Final Report

Consultancy Study on Adoption of Coworking Space Strategy Startups and Incubation Centres Acceleration in Nigeria (RD7)

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ITS Impact Transcontinental Services Limited

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ACRONYMS

ATV	Abuja Technology Village (Free Zone)
AUN	American University of Nigeria
BoI	Bank of Industry
CAC	Corporate Affairs Commission
CAGR	Cumulative Annual Growth Rate
CBN	Central Bank of Nigeria
CEIN	Centre for Enterprise and Innovation
CITAD	Center for Information Technology and Development
CSR	Corporate Social Responsibility
DFI	Development Finance Institution
FCT	Federal Capital Territory
GCUC	Global Coworking Unconference Conference
GDP	Gross Domestic Product
GPZ	Geo-political Zone
HSBC	Hong Kong and Shanghai Banking Corporation
ICT	Information Communication Technology
IPO	Initial Public Offering
KPI	Key Performance Indicator
KPMG	Klynveld Peat Marwick Goerdeler
LAN	Lagos Angel Network
LGA	Local Government Area
LSETF	Lagos State Employment Trust Fund
M&E	Monitoring and Evaluation
MSME	Micro Small Medium-scale Enterprise
MVP	Minimum Viable Product
NBIA	National Business Incubators Association
NBTI	National Board for Technology Incubation
NCC	Nigerian Communications Commission
NCIC	Nigeria Climate Innovation Center
NGO	Non-Government Organisation
NITDA	National Information Technology Development Agency
NSVP	Nigeria Student Venture Prize
ONDI	Office for Nigerian Digital Innovation
P2P	Peer-to-Peer
PDF	Packaged Document Format
PPP	Public Private Partnership
PR	Public Relations
SaaS	Software-as-a-Service
SLA	She Leads Africa
SMEs	Small and Medium-scale Enterprises
STEM	Science, Technology, Engineering and Mathematics
TBI	Technology Business Incubator
TEF	Tony Elumelu Foundation
TIC	Technical Incubation Centre
TIP	Technology Incubation Program
UNDP	United Nations Development Program
UNFSTD	United Nations Fund for Science & Technology for Development
UNN	University of Nigeria Nsukka
URL	Uniform Resource Locator
VC	Venture Capital

EXECUTIVE SUMMARY

The emergence of coworking space as an alternative office solution is reshaping the world of work. Coworking leverages information communications technology to herald a more sustainable mode of work moored on innovation, openness, accessibility and community - in sharp contrast to the silos and secrecy of the conventional office. The coworking trend is underpinned by the alliance of often unconnected individuals and entrepreneurs who band together to create connected communities anchored on collaboration and cooperation.

Although available mainly in urban areas, for now, the coworking phenomenon is fast-spreading across Nigeria. How Nigerians work continues to change, and coworking spaces are adapting to address these changes and meet the demands of the ever-evolving work landscape.

The unrelenting expansion of the coworking phenomenon in Nigeria boosts the proliferation of other wrap-around support services such as business incubation and startup acceleration. All three are beamed at addressing common business challenges and fostering collaboration among entrepreneurs.

Nigeria's coworking landscape is poised for great exploits in the coming years. But because of its nascency, there is a sparse understanding of the general dynamics of the phenomenon. What, for instance, are the benefits of a coworking space strategy? How does the coworking ecosystem connect with the local economy? How does it impact national economic development? What is the level of coworking adoption in Nigeria?

Seeking to answer these questions, the study takes a contextual perspective by evaluating coworking as an alternative workplace solution that stimulates and nurtures entrepreneurial creativity. The study illuminates how coworking impacts ideation and problem-solving. The findings deliver a better understanding of the challenges and opportunities inherent in this new world of work.

The findings further furnish fresh insights into the coworking ecosystem in Nigeria and comprise an accurate comparison and gap analysis of the three key enablers that constitute the entrepreneurial support infrastructure for coworking - technical incubation, startup acceleration and business funding.

The study was conducted with various stakeholders in Lagos, Abuja, Enugu, Kano, Port Harcourt and Yola. The discourses signpost a future populated by a new crop of workers who are poised to fully embrace the relaxed ambience and limitless networking opportunities that coworking offers. As the findings show, these workers of the future are inclined to align their workstyles with the coworking scenario against the conventional office setup.

Although the coworking movement has its origins among entrepreneurs, freelancers and the tech industry, the trend is increasingly being embraced by a broader range of people and a wider spectrum of industries. The study finds that the coworking trend has seeped into previously undisrupted sectors. For instance, the phenomenon has permeated the beauty and grooming industry with nail technicians, beauticians, barbers and hairdressers sharing coworking spaces. Similar disruption is occurring in the medical, food, auto mechanics and several other sectors.

The study sliced and diced Nigeria's coworking ecosystem and teased out the benefits, challenges, characteristics and extant constraints in the system. Through the lens of highlighting innovations to be employed that will foster coworking space investment, startup acceleration and business incubation centres in Nigeria, the study presents coworking space adoption strategy investment characteristics from peer developing countries.

The impact of such innovations in those countries in recent times is considered in this document and forms the bedrock of the recommendations for a stratified implementation approach, framework and model for adopting coworking spaces across all business sectors in Nigeria.

The findings provide usable data to aid informed decision-making by investors and entrepreneurs regarding the characteristics and implications of the coworking phenomenon. Above all, the evidence-based findings give the Nigerian Communications Commission (NCC) an accurate picture of coworking, startup acceleration and business incubation and their impact on entrepreneurship in Nigeria.

CHAPTER ONE

1.0   Document Structure

This document is structured as follows.

CHAPTER ONE
Introduces the study and outlines its key objectives, scope and deliverables as specified in the Terms of Reference (ToR).

CHAPTER TWO
Describes the methodology used for the study; narrates the sources of primary and secondary data; delineates the study geography; and, charts the work plan in detail with associated milestones.

CHAPTER THREE
Presents the findings, feedback and responses from the study respondents; structured around the objectives and scope of the study. The chapter verifies that all the requirements produced throughout the study are distilled into the best solution framework.

CHAPTER FOUR
Submits a recap of the building blocks used to construct the framework and invites the infusion of coworking into tertiary institutions in Nigeria.

CHAPTER FIVE
Tables the study's suggestions as distilled from the key findings and concludes with a bouquet of recommendations.

CHAPTER SIX
Tenders the final remarks and brings the study to a positive conclusion.

1.1　Background Information

Coworking is a gathering of working individuals who share a space but work individually or collaboratively if and when they like. Coworking spaces are the physical locations that support the coworking phenomenon. The users of coworking spaces are commonly referred to as members or coworkers. They are a sophisticated bunch with divergent work dynamics. They are commonly driven and bonded by their desire to create value in collaboration other than competition. The success of coworking spaces relies mainly, if not entirely, on the coworkers.

Freelancers and startups were the first target audiences of coworking spaces, but the industry has witnessed tremendous growth to the extent that hardly any economic sector is left out. Today, there are coworking spaces that target a particular demographic (parents, women, youth, or people with disabilities) or a specific type of profession (tailors, artists, musicians, chefs, hairdressers) or an industry (health, manufacturing, technology, advocacy etc.).

The growing popularity of coworking and its potential for disruptive change necessitate this research study to evaluate the phenomenon's impact on entrepreneurship in Nigeria.

1.2　Research Focus

The study aims to investigate and evaluate the implications of coworking space strategy, its adoption and the level of investment in Nigeria.

1.3　Study Objectives

The following objectives drive the study:

1. To investigate the types of incubation centres and the level of adoption in Nigeria;

2. To identify the benefits of coworking space strategy and how it has helped solve local problems and support startups in bringing their ideas and innovations to life;

3. To evaluate the impact of the coworking space strategy on the economic development of Nigeria;

4. To evaluate why investment in coworking space and incubation centres acceleration is low in some sectors of the Nigerian economy;

5. To analyse the factors responsible for the lower level of coworking space strategy and its adoption in the Nigerian economy; and,

6. To recommend best practices and ways to solve the challenges posed by identified factors using the best solution framework or model.

1.4   Study Scope

The study covers the six (6) major cities of Lagos, Port-Harcourt, Enugu, Kano, Abuja and Yola within a set of purposively sampled organisations focused on information technology experts, managers and top executives. This will aid in assessing the real challenges, level of innovation, adoption and investment characteristics of flexible coworking spaces in the Nigerian market.

The scope of service also covers relative advantages for startup entrepreneurship motivation, ubiquity and mobility.

1.5   Study Deliverables

	Report	Timeline	Remarks
1.	Inception Report	Marking the successful completion of the study's inception phase and the project's official kick-off	Completed✓
2.	Interim Report	After the field survey phase and in pari passu with the data analysis	Completed✓
3.	Draft Report	Following collation and final analysis of survey data distilled into study findings	Completed✓
4.	Final Report/ Framework	Commemorating the successful completion of the study	Completed✓

CHAPTER TWO

2.1   Methodology and Work Plan

The study was conducted in four phases. The first phase was the inception phase; followed by the fieldwork and data collection phase; then the data collation and data analysis phase; and finally, the reporting and framework presentation marking the fourth and final phase.

Figure 1: The Four Phases and Milestones of the Study

Phase One	Phase Two	Phase Three	Phase Four
Inception Study Scope Work Plan Project Logistics Data Collection Instruments	**Fieldwork/Data Collection** Interviews Field Survey Literature Review Meetings	**Data Collation / Data Analysis** Collate data Analyse data Correlate data	**Final Reporting** Findings Framework Executive Summary Final Report
Inception Report	Interim Report	Draft Final Report	Final Report & Framework

The four phases were configured to dovetail into one another with a slight overlap to allow the study to flow asynchronously.   The inception phase involved structuring and designing the work plan; articulating the data collection instruments; procuring the necessary project consumables; and, prepping the logistics for the research teams to attend and survey coworking spaces and incubation centres in Lagos, Port Harcourt, Enugu, Kano, Yola and Abuja.

The activities of the inception phase culminated in a project coordination meeting between the study research team and the project supervision officials of the Research & Development Department. The coordination meeting effectively signalled the official kick-off of the study.

2.2   Detailed Work Plan

	Activity	Description	KPI	Status
Inception Phase	1. Study inception 2. Kick-off meeting 3. Articulate and agree on the study work plan 4. Design data collection instruments	1. Review of study objectives 2. Design of data collection instruments 3. Drafting and production of the Inception Report	Harmonised work plan	Completed✔
			Submission of Inception Report	Completed✔

	Activity	Description	KPI	Status
Fieldwork / Data Collection Phase	1. Identification of startups, incubators, accelerators and coworking spaces for interviews 2. Classification of information technology experts, managers and top executives	1. Populate the schedule with a list of sector stakeholders 2. Schedule meetings and interview sessions with purposively selected startups	1. Comprehensive list of study respondents 2. Meeting schedules 3. Geopolitical zone-level logistics in place 4. Procurement of required study consumables	Completed✔
	Active fieldwork in Lagos, Port Harcourt, Enugu, Kano, Abuja and Yola	Carry out round table meetings with selected industry players	1. Round table meetings 2. Interview sessions 3. Primary data	Completed✔
	Literature review	Review of literature on institutions and countries active in the industry Research Internet resources and materials	1. Case studies 2. Secondary data	Completed✔
	PowerPoint Presentation	Presentation of interim findings	Review & Feedback	Completed✔

	Activity	Description	KPI	Status
Data Analysis Phase	Interim Report	Analysis of the project progress	Submission of Interim Report	Completed✓
	Project Monitoring and Evaluation (M&E)	1. Monitor and evaluate study processes and platforms 2. Monitor and evaluate the performance of study resource persons	1. Continuous monitoring and evaluation to ensure fidelity to the ToR 2. Feedback on project performance	Completed✓
	Data Analysis	1. Collate primary and secondary data 2. Input all data into the data correlation engine for analysis	1. Study findings 2. Recommendations	Completed✓
	Draft Report	Prepare the Draft Final Report of the study outlining study findings and recommendations	Submission of Draft Final Report	Completed✓

	Activity	Description	KPI	Status
Final Reporting Phase	PowerPoint	Presentation of Study Findings	1. Final study review 2. Final comments 3. Final observations	Completed✓
	Final Report	1. Infuse amendments arising from the final review 2. Construct the Framework Document 3. Conclude and produce the Final Report	Submission of the Framework Document	Completed✓
			Submission of the Final Report	

The completion of the inception phase was commemorated with the submission of the Inception Report to the project supervision team for review and approval. Following the project supervision team's review and feedback, a revised Inception Report was produced and resubmitted for approval. The approval of the Inception Report propelled the study to advance to the fieldwork and data collection phase.

2.3   Data Collection Phase

2.3.1 Primary Data

The primary data for the study were sourced using the administration of structured face-to-face interviews with entrepreneurs, coworking space providers and coworking members in the metropolitan cities of Lagos, Port-Harcourt, Kano, Enugu, Abuja and Yola.

Purposive sampling and quota sampling methods were used to select the respondents for the study. These sampling methods were found adequate because of the small number of the incubation centres and coworking spaces and the specificity of their locations.

Three types of incubation centres were identified: (i) public - Government-owned; (ii) profit - private and commercial; and, (iii) social or non-profit.

For the government-owned incubation centres, the National Board for Technical Incubation (NBTI) provided the addresses and contact persons of all the Technology Incubation Centres (TICs) under its superintendence. From the list, the study team selected the TICs located in Lagos, Kano, Enugu, Port Harcourt and Yola for sampling.

The names and addresses of the commercial and non-profit incubation centres were obtained from the Network of Incubators and Innovators in Nigeria (NIINE), the sector's umbrella body. NIINE also provided the initial universe of startups that yielded the sampling population for the startups.

The list of coworking spaces sampled for the study was obtained from Coworker.com - an online repository that hosts a comprehensive list of coworking spaces. As the survey progressed, the number of startups and coworking spaces

expanded through a snowballing effect following the connections reported by the respondents.

Quota sampling was used in the administration of the structured interviews on the incubatees of the incubation centres and members of the coworking spaces visited. Purposively selected managers of these locations were also interviewed to obtain their insight.

An in-person questionnaire was prepared to guide the interviews. The questions sought, among other things, to discover the demographics of the participants in the coworking ecosystem as well as those of the business incubation network.

The questionnaire enquired about the mode of ownership, sources of funding, details of operations and services, impact and motivation and the challenges the respondents face in the day-to-day execution of their entrepreneurship. The research questions also sought to ascertain the factors for choosing coworking spaces over the conventional office or working from home. The questions were structured methodically to elicit candid answers to the research questions.

The interviews were administered in person to the respondents during the period of visitation at their respective locations. This survey delivery mode was chosen as it offers many advantages over mail and telephone surveys in terms of the complexity and quality of the data collected.

Figure 2: Classification of Respondents

Classifcation of Respondents

Startups — 105
Coworking Spaces — 78
Incubators/Accelerators — 25
Managers — 22

TNR: 230
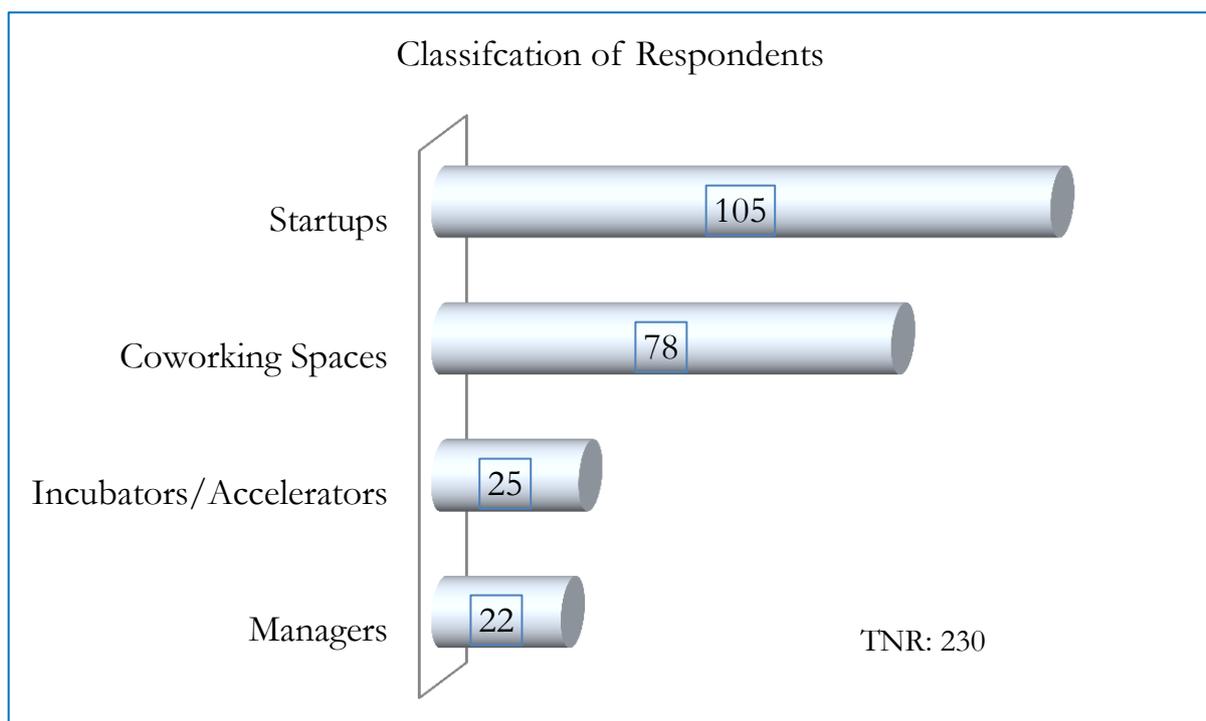
The dataset included 105 startups, 78 coworking spaces, 25 incubators/accelerators and 22 managers and top executives of purposively selected organisations. The combined total number of respondents (TNR) for the study came to 230.

Figure 3: Distribution of Respondents
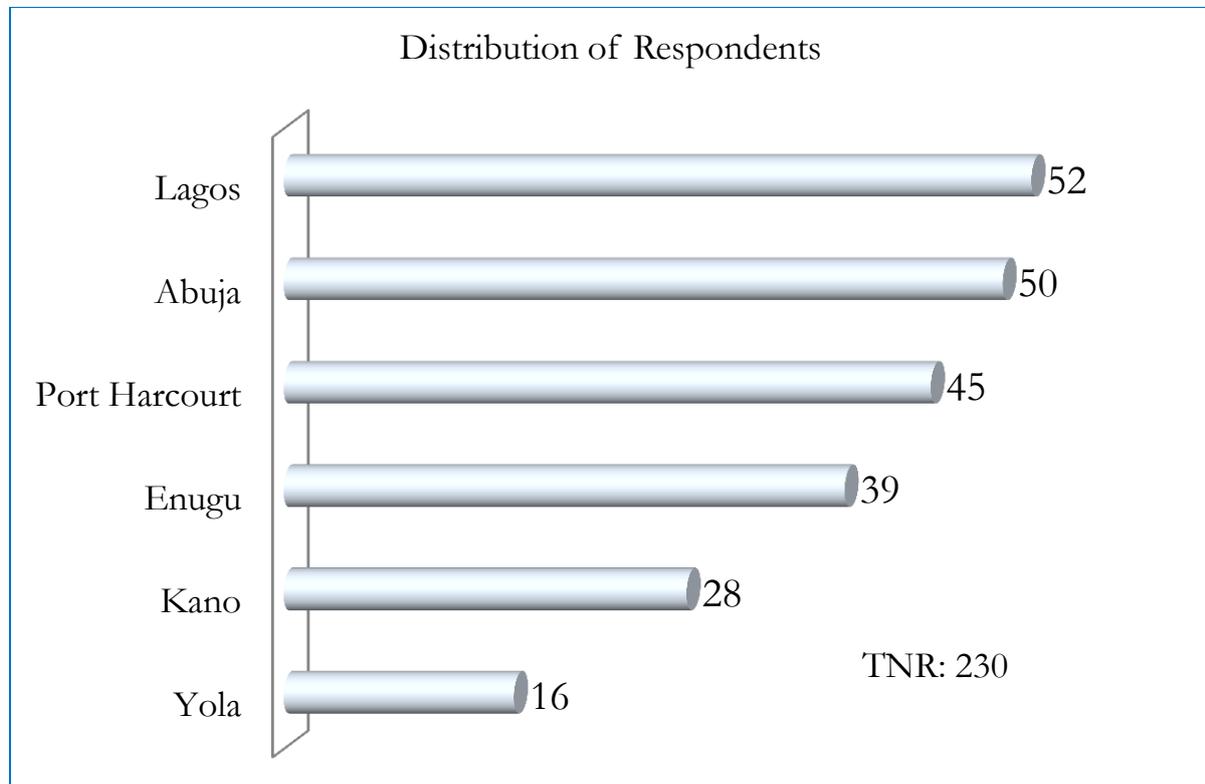
The numbers of respondents per metropolitan city were Lagos 52, Abuja 50, Port Harcourt 45, Enugu 39, Kano 28 and Yola 16.

