking space, while others resemble business centers or simply subdivided office space.

**Bucketworks** is run by a non-profit organization and bills itself as both an incubator and coworking space targeting the creative industries. Its 25,000 square foot space offers shared desks, conference rooms, and practice/performance space. Private offices are not available. Drop-in and monthly packages are available from $20 per day to $175 per month. The former warehouse may not be suited to providing a professional image for many businesses. Bucketworks runs several networking events for members and others.

**Hudson Business Lounge** opened at the end of 2011. The space projects a very contemporary, professional image. Numerous services are provided in the 11,000 square foot space, including options for hot desks to private offices, conference rooms with AV resources, a coffee/wine bar, hard-wired T1 or wi-fi connections, VOIP, notary and administrative support services, secured file storage and online storage, and even a video production booth. Full- and part-time monthly rental packages are offered from $55 to $925. Evening lectures and networking events are provided.

**GreenSquare Center for the Healing Arts** might be classified as a coworking facility. It targets licensed and certified specialists in alternative and integrative healing arts. The privately-run center offers six-month leases with treatment rooms priced at $250 and offices at $500. Shared services include reception, wi-fi, and conference room. There is an in-house referral network and members collaborate to market their services.

**Business Incubators**

While coworking is a recent phenomenon, business incubation is entering its fourth decade. The idea behind a business incubator is to select a small number of start-up firms to receive support during their formative stage, helping them to get established and “graduate” to where they may no longer need the technical and/or facility support they received through the incubator. The Southeastern Wisconsin region has several physical and virtual business incubators including Bucketworks, Community Enterprises of Greater Milwaukee, Granville Business Center, Milwaukee Enterprise Center North and South, Milwaukee Technology Incubation Center, Technology Innovation Center, Women’s Enterprise Business Incubator, Center for Advanced Technology and Innovation, and the Whitewater Innovation Center. Many of these facilities have a manufacturing or technology focus.
Where do we go from here?

We have presented an idea:

**Grow southeastern Wisconsin’s knowledge economy by establishing a network of coworking centers that encourage collaboration among individuals and small businesses, that provide access to specialized resources for their targeted members, and serve as a platform for delivering customized start-up and acceleration services.**

So how do we move forward. This study is a starting point. We have put together the basic idea and defined the market. Going forward we need to accomplish four additional tasks: 1) we need local economic development organizations, service providers, community leaders and others to buy into the idea; 2) we need to create an organization to provide oversight and guidance as the idea is fleshed out; 3) we need to identify locations and prepare a business plan to roll out the coworking centers and services; and 4) we need to implement the plan, bringing the idea to fruition.

As a practical matter, it is likely that the concept will be initially rolled out in the Milwaukee region before expanding to the remaining counties in southeastern Wisconsin.

---

**1 Buy-in**

The first test of the idea will be to learn whether it has the support of community leaders, economic development organizations, existing small business service providers, and business. Envisioned as a regional collaboration, we will need to receive positive responses from potential partners throughout the Milwaukee area and southeastern Wisconsin.

**2 Guidance**

Core partners or investors in the initiative will need to establish an organization to provide guidance and oversight of the project as it unfolds. This may take the form of a not-for-profit organization to aid in seeking funding. The organization will provide a governing structure and will commission additional activities necessary to move the concept forward. Its board will represent a cross section of interests from the region, including targeted business sectors.

**3 Planning**

This study profiles the market. In order to make decisions about the number, location, offerings, and other details about the coworking centers, additional research and planning is required. The next phase of analysis should identify concentrations of targeted businesses in the region, recommend and prioritize approximate locations for facilities, and more precisely define the infrastructure (space and resources) and services to be provided. The final preparatory step will be to prepare a business plan addressing implementation steps, marketing, and a financial pro forma.

**4 Action**

Action steps will include obtaining the required funding, securing preferred sites for coworking centers, making the necessary improvements, marketing to recruit members, and launching the venture.
Entrepreneurial and Micro-Enterprise Assistance Providers

What Assistance is Needed?

Independent surveys and interviews with small business service providers paint a remarkably consistent picture of the needs of self-employed persons and stage 1 businesses in the targeted knowledge sector. These entrepreneurs usually come to their business with exceptional technical abilities in their respective fields, but may lack general business management and marketing skills necessary to help them succeed. Some of the top concerns voiced by these businesses include:

- Maintaining a predictable income or coping with a feast/famine cycle
- Finding clients/keeping a pipeline of jobs
- Managing time and staying productive
- Maintaining a work/life balance
- Managing business details and having to wear all hats
- Determining fees and getting paid better
- Preparing proposals and quoting work
- Collecting accounts receivable

For some businesses, the cost of specialized software and equipment can be an additional barrier to forming a business or to competing for work. The ability to share licenses through a cowork setting may reduce this burden.

Co-working spaces often combine the best elements of a coffee shop and a workspace, with a floor plan consisting of a combination of shared work spaces, formal and informal meeting areas, and private office units. Membership plans tend to be flexible, with options for daily, weekly, and monthly use. Most co-working centers provide wi-fi and basic office equipment (printers, copiers, fax machines, etc.) and some may offer specialized equipment or services directed to targeted clientele.

Entrepreneurial and Micro-Enterprise Assistance Providers

There are many existing non-profit and public business service providers in southeastern Wisconsin who may be invited to participate in offering programs through this network of coworking spaces. Some of the more prominent service providers include the Service Corps of Retired Executives (SCORE), Small Business Development Centers (SBDC’s) at UW-Milwaukee, Whitewater, and Parkside, the Waukesha Small Business Center, Bizstarts Milwaukee, the Wisconsin Entrepreneurs’ Network, the Wisconsin Women’s Business Initiative Corporation, The Wisconsin Procurement Institute, Milwaukee 7, and county or local economic development agencies. Peer learning and collaboration are a key objective of coworking. Members may also be a resource to offer instruction on topics related to their expertise, and may become part of a mentoring program. Collaboration will be fostered through interaction and networking.
Acts of collaboration, not solo flights of genius, are the key to breakthrough creativity.

- Keith Sawyer, Group Genius: The Creative Power of Collaboration
The analysis and concepts presented in this document were prepared by

PLACE DYNAMICS LLC

Headquarters § 3090 S. Country Lane § New Berlin § Wisconsin § 53146

(262) 510-2131 Wisconsin (720) 440-2131 Colorado

www.placedynamics.com

SOURCES:
2011 Freelance Industry Report, International Freelancers Day
2011 and 2012 Global Coworking Surveys, Deskmag
2011 Coworking Facility Survey, DeskWanted
Edward Lowe Foundation
Ewing Marion Kauffman Foundation
The State of Independence in America, MBO Partners
US Bureau of the Census
Analysis and interviews conducted by Place Dynamics LLC