2.3.2 Secondary Data

The secondary data infrastructure includes data from an extensive review of subject-centric literature; copious data obtained from coworking community listservs; a compendium of case studies of a selection of developing countries; and, newsletters, journals and research papers.

Data garnered from the coworking community listservs helped the study to map the current landscape of coworking and clarify details on its history, trajectory, key elements and pain points.

The study team also harvested data from niche uniform resource locators to explore the design choices made by coworking spaces and cross-examine how

coworking spaces differ from, and yet interrelate with, other entrepreneurial support systems such as accelerators, incubators and tech hubs.

The websites of 110 coworking spaces, 167 startups, 94 tech hubs, incubators and accelerators were visited to obtain quantitative data on the services they offer and their peculiarities. The study rode on attested documents obtained from reliable sources including the conversations on the coworking communities' listservs. Analysing the data from these sources gave a better understanding of how the coworking community supports startups from ideation to a viable market product.

Further secondary data were sourced from policy documents, white papers, journals and publications drawn from peer emerging economies, particularly South Africa, Kenya, Egypt and Ghana. The purpose was to harvest data from the coworking space adoption strategies and investment characteristics of these countries. The strategies and investment characteristics were analysed to understand their impact on innovation and ecosystem expansion in these countries in recent times.

The study ascertains the nature and extent of the need for coworking spaces in Nigeria and generally improves the available information concerning coworking and enhances the understanding of the implications, contradictions, potentials, and risks that coworking presents as a way of work in the current complex and quickly evolving labour market.

Thus, the study scrutinises in granular detail the changing nature of work, the growing popularity of coworking spaces, and the global and local trends giving rise to the need for coworking spaces. Coworking spaces are then defined followed by the development of a coworking member typology matrix, to better understand coworking members' needs.

Finally, the characteristics and relevance of coworking spaces in Nigeria are illuminated. The findings enrich the ongoing conversations around coworking, business incubation and startup acceleration in the aspect of envisioning the solutions framework and model for Nigeria.

CHAPTER THREE

3.0   Findings

3.0.1 Coworking Spaces

Because spaces respond to diverse requirements in different ways, it is often difficult to brandish a one-size-fits-all definition of a coworking space.   Deskmag, a reputable oracle on all things coworking, describes it as every workspace with flexible structures that are designed for and by people with atypical, new types of work - that is not exclusively for people from one particular company.[1]

In another definition, coworking is referred to as a model of work where entrepreneurs, small teams, and even large enterprises operate out of a communal office space often managed by a third party.[2]

Coworking is also described as a gathering of a group of people who work independently, but who share values and are interested in the synergy that can happen from working with other people.[3]   Put differently, it is an arrangement in which workers for different companies and entrepreneurs share an office space to gain cost savings and convenience through a common infrastructure. This may include office equipment, utilities, amenities, receptionists, secretarial services and in some cases, even refreshments.

Coworking spaces bring different companies, freelancers and startups together to work in the same space but may or may not interact on the same projects. In Google's dictionary of terms, coworking is described as a type of work that includes the use of an office or other working environment by people who are self-employed or working for different organisations, to share equipment, ideas, and knowledge.[4]

As pointed out earlier, coworking spaces come in different sizes, serve diverse audiences and flaunt divergent features. The best coworking spaces will offer a

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[1] Coworking 101: A new definition - https://www.deskmag.com/en/coworking-spaces/coworking-spaces-101-a-new-definition

[2] Bernie DeKoven - The Coworking Phenomenon and the Overhaul of the Work Landscape - https://www.coworker.com/mag/the-coworking-phenomenon-and-the-overhaul-of-the-work-landscape

[3] Coworker - What is Coworking? - https://www.coworker.com/mag/what-is-coworking

[4] Coworking: A Community of Work - https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=definition+of+coworking&btnG=

wide variety of workspaces that cater to different workstyles and support the needs of individual workers, as well as organisations big and small.

However, despite their uniqueness, coworking spaces share common characteristics anchored on the five core values that reflect the coworking philosophy. These core values can be considered as the cradle of the coworking phenomenon.[5]

They are:

- **Community** - a group with a shared purpose and shared thoughts about coworking;
- **Collaboration** - the willingness to cooperate with others to create shared value;
- **Openness** - free sharing of ideas, information and people;
- **Accessibility** - accessible, both socially and economically, for every type of worker; and,
- **Sustainability** - resources are shared, which brings ecological and economic benefits.

The defining characteristics of coworking spaces are that resources are shared across all members and coworkers cooperate and collaborate with one another in an atmosphere that is both open and transparent. By sharing skills, space and resources, coworkers engender a sense of community which helps them alleviate some of their business burdens.

Members of a coworking community typically pay a flat-rate fee for membership, with the fee structure based on the number of weekly, monthly or annual visits. In return, the members gain access to various office equipment and amenities as expected in an office environment, including WiFi, meeting rooms, desks and furniture, communal kitchens, breakaway areas, bathrooms, cleaning and maintenance.

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[5] Kwiatkowski and Buczynski (2011)

3.0.2 The Gender Ratio

The findings show that men make up 52% of players in the coworking and startup ecosystem and women 48%.

Figure 4: Gender ratio of Startup/Coworking Ecosystem
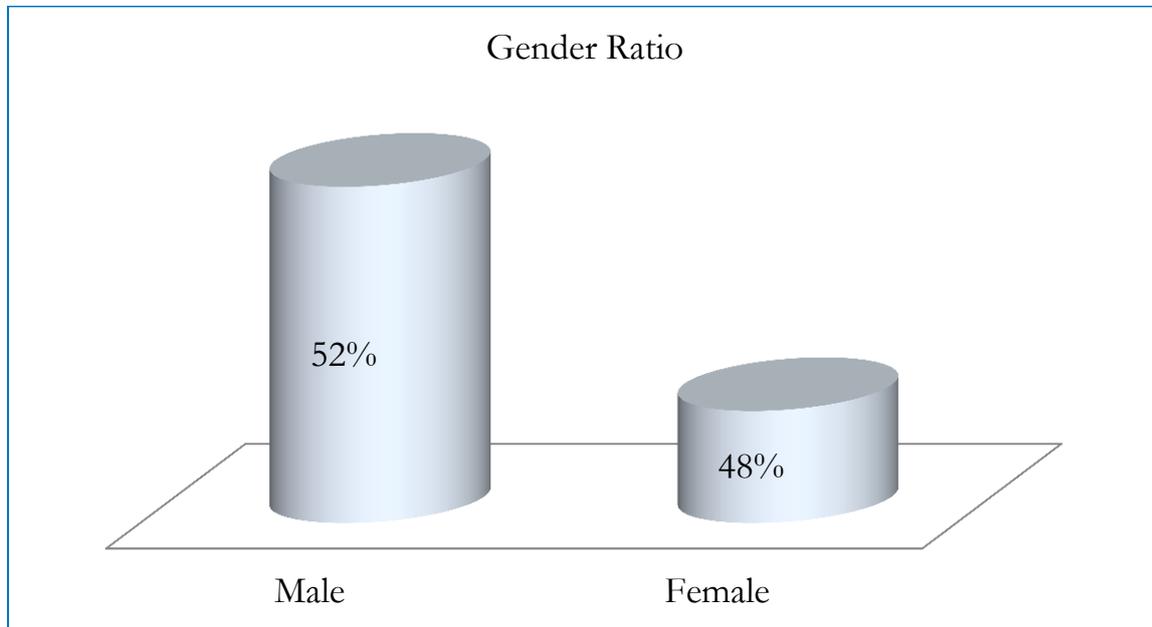
Evidently, more women in Nigeria are venturing into the male-dominated world of business further pushing the entrepreneurial narrative. Today, there is a lot more flexibility to work remotely or make use of convenient locations such as coworking spaces. This has changed how business is done. It has also galvanised and empowered more women to join the entrepreneurial bubble.

Arguably, coworking spaces reduce, or even eliminate, most of the disadvantages of inequality that women often face in conventional work contexts since coworking spaces generally do not have the centralised human resources departments that oversee institutionalised hierarchies and encumbrances.

The wave of women-centric coworking spaces that are being launched in recent times further cements the enabling environment for more women to embrace the coworking phenomenon.

For both genders, 67% of players in the Nigeria coworking arena are educated to university degree level, 28% have a postgraduate qualification and 5% reported secondary school as their highest level of education attained.

Education Level Attained

As can be deduced from these stats, the majority of coworking members are well-educated. Although not a prerequisite, the complex relationship of working and socialising which coworking provides is suitable for people with education since a large proportion of work done in coworking spaces tends to be knowledge-based, often digital and requires a good dose of creativity.

Occasionally, students, particularly those in their final year or studying for Masters or Doctorates, use coworking spaces too. This provides them the opportunity to network with experts from many sectors, thus boosting their knowledge and prepping them for jobs after completing their studies.

Those wishing to go into business find coworking spaces a great way to make good contacts, learn some tricks of the trade and get the chance to rub minds with professionals in their chosen sectors.

The coworking and startup space in Nigeria is dominated by members of the 20-35 years age cohort also known as the Millennials and GenZs.

Average Age of Participants

82%

15%

3%

20-35   36-45   46 and over
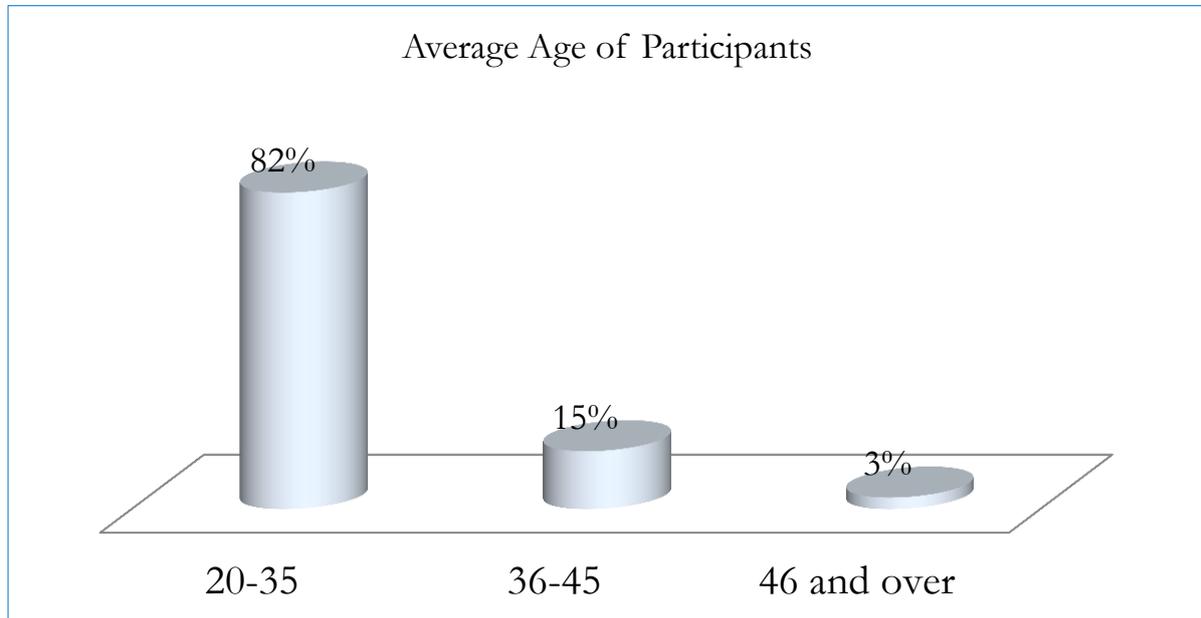
Young people in the 20-35 age brackets constitute 82% of the survey respondents with 15% in the 36 to 45 age cohort. The oldest users are in the 46-65 years group at 3%. There was no respondent over the age of 65 in the survey.

According to the most recent global coworking survey, the average age of coworking space members is 36 years old. The oldest members are employers whose average age is 40 years, followed by freelancers, whose average age is 38 years and employees with an average age of 33 years. Around 43% of employees of coworking companies are yet to celebrate their 30th birthday.[6]

Statistics from the same global coworking survey reveal that around 41% of all coworking space members are freelancers, while 36% are employees and 16% are employers. The most populous group has remained workers in the IT sector, accounting for 22% of all businesses, while marketing and PR professionals account for 14%. 7% of members engage in other activities, for instance, studying.

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[6] Deskmag – Who Works in Coworking Spaces - https://www.deskmag.com/en/coworkers/members-of-coworking-spaces-demographics-statistics-global-survey-coworkers-research-2017

Coworking spaces offer inexpensive rent models that allow patrons to select subscription patterns that best suit their budget with the flexibility to cancel at any time compared to the rigid rent structures of the traditional office. As a service, coworking spaces decentralise the cost of office infrastructure by spreading it across subscribers against the traditional workspace where a business has to exclusively rent or own an office, furnish it and cater for every infrastructural requirement.

Most, if not all, coworking spaces go beyond providing the bare minimum of floor space for patrons by offering other nice-to-haves such as board and conference rooms, reliable power supply, high-speed internet and many other amenities. There is also the benefit of working alongside other professionals which creates abundant networking opportunities. Coworking spaces are largely technology-driven and proffer the flexibility that the modern workforce craves. Many coworking spaces offer collaboration via cloud systems and other technologies while some cater to specific industries or professions.

As can be deduced from these definitions, coworking spaces are essentially communities of driven, talented individuals working for different organisations, doing different jobs, using different tools but with convergent interests and goals. Members relish fostering a team atmosphere and are inclined to gladly open up and share their work with others. There are countless opportunities to network and collaborate on projects, organise meet-ups and seek validation for ideas. The prospect of working alongside other entrepreneurs who are willing to share insight and resources is an invaluable attribute of coworking spaces.

New coworking spaces open daily as an increasing number of entrepreneurs, startups and freelancers choose to work in a location-neutral workstyle, working from wherever suits their purpose. Coworking is a global phenomenon with 25% of all coworking spaces located in North America, 31% in Europe, 30% in Asia, 6% in South America, 5% in Africa, and 3% in Oceania.[7]

3.0.3 The History of Coworking

The advancement in digital technology resulting in cheap laptops, wireless internet, smartphones and cloud-based software decoupled the dependence on fixed locations for most work activities. By the mid-2000s these technical affordances enabled a variety of new work practices structured around individuals choosing

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[7] Travis Howell - Coworking spaces: An overview and research agenda - University of California, Irvine Paul Merage School of Business, 4293 Pereira Dr, Irvine, CA, 92697, USA

temporary workplaces and engaging in light forms of intentional work and learning-related social cooperation. Coworking has become the most widely recognized generic term for these work practices.

The commencement of the coworking space phenomenon is commonly ascribed to Brad Neuberg's San Francisco collective workspace which opened in 2005, but as detailed by Neuberg himself, the story of coworking is different from the one most people might have already heard. The actual beginning of coworking can be traced to a decade earlier in 1995 when C-Base, a hackerspace, opened in Berlin.

The goal of the hackerspace was to act as a non-profit rendezvous that brought together computer enthusiasts and provided them with facilities, equipment, and opportunities for collaboration and knowledge sharing. C-Base was probably the first official workspace in the world to be shared by people working for different organisations. The C-Base hackerspace is generally considered to be the precursor of today's coworking spaces. Its advent in 1995 did not go unnoticed as the idea soon witnessed a spectacular uptake as similar venues started springing up elsewhere.

It was not until 1999 that the word coworking was coined by Bernard De Koven. But back then, he was referring more to a way of working rather than a place to work. Koven's vision for the future of work was rooted in a desire to increase collaboration and remove hierarchy from the professional structure. Hot on the heels of De Koven's coinage, Schraubenfabrik opened in Vienna in 2002. The two entrepreneur-founders of Schraubenfabrik called it the mother of coworking spaces. They pitched it as an entrepreneurial centre with the goal of housing architects, PR consultants and freelancers to collaborate and get out of the house.[8]

Thereon out, office spaces with flexible desks for teams and individuals began to spring up in major cities around the world. Those flexible workspaces were certainly the forerunners of the coworking spaces of nowadays, although they lacked the crucial aspect of community that coworking spaces offer today.

Granted that the word coworking was coined in 1999, but it was not until 2005 that the phenomenon gained traction with the arrival of more independent spaces that latched on to the concept. For example, Impact Hub, London's very first coworking space opened at the Angel Station in 2005 and has since become a huge franchise network. St. Oberholz opened in Germany in the same year as one of

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[8] The History of Coworking: How Flexible Office Space Became a Force in the Working World - https://cobaltworkspace.com/the-history-of-coworking/

the first coworking spaces to offer free internet access. That perk tremendously furthered the rapid expansion of the coworking trend.
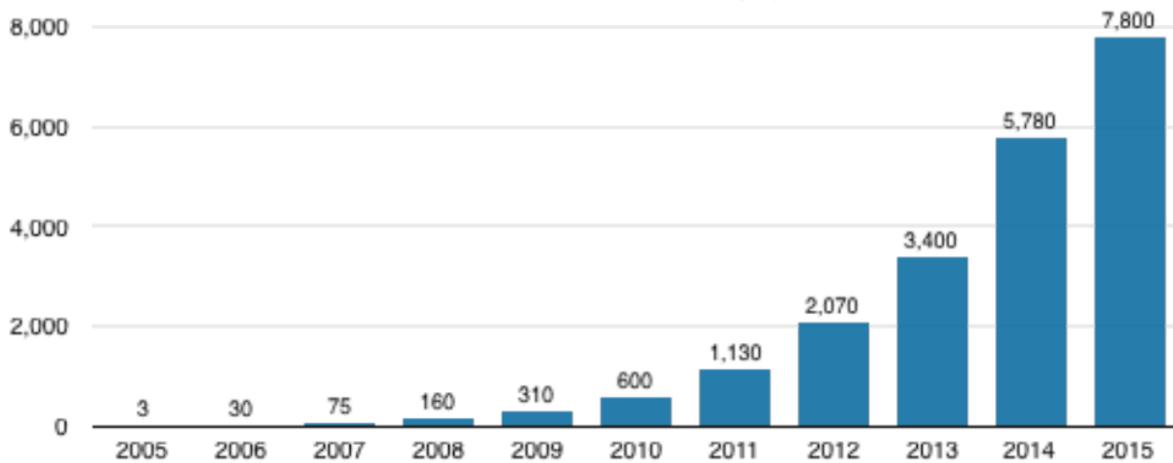
As of August 2023, there are thousands of coworking spaces around the world, including franchises with branches in multiple cities. While big companies such as Impact Hub and WeWork dominate the global market, a remarkable number of independent workspace providers are quickly scaling to the range of 5 to 10 locations, dominating market share in their chosen locations in several cities and regions.

Here in Nigeria, the likes of CcHUB and Wennovation lead the market with branches in several capital cities including Lagos and Abuja. There are also many one-off locations opening here and there boosting the phenomenal growth of the coworking trend.

Coworking spaces come in different sizes, serve diverse audiences and flaunt divergent features. The best coworking spaces will offer a wide variety of workspaces that cater to different workstyles and support the needs of individual workers and organisations, big and small.

There are other models of open collaborative workspaces that might be mistakenly regarded as coworking spaces. There are, for instance, libraries with desks and internet cafés and business centres with work resources for collaboration filled with punters on laptops. How these facilities differ from coworking spaces and what makes the coworking model special are the mainstay of this study.

3.0.4 Trajectory of Coworking by Year and Event

As illustrated in Figure 8, the world has latched on to the coworking trend and every continent has, in one way or another, participated in shaping the chequered trajectory of the phenomenon.

Figure 8: The History of Coworking by Year and Event

Year	Event	
1995	C-Base – a hackerspace purposed for coders, software engineers and other techies as a hub for members to compare codes, and share space, ideas and information to complete tasks opened in Berlin.	
1999	Bernard De Koven coined the word coworking describing it as individuals working together as equals who are self-employed or work for different employers sharing ideas, tools and meetings.	
2002	Schraubenfabrik - the first formal coworking space opened in Vienna as a community centre for enterprises. It offers a shared open-plan office fostering a community of self-employed workers. Schraubenfabrik still exists to this day proudly calling itself the mother of coworking.[9]	
2003	The Nine to Five Group was launched in the United States. The idea behind it was for freelancers and self-employed workers to arrange ways to meet up and work together, to compensate for the feeling of community that many home and lone workers may not have.	
2004	Schraubenfabrik opened their second working space – Hutfabrik operating under Konnex Communities. These spaces became the first-ever coworking space network.	
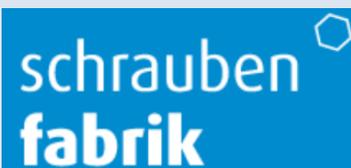
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[9] Schraubenfabrik – The Mother of Coworking - https://www.schraubenfabrik.at/

2005	Brad Neuberg opened San Francisco Coworking Space on a part-time basis. Impact Hub, London's first coworking space opened and has since become a huge franchise network. St. Oberholz opened in Germany as the first cafe with free internet access. More independent spaces latched on to the coworking concept.	
2006	The San Francisco coworking space went full-time with the moniker Hat Factory. Brooklyn Coworking, New York's first coworking space opened. The Coworking Wiki - a free, community-owned and operated resource for coworking is established.	
2007	The word coworking made its debut on Google's database. The term also got into the English version of Wikipedia for the first time.	
2008	The global financial crash and the ensuing recession changed the world of work. With businesses downsizing, record numbers of workers turned to self-employment, reshaping the work landscape. The coworking visa was cultivated allowing members of various coworking spaces to use other spaces for free.	
2009	Betahaus opened as Germany's first official coworking space. Several unofficial coworking events take place. These impromptu meetings formed the framework of what would later become the Global Coworking Unconference Conference (GCUC).	
2010	The first European coworking conference took place in Brussels. The first Coworking Day was celebrated by the movement on 9 August. At this time, there were at least 600 coworking spaces worldwide, with more than half located in North America.	

2011	Coworking made its debut in Nigeria with CcHub, Lagos. Since then, the number of coworking spaces has risen to include Wennovation, Venia Hub, CapitalSquare, Cre8 Space, Leadspace, Litcaf, Musterpoint, Ventures Park and many others.	
2012	Coworking spaces established worldwide add up to more than 2,000. Media outlets such as Twitter and Google had a huge increase in coworking hashtags and handles.	
2013	The coworking movement was now firmly established, with new sites opening up almost every day to meet the growing demand for flexible office space. Most of the coworking spaces ran independently of networks.	
2014	The shift in the nature of the work environment led to the proliferation of coworking spaces around the world with 5,780 venues worldwide and 295,000 members, in comparison to 3,400 coworking spaces with 151,000 members in 2013.[10]	
2015	The New York Times wrote about the new idea that saw coworking mixing with the home office at a resort or hotel. The main notion of the story was the combination of coworking and coliving.	
2016	Coworking and coliving idea broadened with organisations offering coworking and coliving units. Larger companies such as HSBC, KPMG, Microsoft and IBM started taking coworking options more seriously. HSBC moved into a coworking space taking 300 of their staff members with them.[11]	
2017	More than 1.2 million people worldwide work at their respective coworking spaces.[12]	
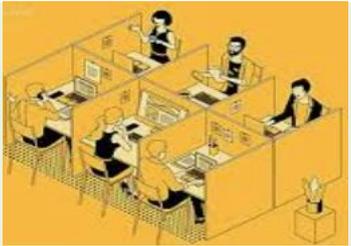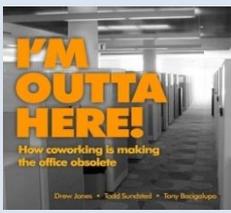
[10] Coworking Survey – The History of Coworking - https://www.dropbox.com/s/5n466f7mv4qs0kd/ResultsOfTheCoworkingSurveyCoworkingEuropeLisbon2014.pdf

[11] Financial Times - https://www.ft.com/content/c8255158-fffe-11e5-ac98-3c15a1aa2e62

[12] GCUC Community - https://gcuc.co/one-million-people-will-work-coworking-spaces-2017/

Year	Description	
2018	A variety of big players entered the coworking market including franchises such as Impact Hub, Venture X, and Serendipity. Some coworking spaces embraced cryptocurrency and started to accept it as payment.	
2019	New coworking platforms and resources entered the scene to fill the void between coworking software, coworking spaces, and remote workers.	
2020	COVID-19 wreaked havoc on coworking and work in general. Nonetheless, Nigeria recorded 60 entrepreneurship coworking spaces followed by Egypt (59) and South Africa (58).[13]	
2021	There were dozens of major coworking space companies around the world, including franchises with branches in multiple cities.	
2022	London became the world leader in the total number of coworking spaces with New York as the runner-up. In Africa, Lagos became the coworking capital of the continent with Cairo in second place.	
2023	There are more than 35,000 flexible workspaces in the world with a global market value estimated at approximately US$26 billion. Despite the negative impact of the COVID-19 pandemic, the industry has continued to grow and thrive.	
2024	According to projections, there will be some 41,975 coworking spaces worldwide by the end of 2024 and the number of people working in them globally is predicted to reach 5.07 million while the global coworking spaces market is poised to grow by US$13.35 billion progressing at a cumulative annual growth rate (CAGR) of over 11%.[14]	
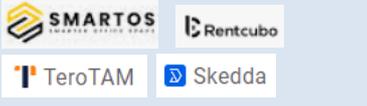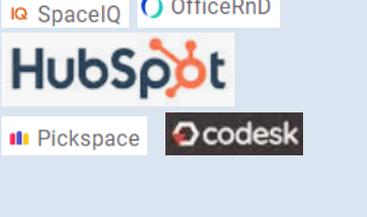
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[13] Statista - https://www.statista.com/statistics/554273/number-of-coworking-spaces-worldwide/

[14] Statista - The 12 Most Important Trends in Technology and Economy - https://www.statista.com/press/p/trendcompass2020/

Figure 9: Number of Coworking Spaces Worldwide 2018-2024
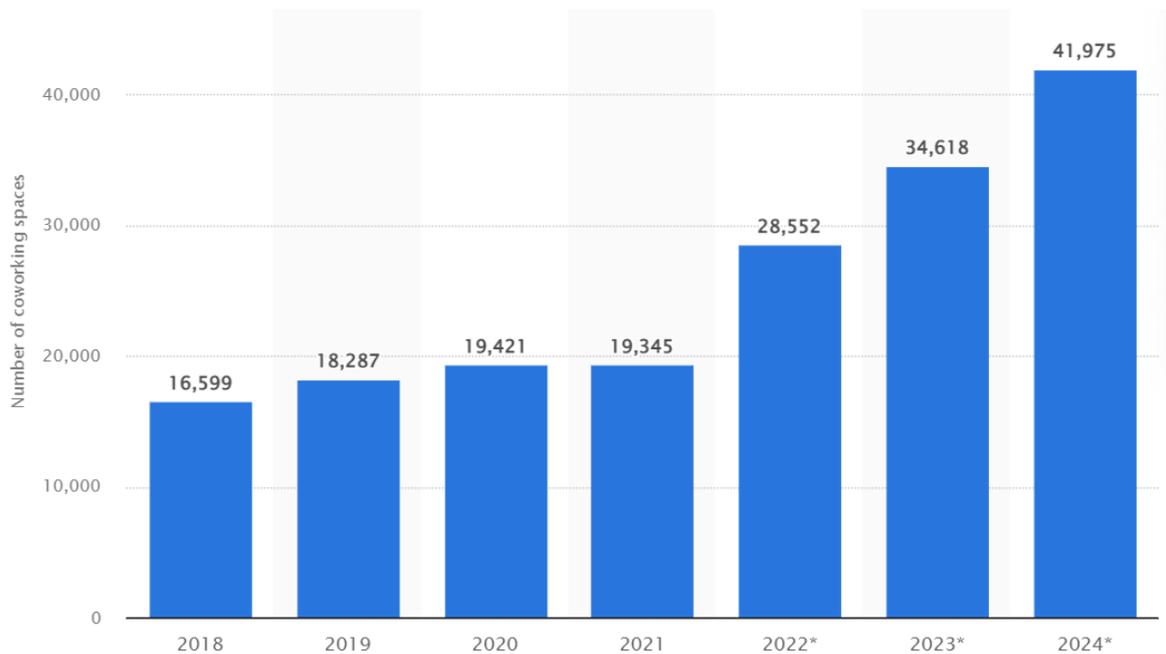
3.0.5 The Coworking Manifesto

The pioneering members of coworking settled upon a manifesto. The manifesto states thus.

"We have the talent. We just need to work together. Different environments need to overlap, to connect and to interact to transform our culture."

"To create a sustainable community based on trust, we value:

- o Collaboration over Competition;
- o Community over Agendas;
- o Participation over Observation;
- o Doing over Saying;
- o Friendship over Formality;
- o Boldness over Assurance;
- o Learning over Expertise;
- o People over Personalities; and
- o "Value Ecosystem" over "Value Chain."[15]

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[15] Using The Coworking Manifesto As A Framework For All - https://allwork.space/2019/01/using-the-coworking-manifesto-as-a-framework-for-all/

The manifesto dovetails into a set of coworking core values namely collaboration, openness, community, accessibility and sustainability. An effort to domesticate and further iterate the manifesto was made at the Yaba Townhall that took place at CcHub, where attendees identified seven different objectives as the main articles of the future manifesto. The objectives are research and development, culture, infrastructure, funding, talent and policy creation.

Coworking spaces are great for networking with a range of different businesses all operating in the same location. They are expedient for startups given the high infrastructure costs. A coworking space can effectively take care of overheads such as electricity, internet connectivity and security. This gives startups a relatively cost-effective head-start in an environment where they can interact with other players within their industry or without.

Although coworking spaces are gaining currency, serviced offices, managed offices and virtual offices have been around for decades offering the same features but with some subtle differences. However, the rolling digitisation of work, in particular the widespread adoption of smartphones and email, disrupted the value of the core amenities serviced offices provided, such as fixed phone lines, fax machines and mailbox addresses. It is important to understand the difference between coworking spaces and the preceding forms of managed office enterprises.

Figure 10: Convergence of Serviced Offices and Coworking Spaces
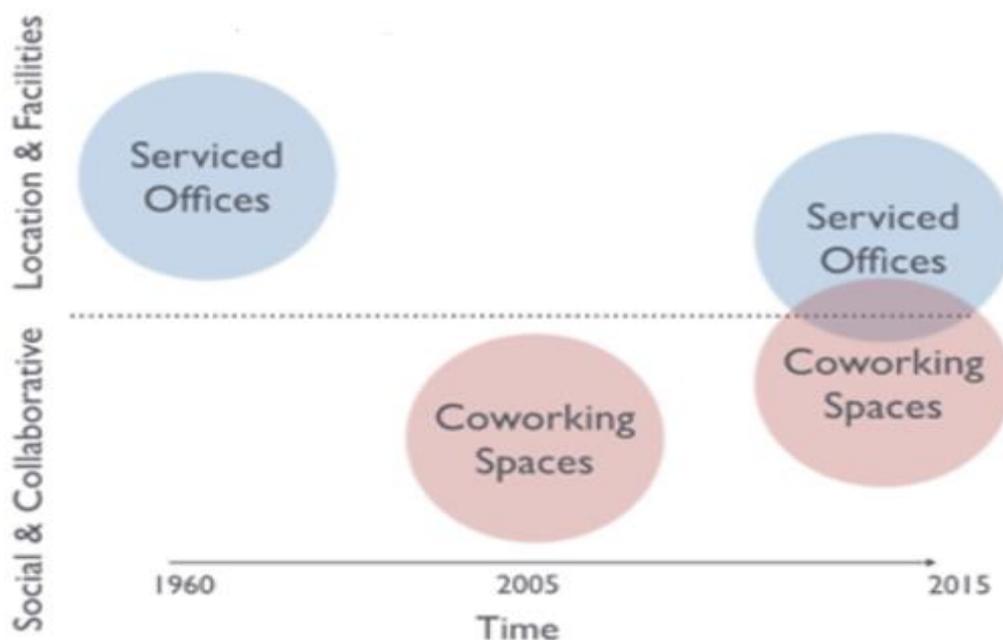
3.0.6 The Convergence of Office Types

3.0.6.1   Serviced Offices

For decades, services such as business centres, executive suites and serviced offices have offered paid access to office facilities and strategic locations. A serviced office is a workspace that is all ready to go.[16]   The space is fitted out to the provider's specifications so the user can simply turn up, plug in and start working.

Contracts on serviced offices typically range from one to 12 months and often include all additional facilities and services built into the rent.   These services may include reception staff, clerical support, Wi-Fi and the use of on-site meeting rooms.   In a serviced office, the user typically pays per desk space.

Small and Medium-scale Enterprises (SMEs) rent serviced offices because the benefits they provide are a good fit for their needs. Global companies also rent serviced offices when they want a local hub for their employees or an affordable way to try out a new location without committing to long-term leases.

Serviced offices are generally popular with:

- Small and Medium-scale Enterprises and freelancers who want to benefit from ready-to-use office facilities and improve work productivity;
- Businesses that require a flexible solution while minimising infrastructure overheads;
- Small businesses that are growing quickly and need to be able to upsize and scale seamlessly; and,
- SMEs that want to benefit from the networking opportunities and desire the use of similar facilities as their larger competitors such as meeting rooms, conference rooms and business equipment.

3.0.6.2   Managed Offices

A managed office has similarities to a serviced office, as flexibility is built into the lease and the office is operated by a third party.   However, while the serviced office is usually on a what-you-see-is-what-you-get basis, a managed office offers the users the latitude to tailor the space and décor to meet their bespoke business requirements.

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[16] Serviced office Vs Managed office Vs Co-working: What suits your business the best? -
https://skootr.com/blog/serviced-office-vs-managed-office-vs-co-working/

For example, in a managed office, the user can choose everything from wall and floor finishes to the number of chairs and desks and the location of meeting rooms. The provider will then deliver the space to those exact requirements to create a custom-built workspace.

Contracts on managed offices are typically a minimum of 12 months and the user pays for the amount of space occupied rather than the number of desks.

Managed office services tend to be more popular among larger businesses across a broad range of sectors. They are the perfect solution for a purpose-built and branded workspace that can optimise efficiencies and impress clients.

Managed offices are a good fit for SMEs and startup scaleups that have outgrown coworking spaces and serviced offices. Ideally, these are businesses that have established a firmer footing in the marketplace and have a clearer idea of where they are headed over the next few years.

Managed offices can also be useful for larger businesses seeking more flexibility and agile layouts that better accommodate modern working styles. Many benefits make managed offices a good fit for this cadre of businesses including customised setup and brandable space; flexible deposits, lower setup costs and all-inclusive fees.

Managed offices are ideal for and often used by:

- Growing businesses with up to twenty or more employees that have outgrown coworking or serviced offices but still want the flexibility and convenience of a workspace not owned by them;
- Businesses that are fully established and may have previously had traditional office spaces but now see the value of a flexible solution;
- Corporate project teams that need a hub in a new location so they can complete a project or contract; and,
- International or blue chip companies looking for agile workspaces that accommodate modern working styles.

3.0.6.3 Virtual Offices

A virtual office is a service that gives a company an official business address at a location even though the users work remotely. It operates as a physical office unit with a physical mailing address, but it does not necessarily have workspaces or

desks for day-to-day use by the subscribers. Virtual offices make businesses look more professional and project any image the subscriber may want. For instance, a startup can rent a virtual office in Ikoyi, Maitama or even Wall Street while working from home.

Virtual offices appeal to entrepreneurs who love the convenience, flexibility, and significantly lower overheads that come with having their team work remotely and yet take advantage of office services. The cost of renting a virtual office is significantly lower than leasing and furnishing a physical location.

Virtual offices flaunt the following features:

- **A physical mailing business address** where important official documents can be mailed to and collected. Some virtual office locations offer mail-forwarding services so that packages received can be forwarded to the user's address.

- **Concierge services with live receptionists** that answer incoming calls to a business as if they are members of the company. They can answer basic questions about a business, book appointments and forward calls. The onsite receptionists can greet clients, vendors, or investors who arrive in the physical office location and show them to the meeting space, creating a professional appearance. They can also do standard office assistant duties.

- **Flexible meeting spaces** used for client, vendor, investor, or team meetings as needed. Subscribers can schedule meetings at different locations if the virtual office provider has a wide geographical spread.

- **Onsite professional amenities** such as Cloud-based Software-as-a-Service (SaaS) tools which may include Microsoft Office, project management tools, file sharing tools, or communication tools and such other office essentials as printing, photocopying, scanning and forwarding equipment that startups may not have access to while working from home.

3.0.6.4   Virtual Coworking Office

As technology advances, particularly virtual reality technology, virtual coworking looks poised to further disrupt the world of work. The COVID-19 pandemic and the resultant lockdown forced workers everywhere to work from home rather than

physically be with others during the workday. That scenario gave virtual coworking a tremendous boost.

Virtual coworking spaces provided many of the same benefits as physical coworking spaces, but without everyone being physically present in the same place. Those who use a virtual coworking space get the same sense of community and other coworking benefits without having to go to a physical location. Many virtual coworking spaces feature virtual floor plans so subscribers can feel as if they are in the same office and can even virtually knock on doors or go to a meeting.

In a virtual coworking space, workers virtually sit at a specific desk in the virtual floor plan, go to virtual locations like phone booths and meeting rooms, and get to interact with one another in a virtual setting. At the press of a button, coworkers can interact with others and can also view the virtual map to see where everyone is at a given time or shut a virtual door if they do not want to be disturbed.

Benefits of virtual coworking spaces include

- **Privacy** - Virtual coworking spaces allow for privacy as virtual office coworkers observe the etiquette of knocking on doors before entering another worker's virtual office.

- **Collaboration** - Virtual spaces make it possible to see what others are working on or view where they are. Most virtual coworking spaces have customizable rooms, making it possible to let others in the virtual world know in real time what projects are being worked on. This is particularly useful for those working on team projects, as everyone can stay on the same page.

- **Distance-agnostic** - Virtual coworking gives users the ability to interact with other colleagues irrespective of their geographical whereabouts allowing for an extra layer of teamwork, even when the teammates are not in the same location.

3.0.7 The Workspace Dissimilarities

Coworking spaces distinguish themselves from the serviced office industry through two primary indicators. The first one is the explicit emphasis on communal and collaborative activity and the second is the aesthetic and material design of the spaces. Thus, purchasing a coworking membership is still usually framed as joining a community.

Coworking spaces are shared office environments that a varied group of workers rather than employees of the same organisation pay to use as their place of work and to engage in social interaction and sometimes collaborate on shared endeavours. Coworking spaces are typically operated by third parties, usually as private for-profit enterprises, although there are some non-profit, cooperative and publicly managed varieties.

Coworking spaces unlike virtual offices usually offer unlimited access to physical spaces with all the amenities including kitchens, conference rooms, breakout areas, scanners, photocopiers and printers.

Coworking spaces increase productivity and creativity as workers in coworking spaces have the benefits of spontaneous collaborations, as well as better opportunities for networking and personal growth. Many coworking space providers match new subscribers with like-minded businesses to foster mutually beneficial collaboration.

As the world of work continues to evolve and office technologies continue to advance, coworking spaces, serviced offices, managed offices, virtual offices and, lately, virtual coworking spaces will continue to thrive as crucial components of the entrepreneurial ecosystem. This assertion is backed by the 41% of study respondents who said that they were planning not to leave their coworking communities and seconded by the 38% who had pencilled down a minimum stay of one year at their current coworking spaces.

It is instructive, however, to note that 6% of respondents plan to leave their coworking places in three months and 15% projected six months as their timeline to exit. From the findings, it is easy to surmise that a mass exodus of coworkers from coworking spaces in Nigeria is not imminent. That connotes that coworking as a mode of work has come to stay as an option for entrepreneurs and freelancers in Nigeria in their search for office workspace.

3.0.8 Startups

Startups breathe life into the crucial micro, small, and medium-scale enterprises sector, which is the sector responsible for creating and maintaining the bulk of employment opportunities in the economy. Nigeria is a country of entrepreneurs which is why the country currently has one of the largest startup ecosystems on the African continent. The ability of a robust and growing startup ecosystem to drive economic development portends massive potential for Nigeria's sustainable

economic growth. Startups are more agile than older and larger companies. This agility renders them free of the corporate bureaucracy that so often limits the effectiveness and responsiveness of large organisations.

Certain characteristics come to mind when the word startup is mentioned. It conjures a picture of ambitious young people; a motley bunch of rule-breakers; unconventional thinkers; and, digital tinkerers, energised by momentum around an idea or innovation. In reality, a startup can fall within that umbrella or be as far outside it as possible. This is because startup founders come from all ages and diverse backgrounds. However, the common thread connecting most, if not all startups, is a mission or goal to enhance, disrupt or altogether change the conventional pattern of whatever industry they venture into.

Although startups allude to companies that may have recently started up, the word has evolved to describe more of a business model than a business stage. So, while tech giants such as Facebook, Amazon, Apple, Netflix, and Google may appear somewhat long in the tooth to be categorised as startups they are startups nonetheless, though not in the same mould as the startups being hatched in coworking spaces.

The definition of a startup, therefore, can be more subjective than objective depending on the region. This is more so here in Nigeria where the ecosystem is nascent with hardly any established qualifications in terms of revenues and other indices. The definition can be exceptionally broad - ranging from firms with one-man teams to some of the biggest tech companies with teams of employees.

The Nigerian Startup Act 2022 defines a startup as a company registered as a limited liability company under the Companies and Allied Matters Act 2020 and has been in existence for not more than 10 (ten) years from the date of incorporation; its objects should be innovation, development, production, improvement, and commercialisation of a digital technology innovative product or process; it should be a holder or repository of a product or process of digital technology, or the owner or author of a registered software; and it should have at least one Nigerian as a founder or Co-founder of the startup, provided that the Nigerian founder or co-founder will share from profit or revenue from the sale of shares.[17]

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[17] Nigerian Startup Act 2022 – Startup Labeling Process – Part IV, Section 13, Paragraph 2(a), (b), (c)

It is instructive to note that by this definition, not all newly registered companies qualify as startups in Nigeria, even if they were registered within 10 years. It is only tech entities or tech-enabled companies that can qualify as startups.

Forbes defines startups as companies founded to develop a unique product or service, bring it to the market and make it irresistible and irreplaceable for customers.[18] While Investopedia posits that rooted in innovation, a startup aims to remedy deficiencies of existing products or create entirely new categories of goods and services, disrupting entrenched ways of thinking and doing business in any industry.[19] That propensity to unsettle the status quo is why successful startups are often referred to as disruptors in their respective industries.

Typically, startups are started by 1-3 founders who focus on capitalizing upon a perceived market demand by developing a viable product, service or platform. Startup founders usually identify a problem and then try to solve it with ingenuity.

Ideally, a startup is an organisation that is doing something novel that may not have been done before and that has the potential to evoke a paradigm shift in the field of its endeavours. All startups characteristically start out being small businesses, but not all small businesses are startups. The difference with startups is their relentless drive to scale usually using technology to do so.

Startups view the world from a different angle. They disregard 'what is' for 'what can' or 'what should be'. Whatever the odds they take the steps and risks to progress their envisioned product or service from ideation to actualisation. They are driven by a solution-centric mindset rooted in the firm conviction that technology can be deployed to provide the solution to any problem. More often than not, their focus is not necessarily to address the root cause of a problem, but to proffer an effective technical solution to it.

The start-up phase of most startups usually entails finding a minimum viable product (MVP) first, a valid business model, and a replicable revenue generation strategy. Once these benchmarks are achieved, a majority of startups usually look to move quickly to the scaling phase.

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[18] Forbes Advisor - What is a Startup - https://www.forbes.com/advisor/business/what-is-a-startup
[19] Investopedia - Understanding Startups - https://www.investopedia.com/terms/s/startup.asp

3.0.9 The Different Flavours of Startups

Buzzwords teeming with animal themes are used to describe startups according to their size, stage of development, market valuation or business ethos. Below is a digest of some of the monikers in the startup lexicon.

Pony (Minicorn)[20] - is the appellation for a startup with up to $100 million valuation. Minicorns occupy a special place in the startup world as they have already established themselves as valuable assets and have grown in popularity in their specialized markets.

Centaur (Soonicorn) - applies to a startup that is expected to soon reach the $1 billion valuation milestone. In other words, startups that are in rapid growth and close to becoming unicorns and have not yet achieved that milestone. Soonicorns are in a high-growth stage, with a rapidly growing customer base and a successful business model. They may already have received a sizeable amount of funding from venture capitalists and other investors or are in a good position to do so.

Unicorn[21] - is a startup that has a value of over $1 billion. Their distinctive business models position them as the most valuable and innovative businesses in the world. Because of their high growth potential, unicorns are viewed as attractive investments by venture capitalists and other investors.

Decacorn – is the moniker for a startup with a valuation above $10 billion. Decacorns exhibit a high level of innovation and disruption and are some of the most prosperous and cutting-edge businesses worldwide. They are known to possess the capability to alter the markets in which they compete and are usually attractive to venture capitalists and other investors. The first startup to achieve decacorn status was Facebook, now Meta when it achieved a valuation of $10 billion in 2007.

Hectocorn – is the label for any startup whose valuation is over US$100 billion. There are only a few of these businesses in the world, making them rarer than all the other 'corns' put together as illustrated in Figure 11.

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[20] The term "minicorn" was coined by Anand Sanwal, CEO , CB Insights.

[21] The term "unicorn" was coined by venture capitalist Aileen Lee, choosing the mythical animal to represent the statistical rarity of such successful ventures.

Figure 11: Startup Variants – Based on Valuation

Designation	Valuation	Nigeria	Offshore
Pony	$10M - $100M	konga, chaka, cowrywise	autochek
Centaur	$100M - $1B	Moniepoint, kobo, teamapt	fawry, mnt | Halan, TymeGlobal
Unicorn	$1B - $10B	andela, Interswitch, Flutterwave, JUMIA	goodleap, grammarly, yoco
Decacorn	$10B - $100B	**No Nigerian startup has yet attained the Decacorn or Hectocorn status**	PLAID, instacart, reddit
Hectorcorn	>$100B		ByteDance, SHEIN, SPACEX

3.0.10 Other Animal-themed Startup Types

In the past few years, there have arisen several other types of startups bearing interesting monikers invariably always themed around animals such as the following.

Zebra[22] - is characterized by slightly different criteria than the unicorns. The zebra startup type is built around a sense of duty towards society. Zebra startups aspire to achieve two objectives simultaneously: a) Do good for society; and, b) Make a profit for the investors.

The nickname denotes the zebra's black and white stripes, symbolizing the dual focus of doing good and being profitable anchored on the unwillingness to sacrifice one for the other. Zebra startups are expected to be both financially successful and socially responsible. Any startup that aspires to bring convenience and efficiency to consumers in a harmonious way instead of striving to make a big splash by disrupting the existing businesses is a zebra.

Camel[23] – is a startup that can capitalize on any opportunity but can also survive in a drought. Camel startups thrive outside places with supportive ecosystems and economic stability or in regions where consumers are averse to trying new products. They survive even where angel investors are few and far between and where bankruptcy carries heavy costs. In such fund-arid places, moving fast and breaking things as unicorns tend to do, is an unrealistic aspiration.

Unlike the zebras, the camels embrace venture capital and nurse aspirations of attaining unicorn status. Rather than growing as rapidly as unicorns, the camels follow a long-term lower-risk path – which entails hammering out unit economics first, then scale. Camels depend less on venture funding than unicorns which gives them the resilience to survive in emerging markets where funding is relatively scarce and economic shocks come often.

Gazelle[24] - describes a startup in its post-commercialisation phase, one that can scale and maintain a high revenue growth rate off a decent base over a prolonged period. This is usually more than 20% year-on-year for a period of three to four

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[22] The term was coined by Scholz, Brandel et al., co-founders of the Zebra Movement in 2017.

[23] A term coined by Alexandre Lazarow in his 2020 book: Out-Innovate - How Global Entrepreneurs from Delhi to Detroit are rewriting the rules of Silicon Valley.

[24] American economist David Birch initially coined the term "gazelle" in his book Job Creation in America: How Our Smallest Companies Put the Most People to Work.

years or more, starting from a revenue base of at least US$1 million.[25] A gazelle's revenue grows fast and, like real gazelles, these startups are often found in Africa. In the decades since the term was coined, gazelle has been repurposed and has become a catch-all term for successful tech startups founded in Africa, where Silicon Valley's unicorn playbook clashes with the material realities.[26]

Mosquito - offers a catchall way of thinking about all startups. Startups, like mosquitos, are designed for one thing - to score. Startups, again like mosquitos, tend to be an all-or-nothing proposition. And one does not generally know which of the two one is going to get till the last minute.[27]

Phoenix - is a type of startup that emerges from the failure of a previous business. Essentially, a phoenix is a startup that rises from the ashes of a failed startup. Typically, a phoenix is created when the workers of an insolvent company purchase the assets of the defunct business through administration or liquidation.

Donkey - Describes an overvalued unicorn which struggles to justify its gigantic valuation.

Deer – Describes startups that grow and run very fast at least 20% year on year and effectively double their revenue every 4 to 5 years.

Turtle – These are startups whose behaviour mimics the turtle - cautious, calculated and slow to move.

Dragon's Egg - These are startups which look small today but show the potential to turn out big shortly.

Cockroach - These startups focus on profitability rather than growth. They are less risky as they do not chase lofty growth. They emphasise revenues and profits and maintain tight cost control.

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[25] Disrupt Africa - Save the African startup gazelle and forget the lesser-spotted unicorn - https://disrupt-africa.com/2017/11/24/save-the-african-startup-gazelle-and-forget-the-lesser-spotted-unicorn/

[26] Mae Rice - Inside the Startup Menagerie - What Animal Is Your Startup? - https://builtin.com/growth-hacking/startup-animals-zebras-camels-gazelles

[27] Paul Graham, co-founder Y Combinator - How to Make Wealth (2004)

3.0.11 Subtle Differences between Unicorns and Zebras

While startups that want to become unicorns follow the growth-at-all-costs and as-quickly-as-possible mindset, the zebra's approach is quality-centric with a focus on sustainability; the business' effect on society; and, the desire to benefit the consumers, communities and investors alike.

Zebras fuse profit and purpose while collaborating and shying away from venture funding.

Figure 12: The Differences between Unicorns and Zebras

	Unicorn	Zebra
Purpose	Exponential Growth	Sustainable Prosperity
Endgame	Exit, Liquidity	Profitable, Sustainable
Outcome	Monopoly	Plurality
Worldview	Winners, Losers	Win-Win
Method	Competition	Collaboration
Resources	Hoarded	Shared
Style	Assertive	Participatory
Beneficiary	Private, Shareholders	Public, Communities
Team	Tech-heavy	Balanced
Metric	Quantity	Quality
Seeks	More	Better
Growth	Hockey stick	Regenerative
Priority	User Acquisition	User Satisfaction
Obstacle	Product Adoption	Process Adoption

So while unicorn wannabes are fixated on growth by any means necessary and achieving that coveted billion-dollar valuation, zebras prioritize sustainability, community and benefit. This often means a slower growth rate compared to startups taking the unicorn approach.

3.1 Objective One – Incubation Centres

To investigate the types of incubation centres and the level of adoption in Nigeria

3.1.1 Incubation and Acceleration

In developed, as well as, developing economies, micro small and medium-scale enterprises (MSMEs) are the major employers of labour and, relative to their sizes, disproportionate deployers of capital. However, they suffer drawbacks in multiple dimensions.

Their size tends to constitute a major constraint for process improvement, product innovation and gaining access to tangible and intangible resources. The drawbacks the MSMEs face are compounded by the paucity of human capital, high macroeconomic volatility, poor functioning formal institutions, limited access to scientific knowledge, poor management skills and lack of know-how.

The MSMEs seldom benefit from economies of scale both on output and input because of sparse entrepreneurial support infrastructure. Another pronounced drawback confronting the micro small and medium-scale enterprises is the lack of access to funds, particularly long-term finance. These stumbling blocks are known to hamper the survival of the MSMEs.[28] Dismantling these constraints could level the playing field and enhance the commercial effectiveness of the MSMEs. This is where technical incubation and business acceleration come in.

Conceptually business incubation is a diligent and planned process. It pays careful attention to the problems of prospective occupants, extending well beyond providing infrastructure and office services.[29]

Incubators support startups by providing office space and administrative support services. The most typical value-adds are legal, IT, accounting, public relations and access to the market. In addition, incubators may also provide coaching, mentorship and help with access to funding.

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[28] Allen D. N. and Rahman S. (1985), Small Business Incubators: A Positive Environment for Entrepreneurship. Journal of Small Business Management

[29] Willie O. Siyanbola, Olalekan A. Jesuleye, Caleb M. Adelowo and Abiodun A. Egbetokun (2012), Coordination, Monitoring and Impact Evaluation of Technology Incubators in Nigeria. Disruptive Technologies, Innovation and Global Redesign. IGI Global USA.

Incubatees pay rent (which is usually below the market rate) for the office space and normally there is no set time limit for startups staying in the incubator, although the average length of stay ranges variably from 18 months to five years. Some incubator providers may ask for a share of future profits or require a minority stake in the startup as a prerequisite for access to the incubator.[30]

Technology incubators generally focus on nurturing technology-intensive enterprises and knowledge-based ventures. The technology incubation system is variously represented by entities such as Technology Villages, Science Parks, Research Parks, Technology Parks, Technical Incubation Centres and Business Incubator Hubs. These entities operate as separate organisations but are mostly integrated with other players in the ecosystem.

A business incubator is defined as a formal firm with an infrastructure meant to groom incubated startup firms with crucial resources in the pursuit of survival and growth.[31] Business incubation programs combine the resources of place, people and processes to help new companies survive and thrive from the time of their conceptualization to their launch as successful graduate companies that can contribute positively to economic growth and job creation.[32]

Business incubators generally seek to effectively link talent, technology, capital and know-how. They leverage entrepreneurial talent to accelerate the development of new companies. Business incubators provide facilities with adaptable spaces which small businesses can lease on flexible terms. Incubator graduates create jobs, revitalise communities and commercialise new technologies, which strengthen local, State and even the national economy.

A previous research study posits that one-third of MSMEs do not survive the 3rd year and about 60% do not survive the 7th year. These numbers considerably fall to 15–20% among incubated businesses.[33]

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[30] Mulas, Victor; Minges, Michael; Applebaum, Hallie. 2015. Boosting Tech Innovation Ecosystems in Cities : A Framework for Growth and Sustainability of Urban Tech Innovation Ecosystems . World Bank, Washington, DC. © World Bank. https://openknowledge.worldbank.org/handle/10986/23029 License: CC BY-NC-ND 3.0 IGO.

[31] Pettersen IB, Aarstad J, Høvig ØS, Tobiassen AE. Business incubation and the network resources of startups. Journal of Innovation and Entrepreneurship. 2016;5(7)   10.1186/s13731-016-0038-8

[32] Al-Mubaraki, H.M. and Busler, M. (2015) 'The importance of business incubation in developing countries: case study approach', Int. J. Foresight and Innovation Policy, Vol. 10, No. 1, pp.17–28.

[33] McAdam M. and McAdam R. (2008), High Tech Start-ups in University Science Park Incubators: The Relationship between the Start-Up's Lifecycle Progression and Use of The Incubator's Resources. Technovation, 28 (5): 277–90

For this reason, many countries have increasingly been engaged in establishing business incubators. Business incubation catalyses the process of starting and growing companies, providing entrepreneurs with the expertise, networks and tools they need to make their ventures successful. Business incubation programmes diversify economies, commercialise technologies, create jobs and boost wealth.

On the other hand, accelerator programs, which are also referred to as seed accelerators, startup accelerators or business accelerators are limited-duration programs that help cohorts of startup ventures with their entrepreneurial processes and aspirations in exchange for small equity stakes.[34] They serve as intermediaries between startups and the complex landscape of enterprise resources.

Accelerators support entrepreneurs and startups in the early stages of development and they are often comprised of the following features:

  i.   Highly competitive and open application process for entrepreneurs;
 ii.   Provision of small amounts of seed investment;
iii.   Focus on small teams rather than individual founders;
 iv.   Intensive support for a limited period (usually 3-6 months), with active mentorship and networking; and
  v.   Collaborative work among startups through cohorts or classes of startups.

Accelerators typically provide the key wherewithals such as seed capital, coworking space, and a plethora of networking, educational and mentorship opportunities by drawing in peers and mentors from the wider business community including successful entrepreneurs, accelerator programs alumni, venture capitalists, angel investors, lawyers, accountants, or corporate executives. Startups leverage accelerators as laboratories to explore entrepreneurial processes.

While accelerators have core defining characteristics there are significant variations in the execution of their programs and their design features. The fixed-term and cohort-based aspects of accelerator programs are the primary distinguishing features separating accelerators from other intermediaries such as incubators.

Some examples of design choices in accelerator program offerings include the duration of the program; the amount of funding provided; whether equity is taken and in what amount; cohort size; mentoring structure and activities; curriculum

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[34] Cohen, S., Fehder, D. C., Hochberg, Y. V., & Murray, F. (2019) - The Design of Startup Accelerators - *Research Policy*, *48*(7), 1781-1797. https://doi.org/10.1016/j.respol.2019.04.003

content and structure; space and equipment provided; engagement with investors, type of graduation event; cohort alumni networking and post-program support.

Industry pioneers Y Combinator and Techstars are the most notable accelerator programs which between them have helped launch over 2000 startups that have, in turn, collectively raised more than $16 billion in funding.[35] Overall, a third of all startups that have received venture capital have been through an accelerator program.

The majority of accelerator programs end with a graduation event orchestrating a platform for participants to pitch their ventures to an audience of potential investors. The resources availed during these events connect the startups to the entrepreneurial ecosystem resources and prime them to contend with prevailing market forces, rather than being sheltered or incubated from them.

A business incubation program, on the other hand, would normally involve supporting startups in their ideation or early development phase, helping them refine their ideas to develop a market-viable product or service and gain a foothold in the market.

Startup incubation provides startups with advantageous resources such as free office space, equipment, mentorship, collaborative community, and networking opportunities. Incubators typically focus on new businesses that are yet to develop a product or business model.

As illustrated, startup acceleration focuses on expediting the growth of startups that already have a viable product and have developed a business model while startup incubation starts from ideation.

Because accelerators take on startups that already have a firm footing to build upon, they centre their guidance and resources on helping such ventures scale as quickly as possible. The goal of startup acceleration is to aid startups in achieving a specific milestone, such as launching a product, raising a round of funding, or expanding into a new market. Accelerators compress what would have been many years of trial and error into an intense period of mentorship, teaching and funding.

Both incubators and accelerators are invaluable resources for startups as they help them navigate the myriad challenges businesses encounter at their nascent stages.

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[35] Ewing Marion Kauffman Foundation (2020) Accelerators: The Basics, Entrepreneurship Issue Brief, No. 1, Kansas City, Missouri. https://www.kauffman.org/wp-content/uploads/2021/07/Kauffman_Issue-Brief_Accelerators-The-Basics_2020.pdf

Both have formal application processes in which startup companies are selected based on their potential for growth, with accelerators typically having a more stringent application process than incubators.

As such, accelerators and incubators tend to admit high-growth startups that have ambitions to obtain venture capital funding and go public. Coworking spaces, on the other hand, have no such selection process – anyone who can pay the rent can rent a space. As a result, coworking spaces are generally full of a much more diverse set of participants.

As the study findings show, several coworking spaces have crossed into the territory of business incubation. Successful indigenous businesses partner up with coworking spaces to work as business-hatching mentors for their members. Some coworking spaces run competitions that invite startups into their nests to compete for funding and exposure to potential investors.

The first set of centres in Nigeria with a semblance of incubation activity included Yaba Industrial Estate, Yaba Lagos-1958; Eastern Nigeria Industrial Estate, Enugu-1964; Matori SME Estate, Mushin, Lagos-1975; and, Isolo SME Industrial Estate, Isolo-1993.

However, the concept of technology incubation, as it is known today, was introduced to the Nigerian Government by the United Nations Development Program (UNDP) in conjunction with the United Nations Fund for Science and Technology for Development (UNFSTD) in 1988 with a pilot scheme in Lagos.

As a follow-up to that initiative, the Federal Government of Nigeria commissioned a feasibility study on the desirability and implementation modalities of the technology incubation system and the possibility of its expansion and adoption as a driver for economic development. Shortly after, the Nigerian Incubator System (NIS) Foundation was established in 1993.

Output from those efforts manifested in the formation of the Technology Business Incubator, Agege, Lagos-1993, followed by the Kano Technology Incubator Centre-1994 and the Aba Technology Incubator Centre-1996. The choice of these 3 cities was because they were the industrial nerve centres in their respective regions.

The TBIs were driven by three objectives:

- o To boost the industrial base of the country through commercialisation of R&D results, upgrade and enhance the application of indigenous technologies;
- o To nurture the start-up and growth of new innovative businesses engaged in value-added and low, medium and high-technology-related activities over some time; and
- o To promote functional linkage between Research and Industry.

The formal program of technology incubation in Nigeria was consolidated with the promulgation of Decree No. 5 of 1995, which gave the supervision and coordination of the program to the National Board for Technology Incubation (NBTI) under the aegis of the Federal Ministry of Science and Technology.

The NBTI was given the mandate to implement the Technology Incubation Program (TIP) in all 36 States of the Federation. Its Technical Incubation Centres (TICs) are located in each of the six geo-political zones of the country.

The following are the objectives of the Technology Incubation Program as extracted from the NBTI's website:

- o Improvement and enhancement of indigenous technologies;
- o Establishment and management of incubators, promotion of industrial base of the country by commercializing research and development;
- o Promotion of Nigeria's local potentials for economic development through activities relating to technology;
- o Practical demonstration of research and development outcomes in important areas like the utilization of waste and energy saving;
- o Provision of frequently used facilities like testing, castings, machine, quality control laboratories, and electroplating;
- o Solution to particular process problems for incubatees;
- o Promote the fabrication of equipment and machines complete or partly as requested by the market;
- o Contact Centres and Research Institutions in the design, development, and production of enhanced tools for use by artisans, for increased productivity and earnings; and,
- o Monitoring the improvement of prototype machines, tools and equipment that could be used for commercial production.

The technical incubation program was designed to deliver the following benefits:

- o Improvement in the chances of entrepreneurs' success, better skills, mentoring of incubatees, access to seed capital and information, and Commercialization of research results;
- o Promotion of SME development, overcoming market failures, and showing of government political assurance to small businesses;
- o Collaboration between the industries and the tertiary institutions; knowledge base; research results commercialization, provision of the conducive environment for both students and faculties to optimize their capabilities; creation of entrepreneurial culture; and, generation of local incomes for businesses within their environment;
- o Job creation, targeting unemployed university graduates, retrenched public sector employees, retired research institute employees, retired private sector employees, and established industrialists desiring to expand or diversify;

It was envisioned that the incubation program would address the need to commercialise research and development results and create jobs. The incubation program was expected to work in synergy with researchers in the universities and research institutes where entrepreneurs are trained to develop skills in the fabrication and utilisation of technologies under the guidance of technical specialists.

During incubation, participants are supposed to be exposed to some intervention measures such as mentoring services, linkages and networking with capital and knowledge providers both indigenous and international.

The TICs operate incubation periods of 3 years and 5 years using two main types of incubation scenarios:

3.1.1.1 Residential Incubation

In this scheme, entrepreneurs or incubatees are tenanted and physically present at a Technology Incubation Centre. At the TIC, affordable shared facilities such as working spaces, a central workshop, equipment and laboratories, offices and business support services including hands-on management assistance, access to financing, networking, and exposure to other critical business and technical support services are provided to enhance the success of the enterprise during the incubation period, which ranges from one to three years.

3.1.1.2 Non-Residential/Virtual Incubation

In this scheme incubation services including access to resources such as knowledge providers, finance, linkages, networking etcetera are extended remotely to entrepreneurs outside the TIC. The non-residential and virtual incubation programs typically provide resources and training to entrepreneurs online. These programs can be helpful for entrepreneurs who want to start a business but do not have the time or resources to do so in person.

Figure 13: Model Framework of Incubator Programme
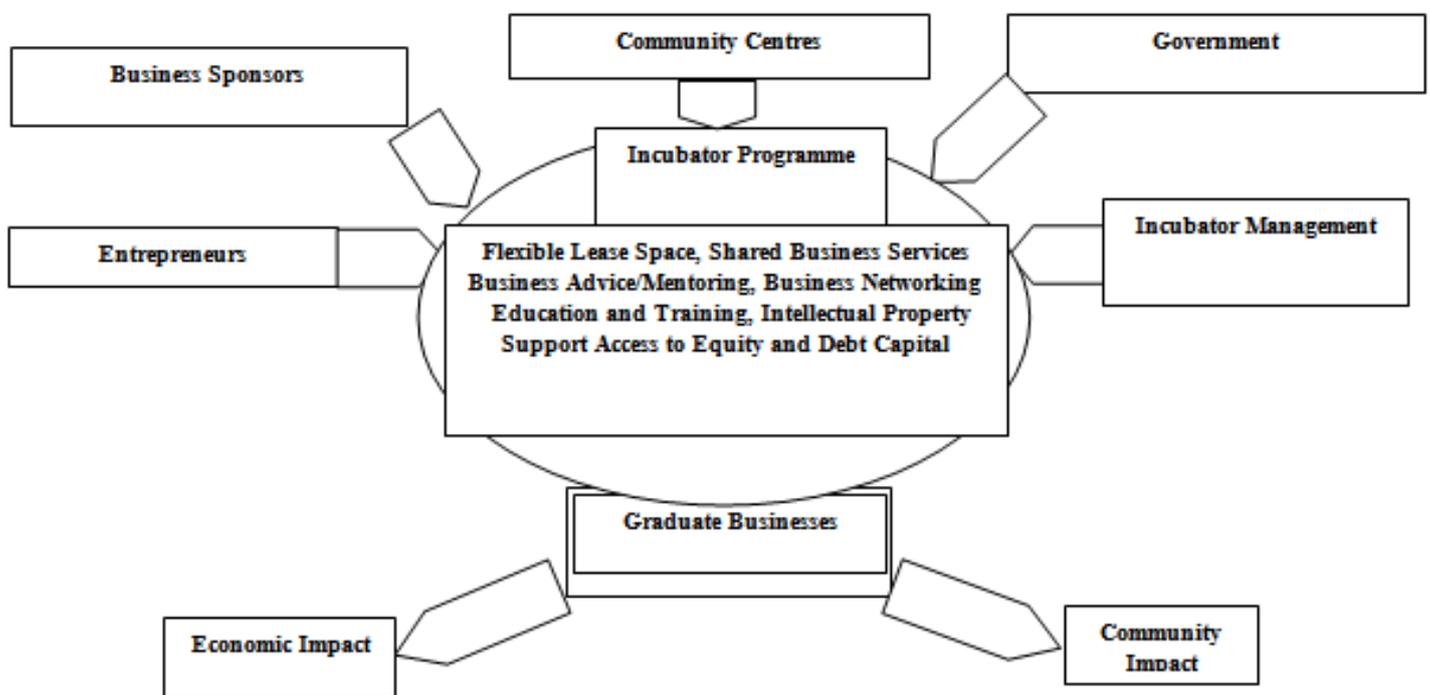
Source: Siyanbola, 2005,2008 and 2011

The TICs present specific features and challenges which are largely influenced by the prevailing societal, cultural, economic and financial in Nigeria. TBIs in developing countries facilitate economic development by improving the entrepreneurial and technological base through supporting technology-oriented SMEs.

While other peer countries appear to be making significant progress in their respective incubation programmes, Nigeria seems not to be faring so well both in terms of impact and growth in incubation.

3.1.2 Different Stages of Business Incubation

Incubation programs have different stages. The first stage is the application process which can be simple or complex depending on the requirements of the incubator. Once accepted into the incubator, the startup begins skill development and mentorship. The startup may then gain access to funding or loans to boost growth potential.

This stage in the incubator offers the startup networking opportunities and targeted goals to complete as it works to bring an idea or product to market.

The last stage is the exit of the company from the incubator as soon as the startup becomes ready to compete and grow in the open market. The exit is usually in the form of graduating from the program culminating in a Demo Day or pitch to venture capitalists or investors.

Figure 14: Crosscutting Features of Incubators

Incubator Type	Value Addition	Objectives
o Public – private – mixed o Profit – non-profit o National – regional - international o Sector-specific - generic	o Access to technology, skills and facilities o Access to funding o Access to market and marketing services o Hub for strategic partnership and networking o Environment for managing innovation (patents & copyrights) o Management and consultancy services (legal, accounting etc.)	o Economic growth o Job Creation o Entrepreneurship development o Marketing of research investments o Development of high-tech firms o Development of technology exports

During Demo Day, startups present their business ideas to an audience of investors, startup community members and advocates. Demo Day is a win-win for all, as it allows the founders to showcase their hard work, talent and business, and provides early-stage investors with a source of dealflow.

3.1.3 Types of Business Incubators

The different types of incubators cutting across almost all strata of the socioeconomic landscape are illustrated in Figure 15.

Figure 15: The Different Types of Incubators

Types of Incubators

Venture Capital Incubators

These incubators generally offer funding in exchange for a stake or equity in the company. VCIs may also connect management teams with angel investors and financial management as part of their incubation package.

Government/Public Incubators

These are typically owned and sponsored by the Government – either Federal, State or LGA.

The Government typically uses incubators to promote the socioeconomic growth of a selected demographic such as youth or women.

Corporate/Independent Private Incubators

Corporate incubators are usually created by big companies that want to capitalize on the idea that innovation comes from newcomers. They generally take the form of subsidiaries or programs based in-house.

They are also referred to as corporate accelerators or seed accelerators. The corporations underpin the program by providing office space, funding, mentorship, and collaboration for the startups.

Independent private incubators are founded by individuals who participate in the birth and growth of startups

Medical Incubators

Look for companies focused on medical technologies in the healthcare industry. Taking medical devices or ideas to market can be particularly challenging. Medical Incubators provide the necessary support and mentorship to make this happen.

Academic Incubators

Colleges and universities commonly create this type of incubation. They draw on their student body to encourage entrepreneurship. The idea is usually to fuel innovation in multiple industries and job creation for its graduates.

The programs are usually designed to spark strategic partnerships between academia and industry, connecting students to startups, investors and other collaborators they might not otherwise encounter while in school.

Social Incubators

These are typically joint efforts between the Government or other non-government organisations and private investors to promote economic development through empowerment.

Social Incubators offer the advantage that government funding can often be secured to support private sector expertise and financing.

Incubators in this space nurture candidates who have ideas for businesses aimed at making a positive socioeconomic impact. This could be a company that wants to build a product to improve the environment or create social change in society.

Kitchen incubators

Nurture and grow kitchens from the earliest stages to full launch. They provide entrepreneurs, restaurateurs, and chefs with the opportunity to develop ideas in a safe place.

They offer a kitchen space or commercial kitchen to experiment with speciality foods, create a ghost kitchen concept, or jumpstart a new restaurant.

The food industry is evolving rapidly filled with artisan products and unparalleled access to a panoply of outstanding food services.

This evolution has changed the food

business landscape and attracted an increased number of food entrepreneurs who strive to meet consumer demand.

The resultant demand for kitchen space has fuelled the implementation of the kitchen incubator concept to offer SMEs a competitive edge when entering the local marketplace.

Virtual Business Incubators

Work on the same premise of mentorship and development of startups but the incubation occurs virtually.

The advantage of Virtual Business Incubators lies in being accessible from anywhere in the world and providing mixed tools to launch the startups.

Figure 16: The Benefits of Technical Business Incubation per Stakeholder

Government	R&D Community
Economic development	Research commercialisation
Jobs creation	Interaction with industy
Revenue from taxes	Additional income

Benefits of Technology Business Incubation

Corporate Sector	Incubatees
Technology acquisition	Access to resources
Investment choice	Reduced risk & time to market
Corporate Social Responsibility	Improved business skills

3.1.4 The Level of Business Incubation Adoption in Nigeria

As of August 2022, about 107 startups in Nigeria had obtained funding to the tune of $748M - accounting for around one-third of the continent's funded startups in 2022.[36] Flutterwave, a Nigeria fintech netted a $250 million fund in a Series D funding round. That was the biggest fund round on record as of 2022. This reflects the growing maturity of the Nigerian startup ecosystem and Nigeria's attractiveness in the startup landscape in Africa.

The Office for Nigerian Digital Innovation (ONDI) seeks to improve access to funding for the digital innovation ecosystem through various initiatives. In collaboration with the private sector, development finance institutions (DFIs) and other state and non-state donors, the office facilitates various funding mechanisms for startup incubation, hubs upskilling and seeding. It anchored the iHatch incubation program which was a 5-month intensive program designed to help Nigerian entrepreneurs refine their business ideas to generate viable and scalable business models. The incubation programme focused on innovation, entrepreneurship, and technology.

International Accelerators such as YCombinator, TechStars, 500 Startups, Google for Startups and Facebook Accelerator and their indigenous counterparts including CcHub, Ventures Platform, Passion Incubator, GreenHouse Capital, Itanna, Wennovation Hub, Adaverse, Enspire and Trium are active in the incubation and acceleration space in Nigeria.

With their involvement as the backdrop, startups in Nigeria lead the way on the African continent when it comes to being selected for acceleration by both international accelerators and their indigenous counterparts. Many of the startups surveyed for this study had undergone some form of acceleration or incubation since their formation. Many of these startups accessed such support services from the Lagos-based CcHub which has been active since 2011.

Banking sector incumbents are also active in Nigeria's startup incubation and acceleration space. In 2017 for instance, Union Bank partnered with CcHub to launch Startup Connect - a business accelerator program aimed at creating opportunities for mutually beneficial collaboration between the bank and tech startups. Again in 2021, Union Bank unveiled its UnionX Innovation Challenge,

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[36] Disrupt Africa – The Nigerian Startup Ecosystem Report 2022 - www.disrupt-africa.com

as part of efforts to discover, showcase, and support entrepreneurs with innovative, technology-focused MVPs.

In 2020, Access Bank launched an accelerator programme titled Africa Fintech Foundry and also entered into partnerships with a couple of startups.

On its part, First City Monument Bank (FCMB) ran an agritech competition in 2020. The same year, the bank also partnered with Leadspace to launch a coworking space in Lagos.

Guaranty Trust Bank (GTB) sponsored the She Leads Africa (SLA) accelerator program which presented a platform for young female entrepreneurs to acquire basic business skills and grow their businesses. The three-month programme featured a one-week residency program for budding entrepreneurs to acquire basic business skills focussing on growth, marketing and distribution. Upon the completion of the residency program, the participants underwent another three-week practical session to further hone their skills. The climax of the event was the Demo Day where participants pitched to domestic and international investors for a six-figure cash prize.

Away from the incumbents, fintechs are also active players in the incubation and acceleration landscape. Interswitch, for example, launched its first investment fund back in 2015. It also acquired e-health startup eClat back in 2019 thereby asserting its status as a stakeholder in indigenous startup acceleration.

Nigeria-based asset management company ARM has also been active in engaging with startups. The company partnered with Ventures Platform to run various accelerator programmes under its ARM Labs initiative. The firm has also made several direct investments in startups, including partnering with global accelerator Techstars to launch the ARM Labs Lagos Techstars accelerator aimed at rewarding selected fintech and prop-tech startups with access to US$120,000 in equity funding and other types of support.

Some telecommunications operators in Nigeria have also tried to muscle into the startup acceleration arena with Airtel launching its early-stage Catapult-a-Startup initiative back in 2015.

The academia is not left out as several leading Nigerian universities run entrepreneurship-focused courses. The University of Ibadan has the Centre for Entrepreneurship; Crawford University has the Centre for Entrepreneurship and

Innovation (CEIN); while Covenant University hosts the Centre for Innovation. Other universities including Obafemi Awolowo University, the University of Nigeria, the University of Lagos, the University of Port Harcourt, the Federal University of Technology Akure, and Pan-Atlantic University have one form of innovation centre or entrepreneurship centre.

The Nigerian Student Venture Prize (NSVP), founded in 2019 works to showcase and promote unique business ideas and entrepreneurship among university students aimed at eliminating the gap between the academic world and the business community.

The tripartite partnership of Allon, Shell and the Rockefeller Foundation invested to scale early-stage businesses in the renewable energy sector in Nigeria to aid in bridging the energy gap through solution-driven entrepreneurs on the wings of the Allon/Nigeria Climate Innovation Center (NCIC) Venture Incubation Program (embryo). The incubation program was pipelined by NCIC and incubated several selected early-stage ventures playing in the renewable energy space.

To the question: 'If there was a business incubation or acceleration program, would you be interested in participating?' 83% of the respondents answered in the affirmative while 12% said maybe and 5% said no denoting a healthy interest in incubation and acceleration by budding enterprises in Nigeria.

Figure 17: Measuring Interest in Business Incubation and Acceleration

Survery Question #10: If there was a business incubation or acceleration program, would you be interested in participating?
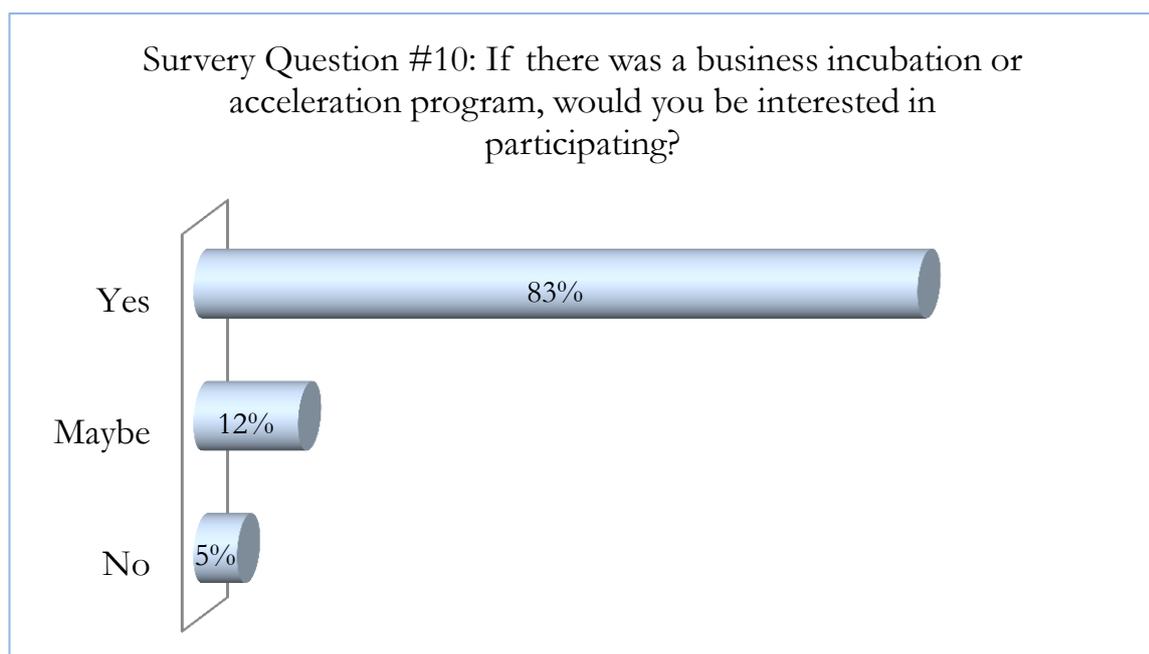
3.2 Objective Two – Benefits of Coworking Space Strategy

> To identify the benefits of coworking space strategy and how it has helped solve local problems and support startups in bringing their ideas/innovations to life

Entrepreneurs and individuals who own a laptop or smartphone and can access the internet have all the tools necessary to undertake work from their homes or other low-cost or even no-cost sites such as the free spaces in malls, benches in parks and gardens, and, where available, free seats in public libraries. Thus they can avoid paying rent for a workspace.

Yet empirical evidence shows that these entrepreneurs and individuals constitute the primary customers of coworking spaces. They willingly and regularly pay to access the coworking spaces. This presents a poser - why do they pay for access to coworking spaces if they can work for free from any or all of the aforementioned locations?

Figure 18: Options underpinning interest in coworking

Survey Question #9: If you were interested in coworking, which of these options best describe why?

Option	Percentage
An affordable work space	98%
A place to work instead of home	82%
Access to office infrastructure	79%
The opportunity to meet and collaborate with other businesses	75%
A place to meet clients	64%
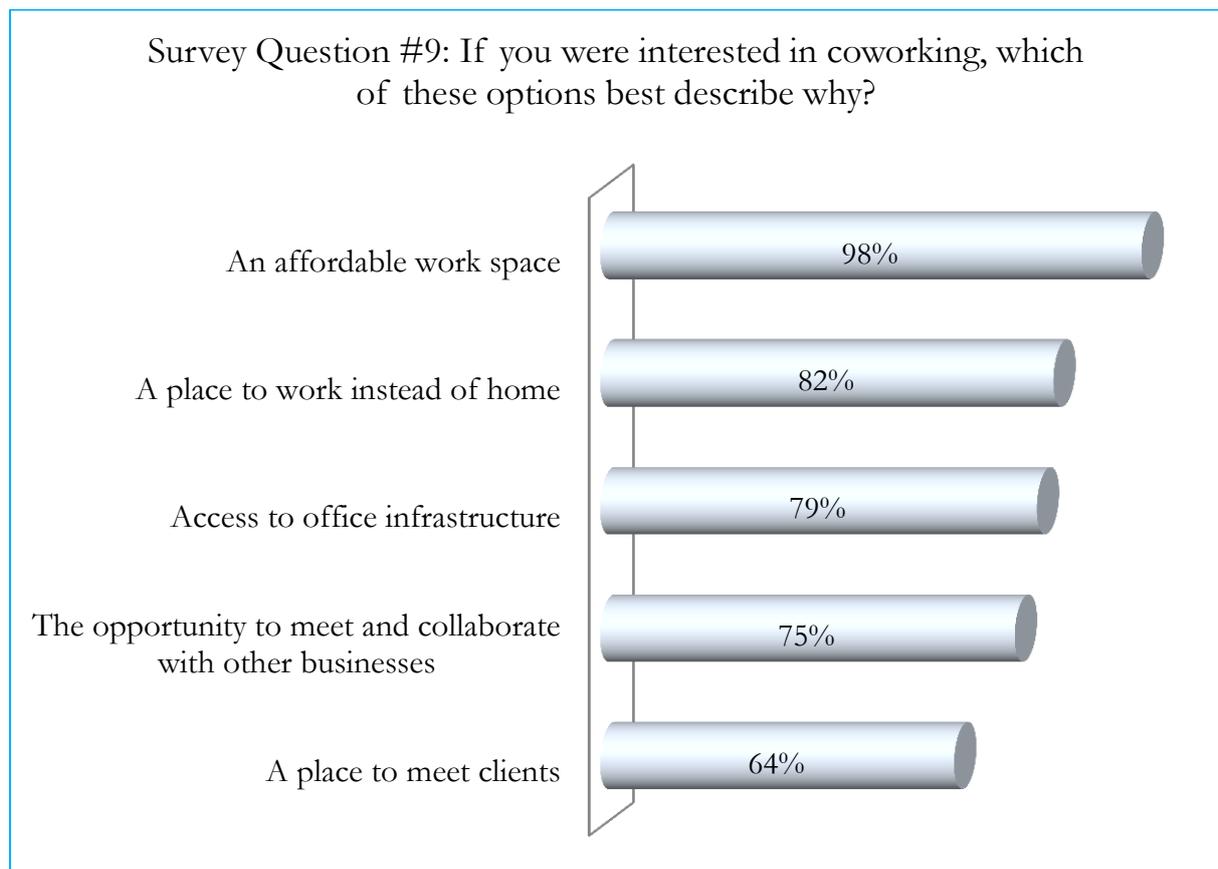
When asked which of the options best describe why they would be interested in joining a coworking space, 98% of the respondents identified affordability of the workplace as the topmost decider; 82% chose a place to work away from home; 79% would want access to office infrastructure.

The opportunity to meet and collaborate with other businesses enjoyed a 75% rating by the respondents while a place to meet with clients came in at 64%. These findings underscore the importance entrepreneurs attach to exploiting all options to keep the cost of doing business within affordable margins.

Flexibility is at the heart of the coworking space concept. The flexibility of terms was identified by 93% of the respondents as one of the advantages they find in using a coworking space. The importance of coworking spaces having a bubbly ambience was highlighted by 73% of the respondents as another key advantage. Almost the same number of respondents - 76% identified sharing ideas with others as one of the benefits of a coworking space.

Figure 19: Rating the Advantages of Coworking Space over Conventional Office
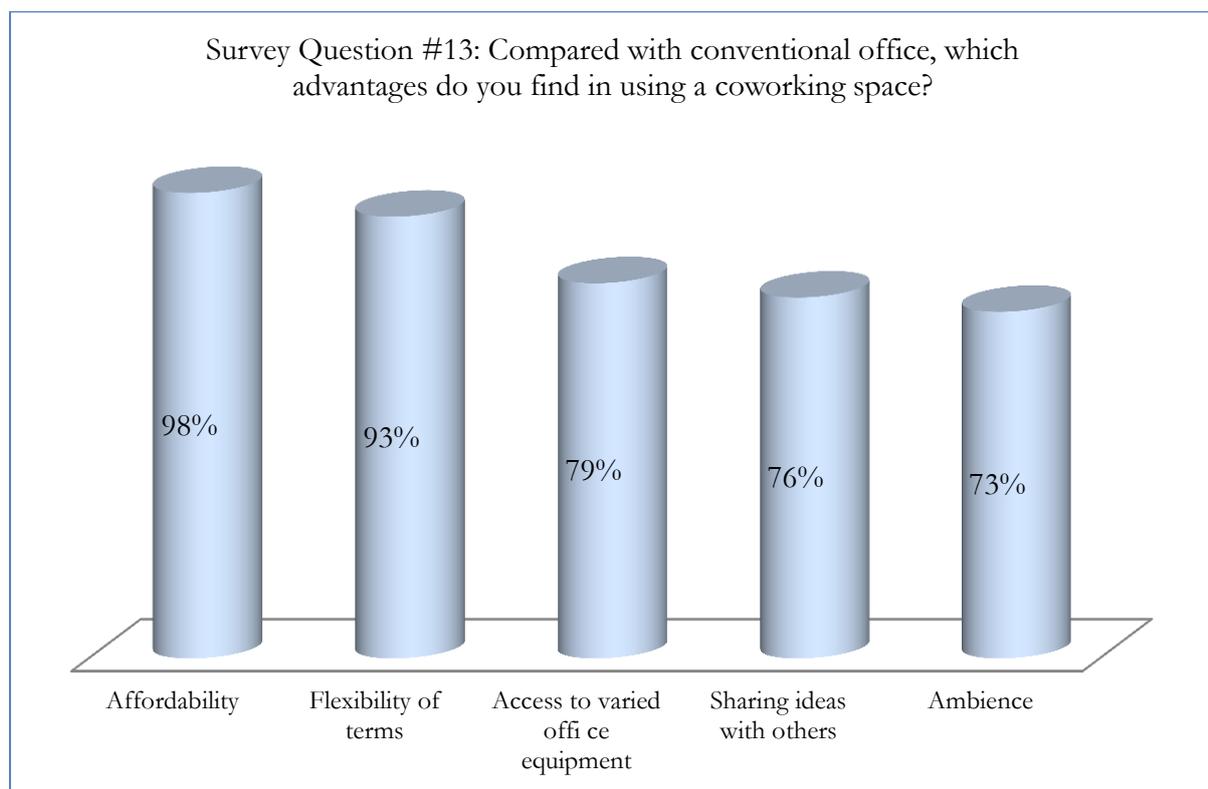
Affordability is rated by 98% of the respondents as the key advantage of using a coworking space over a conventional office. Even when the coworking space

meets other desired requirements, the respondents emphasised the criticality of the subscription costs remaining within their comfortable price threshold.

The survey respondents were nearly unanimous that coworking spaces contribute positively to the local economy with 99% of them answering in the affirmative to the question of whether a coworking space has a positive impact on the local economy.

Figure 20: Coworking Spaces' Impact on the Local Economy

Survey Question #16: Do you think that a coworking space has a positive impact on the local economy?
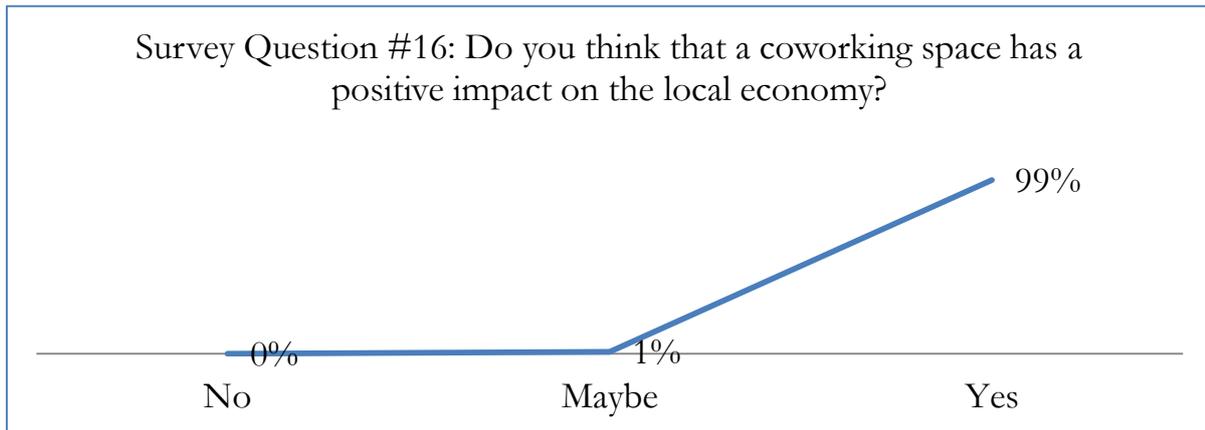
Besides providing desks, chairs and WiFi, coworking spaces also offer wrap-around support in the form of mentorship programmes and startup clubs. Thus they provide some of the tools and knowledge that budding entrepreneurs need to build sustainable businesses that boost the local economy.

So, the symbiotic relationship between coworking spaces and local businesses creates a vibrant and purposeful ecosystem where entrepreneurs and individuals work to maintain, sustain, and grow their communities together.

The flexible and equitable nature of coworking spaces afford members from all walks of life the enabling conditions to build their businesses and forge social connections. The tiered membership options that many coworking spaces offer allow different people with varying financial circumstances to get involved.

Thus, coworking spaces create an enabling environment for collaborations and the sharing of market opportunities. Such cross-pollination across independent businesses leads to business growth which consequently creates more local employment.

When choosing a coworking community, location is a key requirement for 92% of the respondents. The need to interact, network and collaborate with like-minded people while escaping the isolation of working from home or the politics of working in a conventional office propelled 77% of the respondents to embrace coworking spaces.

Aesthetics is regarded by 74% of the respondents as a factor to consider in the choice of a coworking space.

Figure 21: Factors that influence the choice of a coworking space

Survey Question #15: What are the factors that influenced your choice of a coworking space?

Factor	Percentage
Cost	98%
Location	92%
Networking	77%
Aesthetics	74%
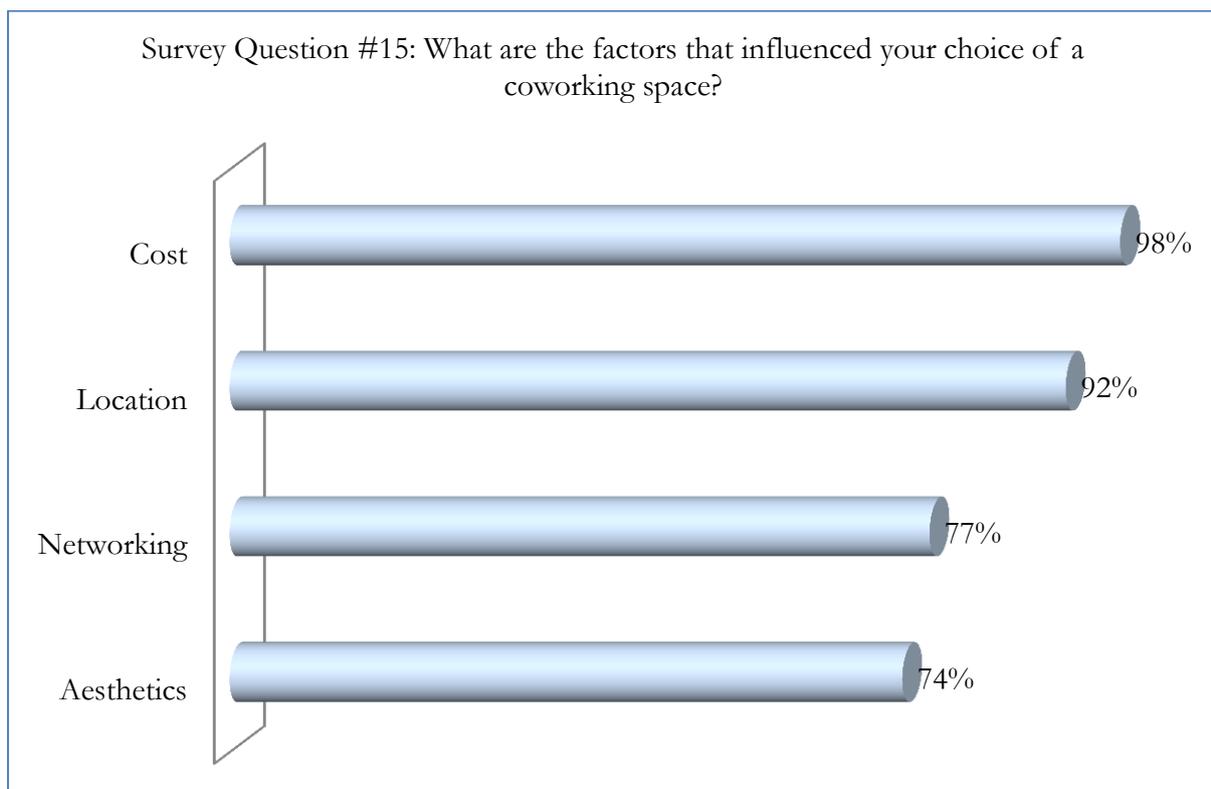
Insofar as coworking spaces as the alternative to conventional offices go, not all startups are keen to become members of a coworking community evidenced by the 18% that responded no to the survey question: 'Would you like your company to shift into a coworking space?'

Eighty-two per cent of the respondents, however, responded in the affirmative to the same question. This signifies that the coworking phenomenon is set to continue trending long into the future.

The study sought to measure the level of importance coworking members attach to certain business principles and values such as a sense of community, collaboration over competition, independence of activity, membership equality and cooperation.

Figure 22: Measuring the importance of certain principles and attributes in a coworking space
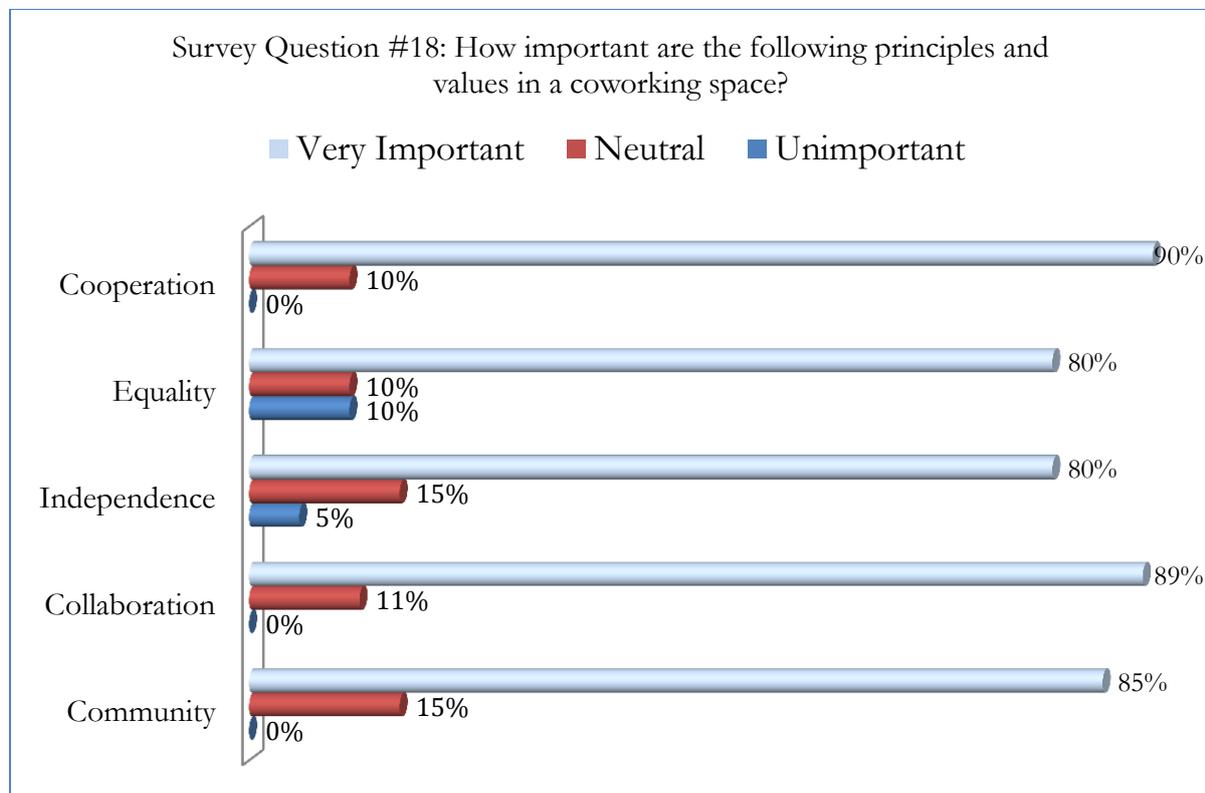
Survey Question #18: How important are the following principles and values in a coworking space?

Cooperation 90% and collaboration 89% are crucial attributes that define coworking spaces as rated by the respondents respectively. Collaboration is increasingly becoming the new form of competition among entrepreneurs as they embrace the numerous benefits derivable from synergistic alliance against cut-throat competition.

Having a sense of community was rated by 85% of respondents as a very important value in a coworking space. Enjoying a sense of community has the aggregate benefit of engendering trust, expanding entrepreneurs' social circles and generally boosting the self-confidence of members. Anchored on the trust engendered by the sense of community, 90% of respondents said that would feel confident leaving their phone or laptop in their coworking space while they were out of the room.

Equality and independence were rated jointly as very important by 80% of the respondents, suggesting that members of a coworking community value their

independence as much as they value the collaboration and cooperation membership of a coworking space brings.

Seeking to give a clearer insight into the impact coworking has on the workstyles of coworkers since they joined a coworking community, 94% of the respondents posited that their productivity had also changed a lot for the better while 6% said their productivity had remained unchanged.

Business networks changed a lot for the better for 91% of the respondents while 89% of them said that it had changed their skill set a lot for the better. Eighty-three per cent of the respondents registered that their self-confidence had improved a lot for the better since joining a coworking community, and isolation improved a lot for the better for 74% of the respondents.

Joining a coworking community does not immediately translate into a stupendous increase in income as indicated by 40% of the respondents whose incomes remained unchanged after joining a coworking community.

For 48% of the respondents, both their company and team sizes were unchanged by their membership in a coworking community.

Figure 23: The impact of coworking on the workstyles of community members

Survey Question #20: How much has your workstyle changed since you joined a coworking community?

A lotfor thebetter   Unchanged

	A lot for the better	Unchanged
Productivity	94%	6%
Business network	91%	9%
Skill set	89%	11%
Social circle	86%	14%
Self confidence	83%	17%
Isolation	74%	26%
Wellness	66%	34%
Income	60%	40%
Company/teamsize	52%	48%
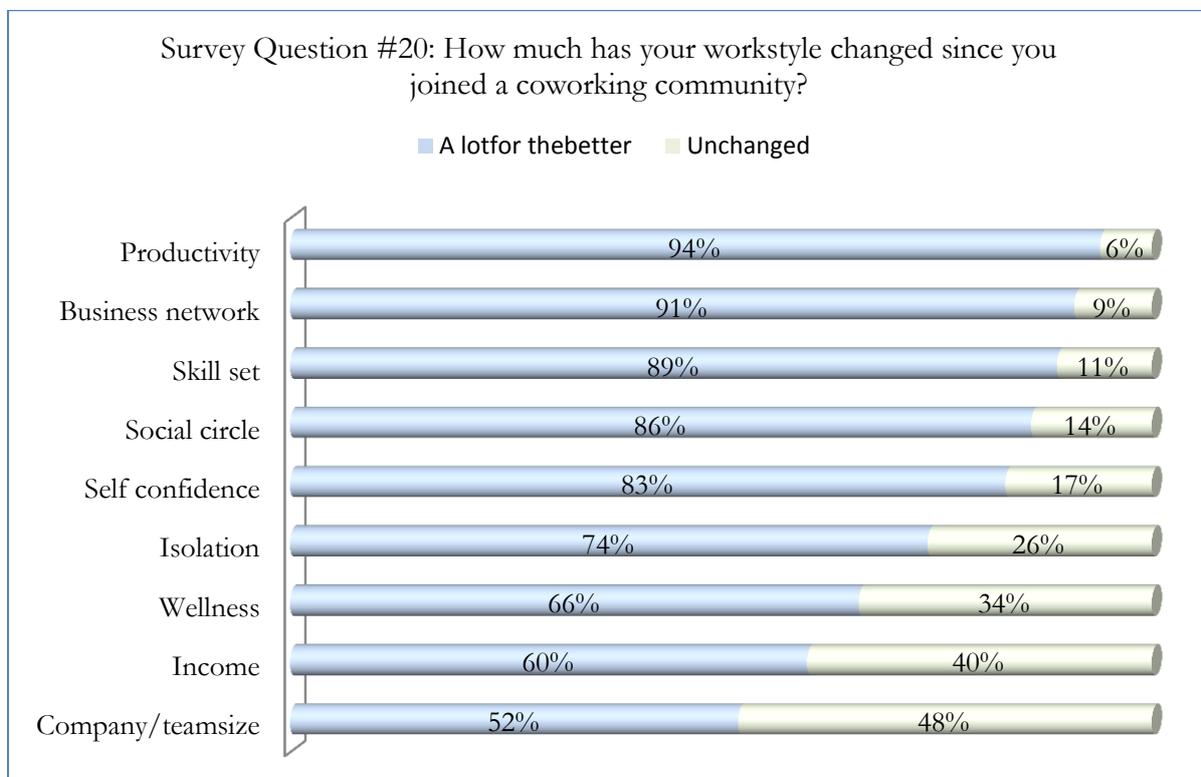
Coworking spaces are a demonstration of how the symbiosis between technology and community is facilitated by the evolution of digital technologies. Being part of the same community promotes supportive behaviour, and makes it easier to ask coworkers to listen to and come up with solutions to job-related problems. The overlapping knowledge, a positive social atmosphere and a sense of trust enhance the capabilities of coworkers to adopt other members´ ideas and views. The physical design of coworking spaces is also found to play a role in encouraging creative thinking and generating ideas of higher quality.

Scholarly discussion is dominated by the notion of coworking spaces as communities exclusively for independent workers working alone, together. That perception is becoming trite now as corporate organisations have started to embrace coworking, especially those companies that are keen to learn from startups and potential clients for new ways to support creativity and drive innovation.

Partnering up with coworking spaces is one way these organisations are injecting creativity and innovation into their old work routines and processes. Consequently, an increasing number of corporations have started to integrate coworking into their business strategy by locating employees in external coworking spaces with the expectation of innovative outcomes.[37]

Globalisation and technological change have transformed work relations over recent decades. One conspicuous feature of these changes is the rising prominence of non-routine work i.e. works not done full-time or not performed at the place of an employer's choosing under their direction. This category of work includes freelancers, independent contractors and early-stage startup entrepreneurs.

The growth in this category of work can be traced to the declining cost of managing micro-enterprises and the reduced cost of mobile communication technologies. The near-universality of internet penetration and the digitisation of work have also played a part in the growth. These elements also changed the relationship between work activities and fixed office locations.

Most startups can opt to start in a home office, dorm room, kitchen, or garage. While these spaces are inexpensive and convenient, they can also be limiting in that they do not provide the ideal space to manage a team of employees or host

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[37] Raffaele, C., & Connell, J. (2016). Telecommuting and Co-Working Communities: What Are the Implications for Individual and Organisational Flexibility?

business meetings. In addition, entrepreneurs working at home also tend to experience loneliness and feelings of isolation, which amplify the emotional ups and downs of founding a new venture.

The conventional riposte is that working from home or public library can be suboptimal for several reasons, principally because social isolation can cause psychological strain that, amongst other things, reduces productivity.[38]

Conventional office spaces that typically require multi-year leases can often be too expensive, especially for startups with lean resources. This constitutes a definitive constraint for entrepreneurship given the unpredictable nature of new ventures.

Many startups are understandably hesitant to make such long-term lease commitments as it is impossible to know how quickly their business will grow or whether they will even be in business at all after a few months.

This is where coworking spaces come into play by providing a community of other entrepreneurs, all working separately on their different ventures, but working together in the same location. The community is typically populated by entrepreneurs, solopreneurs, freelancers, remote workers, and other independent or non-traditional workers who cannot otherwise afford the overheads of conventional office space.

Coworking spaces provide opportunities for human relationships to form and also provide opportunities for professionals to learn and grow. Many coworking spaces offer events, classes, and workshops designed to help their members develop professionally, just like companies would do for their full-time employees. A large number of coworking space members take advantage of these opportunities, as 67% of members surveyed said they attend those events.

The coworking business model is essentially rental arbitrage where the space provider either rents a building from a property owner or buys the building outright and transforms it by adding common areas and other community-oriented features, then rents the space out more fractionally to subscribers under more flexible subscription-based terms such as daily, weekly or monthly rental.

In addition to providing workspace, coworking provides unique solutions that are only possible due to the concentration of entrepreneurs in one physical space. For

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[38] Tønnessen, Øystein. (2022). Employee Creativity in Coworking Spaces: Towards a Conceptual Framework. European Journal of Workplace Innovation. 7. 53-83. 10.46364/ejwi.v7i1.891.

instance, gathering people who are self-employed or working for different firms nearby can yield interdisciplinary collaborations, knowledge sharing and information spillovers.

With little or no programmatic structure, the sense of community that prevails in coworking spaces is created from the bottom up rather than the top down. This blurs organisational boundaries and engenders entrepreneurs to identify not only as members of their ventures but also as members of the coworking space and community in which they are nested.

In a nutshell, coworking spaces, by design, provide flexible and affordable workspaces for workers who prefer to work outside of the conventional office environment. Nigeria, with its expanding economy and tech-savvy population, presents a perfect market for coworking spaces. With a growing number of startups, freelancers, entrepreneurs and remote workers in the country, the demand for flexible and affordable workspaces will maintain an upward trajectory.

To meet the demand, coworking spaces are springing up in many cities across Nigeria. The prospect of a shared workspace where individuals from different backgrounds and companies can collaborate, network, and learn from one another is the key selling point for the coworking spaces.

In furtherance of the collaborative and community-focused ethos of coworking, some coworking spaces often organise events, seminars, and workshops, providing subscribers with the opportunity to connect with potential clients, partners, and investors.

The need for workplace flexibility is one key factor steering startups in the general direction of coworking spaces for their space needs. In Nigeria, this trend will accelerate over the next 5 years as more startups join the fray. Conversely, the increasing interest in coworking spaces is resulting in landlords and real estate firms starting to offer coworking options to tenants.

The increasing number of self-employed workers coupled with heightened awareness of the cost-savings derivable from coworking by independent workers, will continue to drive demand for coworking spaces. Startups will continue to flock to coworking spaces because of the cost-savings, flexibility and talent attraction advantages provided by coworking spaces. Because of these advantages, coworking spaces will continue to be the location of choice for most startups.

While large coworking spaces get most of the attention, the number of smaller bespoke spaces continues to grow rapidly. These spaces appeal to members with specialised interests or needs such as women-oriented spaces, writers' spaces, industry-specific spaces, shared commercial kitchens, etcetera.

The combination of a well-designed work environment and a well-curated work experience are part of the reasons why coworkers in coworking spaces demonstrate higher levels of thriving than their office-based counterparts. But what matters the most for high levels of thriving is that people who co-work have substantial autonomy and can be themselves at work.

Aside from the type of work they do, coworking spaces consist of members who work for a range of different companies, ventures, and projects. Because there is little direct competition or internal politics, they do not feel any pressure to put on a work persona to fit in. Working amidst people doing different kinds of work can also make individual work identity stronger.

Work meaningfulness can also come from working in a community where it is the norm to help out one another, and there are many opportunities to do so in a coworking space. The variety of workers in the same workspace portends that coworkers may have unique skill sets that they can provide to other community members.

The social mission intrinsic in the coworking manifesto signed by the majority of the members of coworking spaces articulates the values to which the coworking movement aspires such as collaboration, learning and sustainability. So in almost all cases, a person going to work in a coworking space expects to be a part of a movement – social and economic.

Because some coworking spaces are normally accessible round the clock, members can decide whether to put in a long day when they have a deadline or take a long break in the middle of the day to go and do other things. They can choose whether to work in a quiet space or in a space with shared tables where interaction and collaboration can occur. They can even decide to work from home, without repercussion, if they need to attend to a domestic matter.

And while coworkers value this autonomy, the study findings revealed that they equally value some form of structure in their professional lives as too much autonomy can cripple productivity. Coworkers reported that having a community to work in helps create structures and discipline that motivate them.

Association with others is one reason why people prefer to work in a communal space as opposed to working from home or renting a dreary office. Coworking spaces have vibes and unique experiences that hit differently from the conventional office. Members feel part of a community.

Of note is that socialising is not obligatory in a coworking space. Members can choose when and how to interact with others and are more likely to enjoy discussions over coffee in the canteen because they went there for that purpose.

Though the coworking movement has its origins among freelancers, entrepreneurs, and the tech industry, it is increasingly relevant for a broader range of people and organisations. An increasing number of companies are incorporating coworking into their business strategies as an alternative place for their staff to work and also to attract employees who demand a flexible workplace and adaptable work time.

Spending time away from the office at a coworking space can also spark new ideas.

Coworking spaces have a lot to offer to new startups, new businesses, or even businesses that are struggling to stay afloat. Although coworking spaces may offer several services for a fee, such as snacks, drinks, events, training, conference room reservations and other a la carte amenities, the following attributes and benefits accrue for members.

- **Collaboration, Networking Opportunities and Innovation**

    There is scholarly consensus that coworking with people from diverse professional backgrounds will expose workers to new ideas.[39] Social interaction is a precondition for building network ties between coworking space members and stimulating creative work. Interpersonal interaction is one of the most prominent characteristics of coworking spaces and a widespread motivation behind corporate coworking. By availing their members the platform for interaction and communication regardless of the members' profession or industry, coworking spaces foster collaboration and innovation. This enables participants to learn from one another, share ideas and come up with innovative solutions to various problems. Participants identify three important types of collective actions - endorsing, encountering, and engaging - that contribute to a sense of community within the coworking spaces.

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[39] Øystein Tønnessen, Universitetet i Agder Employee Creativity in Coworking Spaces: Towards a Conceptual Framework April 2022 European Journal of Workplace Innovation 7(1):53-83 DOI:10.46364/ejwi.v7i1.891

Coworking spaces are shaped by people with both strong and weak social ties. People who otherwise would not meet, gather together, generating a pool of dialogue and creativity

The quality and strength of these social ties are important for coworkers to identify innovative opportunities in coworking spaces. The high level of social interaction in coworking communities strengthens the willingness to share resources and information, consequently building mutual trust among the members.

Entrepreneurs often do not have the experience or knowledge to navigate the complexities of a new venture. As such, many rely on help from other members of the community to solve problems and answer questions.

As entrepreneurs develop relationships with other members of the community, they gain a better understanding of who has what knowledge or skill sets and can take advantage accordingly.

A majority of subscribers credit the collaborative environment of coworking spaces for significantly enhancing their career achievements. These interactions often lead to referrals for new clients, employees, investors, and service providers.

By working alongside other professionals, members can expand their network and form valuable business relationships. The social events, seminars, and workshops that many coworking spaces organise provide opportunities for subscribers to connect with potential clients, partners and investors.

Conversely, this advantage can also pose a drawback as coworking spaces can be crowded, noisy, and distracting spaces, and as such, may decrease satisfaction and productivity.

Similarly, although entrepreneurs can benefit from the events, pieces of training, and amenities within the space, these can also become distracting if the entrepreneur engages in too many of them.

- **Flexible Work Environment**

  Coworking spaces provide unbeatable flexibility for startups as they can work where, when and how they like. They can easily pay for additional memberships if the number of staff goes up. The subscriptions in most coworking spaces can be on a daily, weekly or monthly basis. This ensures that subscribers are not tied down with long leases. The increasing number of startups, freelancers, entrepreneurs, and remote workers in Nigeria accentuates the need for workspaces that are flexible, affordable, and convenient. Coworking spaces provide all of these with their pay-as-you-go subscription models and round-the-clock access.

- **Productivity and Motivation**

  Coworking spaces provide a community of like-minded others and organisational elements such as shared values, rituals and routines. The shared value systems can facilitate members' creativity. The community dimension of coworking spaces provides a sense of social belongingness to their diverse members that sparks the tacit exchange of knowledge and promotes cross-domain learning.[40]

  The sense of community and support that come from working in a shared workspace can boost morale and motivation among members. The shared workspace communality enhances productivity and enthusiasm. Seeing the passion and intensity with which other entrepreneurs go about their work can be energising, motivating, and contagious. This in turn can increase efficiency, as motivated members get spurred to engage in their work more enthusiastically.

  There is also a flip side to this advantage as the motivation may make startups fail slower. While the community gives entrepreneurs the social support they need to persist and succeed it can also have the unintended consequence of causing entrepreneurs to delay abandoning a failed venture.

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[40] Lester, M. (2013). Social Capital and Value Creation: A Replication of 'The Role of Intrafirm Networks' by Wenpin Tsai and Sumantra Ghoshal. American Journal of Business and Management, 2(2), 106–113. https://doi.org/10.11634/216796061706277

- **Low Overhead Costs**

  Traditional office spaces often require tenants to sign multi-year, inflexible leases. Coworking removes this commitment by offering month-to-month leases. It is also modular, in that if a venture grows it can add a desk, or if it shrinks it can downsize a desk.

  By sharing the overheads of rent, utilities and other service costs, members of coworking spaces enjoy fully equipped workspaces at a fraction of the cost of setting up a traditional office. This makes coworking spaces an affordable and attractive option for startups, freelancers, entrepreneurs and remote workers.

  Large corporations can also benefit from coworking spaces as they can reduce their real estate costs; improve employee job satisfaction; and, help employees tap into new ideas.

  Coworking spaces provide the fastest route for startups to start up. Once the subscription fee is paid, the startup can take up a space in communal spaces that offer all the amenities required to kick-start its operations.

  Coworking spaces are the cheapest of all the workspace solutions. There are no setup costs involved and the single fee subscription makes budgeting easy for startups.

- **Work-Life Balance**

  Flexibility is inherent to coworking spaces as members can stay for any length of time they choose. In a coworking space, entrepreneurs spend less time worrying about utilities, internet, furnishings, office design etcetera and more time focused on their business.

  Productivity is known to improve when individuals and teams have relatively high autonomy and a sense of ownership and control over their activities and ideas. Corporate coworking allows companies' employees greater autonomy to improve creativity and innovation because, in coworking spaces, members are sources of extrinsic motivation for one another.

  With their flexible hours and location, coworking spaces tend to yield more control to members over their work schedules. This concedes to members the latitude to maintain a healthy work-life balance. Coworking spaces also

provide a social and supportive environment that can reduce the stresses and isolation that often come with solo and remote working.

- **Comfortable, Business-Friendly Workspace**

Coworking spaces are usually chock-full of some excellent business-friendly amenities that can make work a lot easier for the budding worker. Apart from a reliable internet connection, there are comfortable work desks, chairs and suitable lighting for all team members.

There will likely be printers for everyone's use, meeting rooms to have a discussion and a leisure area for taking breaks or hanging out with co-workers. In almost all instances, coworking spaces provide access to conference rooms, shared workspaces, amenities and other shared resources that entrepreneurs are often not able to afford by themselves.

- **Legitimacy and Access to Business Resources**

Coworking spaces can help new ventures appear more legitimate and professional. When companies host potential clients, investors, or new hires, they can hold these meetings in a conference room in a professional setting, rather than a home office, garage, or coffee shop.

Working in a collaborative coworking environment exposes participants to new opportunities and ideas. They get to find out about industry events to attend or receive some critical advice on new tech or gizmo. Since everyone is working toward the same goal of building a business and securing profitable agreements, opportunities abound to learn from one another.

Entrepreneurial performance is improved by the knowledge exchange among coworkers powered by the physical proximity in the coworking spaces. Coworking is ascribed to bring about improvement in creativity and innovation.

3.3   Objective Three – Impact of Coworking Space Strategy

> To evaluate the impact of the coworking space strategy on the economic development of Nigeria

The transformative impact of coworking spaces is evidenced by major players in the tech space that began as light-bulb moments in coworking spaces. Take Uber for instance which sprouted when Travis Kalanick and Garrett Camp got together in a coworking space to solve the taxi cab crisis in San Francisco. Today the business is still going strong with teams working in coworking spaces in over 51 countries around the world.

Instagram had its germination in a coworking space where its founders Mike Krieger and Kevin Systrom spent many months ideating the platform. Indiegogo – one of the world's biggest crowdfunding portals was also begotten in a coworking space by its founder Danae Ringelmann. So was Wanderfly which spent a year in the making by Christy Liu and three other intrepid co-founders in a coworking space.

Here in Nigeria, there were approximately 300 coworking spaces across Nigeria as of August 2022 with the vast majority of them in Lagos and, to a lesser extent, Abuja.[41] Among them are Lagos - CcHub, Vatebra Tech Hub, Wennovation Hub, 360 Creative Hub and Leadspace; and, Abuja - Aiivon Innovation Hub, Ventures Park, Work & Connect etcetera.

The utilisation of coworking spaces is driven by distinct user groups, with freelancers accounting for 37% of the users highlighting their strong affinity towards coworking spaces, followed by entrepreneurs comprising 24%, and SMEs representing 21%. Freelancers thrive in coworking spaces because they see their work as meaningful, have more job control, and feel part of a community.

Over the years, there has been a steady rise in the number of coworking spaces with their numbers projected to occupy 30% of corporate office space by the year 2030 offering businesses a versatile and economically efficient approach to work. The implications of this projection extend beyond mere physical space and

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[41] Disrupt Africa - Nigerian Startup Ecosystem Report 2022 - https://disrupt-africa.com/nigerian-startup-ecosystem-report-2022/

portend to revolutionise how organisations operate by engendering enhanced collaboration and productivity in the workplace.

The interactions with the stakeholders threw up a few indicators - one of which is that there is a huge awareness of the coworking concept among many Nigerian entrepreneurs.

Figure 24: Measuring Awareness of the Coworking, Incubation and Acceleration Concepts

Survey Question #6: Which of the following concepts are you familiar with?

■ Coworking Space   ■ Business Incubation   ■ Business Acceleration

	Coworking Space	Business Incubation	Business Acceleration
Never heard of it	0%	1%	2%
Fairly familiar	11%	29%	30%
Very familiar	89%	70%	68%
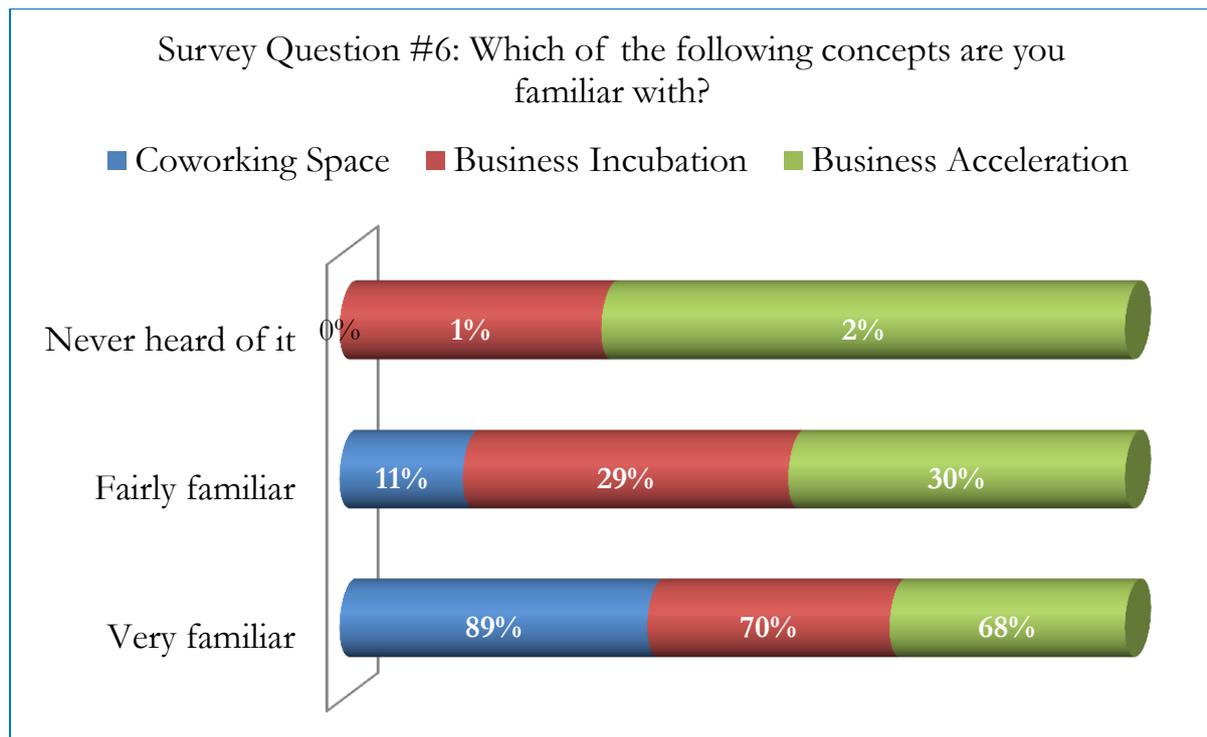
The findings show that the coworking space concept is not an unfamiliar topic to the respondents with 89% being very familiar and 11% fairly familiar with the concept. This translates to an awareness level of 100% of the coworking phenomenon among the respondents.

Seventy per cent and 68% of the respondents posited to be very familiar with the business incubation and business acceleration concepts respectively. One per cent of the respondents had never heard of business incubation while 2% had never heard of business acceleration.

A deeper probe of the dataset revealed that the 1% of the respondents who had never heard of business incubation and the 2% who had never heard of business acceleration belong to the 12% of the respondents identified in Figure 8 who had never used a coworking space.

A majority of the respondents (88%) had used a coworking space before with a large percentage of them planning not to leave. On the other hand, 12% of the respondents said that they had never used a coworking space before adducing cost as their major constraint.

Figure 25: Measuring the ratio of respondents who had used a coworking space

Survey Question: Have you ever used a coworking space before?

No
12%

Yes
88%
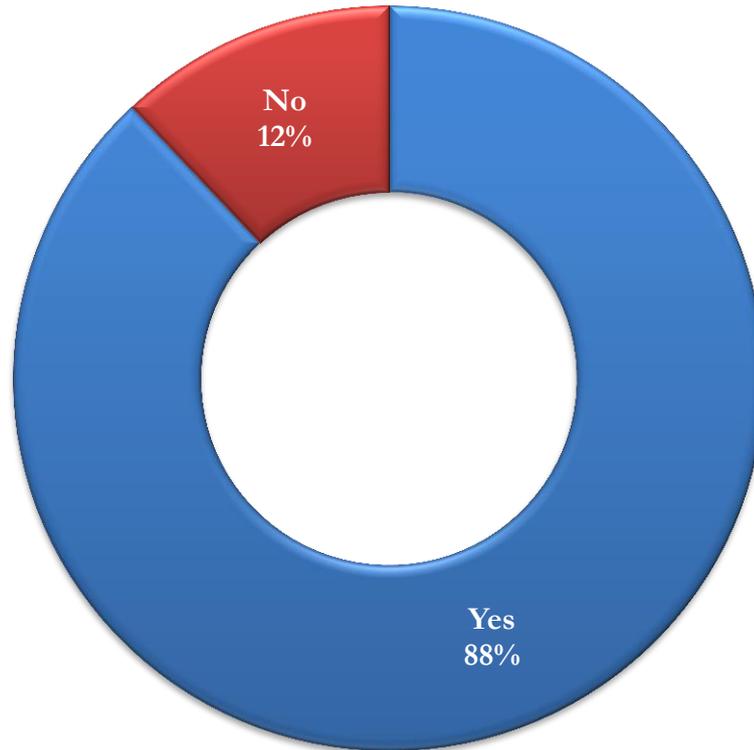
Among the respondents who use coworking spaces, 89% indicated that their typical use of coworking spaces occurred during weekdays while 21% showed a preference for late nights and weekends.

Although the working-hours requirements are still the typical 8.00 am – 5.00 pm normal business hours, 21% of the respondents signified requirements for late-night working hours as a plus for a coworking space. This is particularly handy for freelancers and remote workers who deliver services to clients and organisations in different time zones. Even though nearly all the coworking spaces surveyed have daily, weekly, and monthly rental options in their membership bouquets, 88% of subscribers go for the monthly package, 10% for the weekly option and only 2% opt for the daily offer.

Study findings show that 68% of workers in coworking spaces believe they can concentrate more effectively than working in a traditional office; 70% feel happier than they would in a typical office setting, and 91% say that they communicate better with other people. It would seem from the foregoing that the conventional office with its cubicles, petty politics, and plastic partitions is fast outliving its usefulness.

About 78% of the people who utilise coworking spaces are younger than 40. The collaborative and innovative nature of these environments seems to attract this demographic. Therefore, if you're looking to entice younger men and women to work for you, offering them the chance to try coworking could help.

Figure 26: Measuring how long coworkers intend to use coworking spaces

Survey Question #24: How long do you plan to stay in a coworking space?

Three months
6%

Six months
15%

Planning not to leave
41%

Minimum of one year
38%
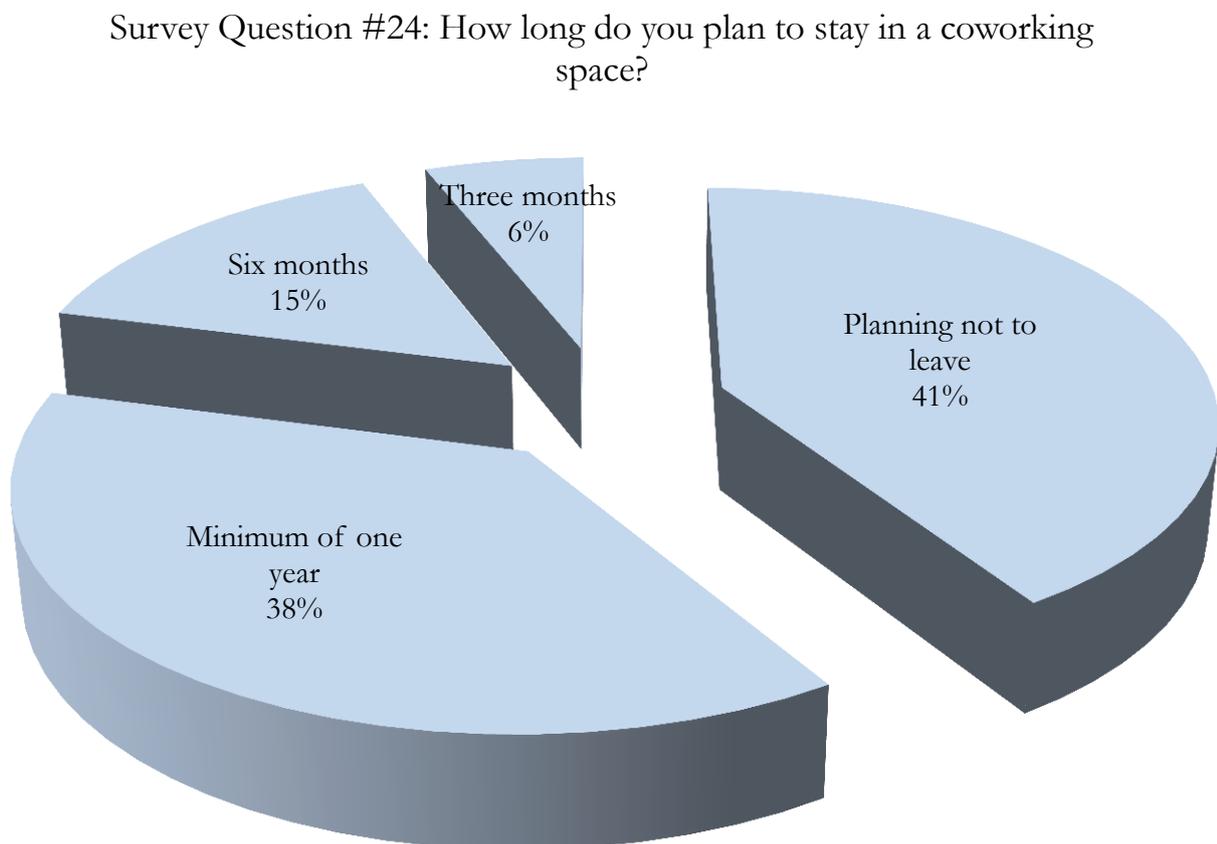
Most participants attest that the primary motivation for joining a coworking space is not for the space itself, but rather for the community within the space. These communities provide entrepreneurs with advantages that are only possible because of the concentration of entrepreneurs in one space. These advantages include

connections to potential customers, hires, investors, etc.; solutions ranging from important issues around product development to more mundane issues like setting up payroll; energy and motivation emanating from the passion and purpose with which the communities pursue their projects; and, social support underpinned by friendship and encouragement when times get tough.

Some entrepreneurs have better coworking experiences than others. Specifically, millennials appear to have a better coworking experience than other generation cohorts; women more than men; visitor entrepreneurs more than local entrepreneurs; founders more than employees; and, entrepreneurs with nonmarket logic more than those with market logic.

3.3.1 Coworking Ecosystem - Lagos

With a huge and rapidly expanding consumer market, Lagos is the leading coworking hub in Africa. Lagos parades an array of premier entrepreneurial support organisations including Lagos Angel Network, Growth Capital Fund, Ventures Platform, and Greenhouse Capital. These organisations provide funding and acceleration for local startups. As the most successful startup ecosystem in West Africa, Lagos has produced two unicorns - Flutterwave and OPay.

Figure 27: A snapshot of players in the Lagos coworking and business incubation ecosystem

	Organisation	Sector
	33B Flexible Offices	Coworking Space
	360 Creative Hub	Coworking Space
	87 Spaces	Coworking Space
	989 Workspaces	Coworking Space
	A1 Spaces	Coworking Space
	Africa Fintech Foundry	Coworking Space

	African Hub	Coworking Space
	AfricaWorks Lagos	Coworking Space
	AfriNolly Creative Hub	Coworking Space
	Agos Executive Business Lounge	Coworking Space
	Ajegunle Coworking Hub	Coworking Space
	ARM 2.0	Incubator
	BVF Office Centre	Coworking Space
	Capital Square	Accelerator
	Civichive	Incubation
	Coworkstyle	Coworking Space
	Cranium One	Coworking Space
	Cre8 Space	Coworking Space
	Dominion Coworking Hub	Coworking Space
	eeSPACE	Coworking Space
	Emerald Zone	Coworking Space
	Enterprise Hubs	Coworking Space
	Foteino Talento	Incubator
	GilGal Office Suites	Coworking Space

	Lagos Cowork	Coworking Space
	Leadspace	Incubator
	Mest	Accelerator
	The Musterpoint	Coworking Space
	RadikalHub	Coworking Space
	ReDahlia	Coworking Space
	Seedspace	Accelerator
	Senator Abiru Innovation Hub	Incubation
	Silver Ark	Incubation
	SiNet Hub	Coworking Space
	Smart Executives	Coworking Space
	SMEhub	Coworking Space
	SpacePAD	Coworking Space
	Stranger Lagos	Coworking Space
	TecHub Spaces	Tech Hub
	Terrakulture	Incubation
	The Bunker	Coworking Space
	The Circumference	Coworking Space
	The Colony	Coworking Space
	The Lighthouse	Incubator

	The Village	Incubator
	TPX Hub	Tech Hub
	V8 Valley	Coworking Space
	Vatebra Tech Hub	Tech Hub
	Venia Business Hub	Coworking Space
	Wakeman	Accelerator
	Workbay	Incubation
	WorkBox	Coworking Space
	WorkStation	Tech Hub
	Zahari Workspace	Coworking Space

Lagos is the only African city ranked in the global top 100 in the Global Startup Ecosystem Index 2023 having dropped one place to 82nd. It leads the pack of five Nigerian cities listed on the index including Ibadan, Abuja, Port Harcourt and Enugu.

Lagos is the indisputable capital of Nigeria's acceleration and incubation action with more active programmes than any other city in Nigeria. There are over 150 private and public incubator and accelerator programmes available to startups in Lagos. Many of these programmes are standalone offerings, while a number of them are integrated with other schemes.

Lagos is one of the world's fastest-growing megacities attracting close to 2000 new residents every day. Lagos city is the heart of Nigeria's growing startup and coworking ecosystems.

Notable among these programs are CcHub's The Creators' Circle, a quarterly networking event for creative economy professionals, and an incubation program for startups that on successful participation, stand the chance of receiving $25,000,

access to follow-on funding of up to $250k from Growth Capital, free office space, free credits for partner products, business support, and networking.

In the capacity-building arena, the Lagos State Government's Eko Digital Initiative equips primary and secondary school students in the State with tech skills. GreenHouse Capital, a corporate venture capital arm of Google for Startups, invests in early-stage startups.

Lagos is the venue of choice for tech-related conferences and seminars. The Art of Technology held the largest tech conference in Lagos recently. The Lagos Tech Fest, which brings together entrepreneurs, innovators and investors, is regularly held in Lagos. Also Union Bank, in collaboration with GreenHouse Capital, hosted its UnionX Innovation Challenge in Lagos a few months back.

Another key entrepreneurial lure of Lagos is its dedicated startup support system. In this space, the likes of The Lagos State Science Research and Innovation Council hold sway. The Council empowers research and innovation initiatives through funding and network access. Another initiative - Lagos Innovates - offers a series of programs to support innovation-driven startups in the city.

The Lagos State Employment Trust Fund (LSETF) is also active in the startup support space by focusing on improving access to finance, strengthening the institutional capacity of MSMEs, and formulating policies aimed at improving the business environment in Lagos State. The Lagos State Employment Trust Fund (LSETF) through its flagship incubator Lagos Innovates offers a range of tech-focused programs created for individuals and startups who aim to wield technology for the greater good. LSETF supports innovation, strengthens the tech startup talent and funding pipeline, and supports a deepening of the ecosystem in Lagos State. Lagos Innovates is reputed to be the first of its kind in sub-Saharan Africa with the long-term goal of being the hub for technological innovation and the home for tech-driven entrepreneurship in Africa.

The recent rollout of the Starlink satellite broadband service has tremendously improved the internet speed in Lagos which has become a major boost to the service offerings of coworking spaces in Lagos. Yaba, the centre of Lagos's technology industry, has grown rapidly in large part due to its fast, reliable internet access.

However, despite its status as the leading coworking hub on the continent of Africa, Lagos still has some challenges. The most momentous of these challenges

include the shortage of financing options, infrastructure deficit, the low purchasing power of Lagosians and the apparent disconnect between Lagos and other cities.

As Lagos continues to attract both national and international recognition as a leading coworking hub, it has the clear potential to secure its leading status if the Government would address the infrastructure deficit issues and redouble its support for the bourgeoning Lagos coworking ecosystem.

Figure 28: Characteristics of Sampled Coworking Spaces in Lagos

	Wennovation Hub is among the first innovation accelerator hubs in Nigeria. With offices in Lagos, Kaduna, Abuja and Ibadan, the hub focuses primarily on ecosystem building and consulting in education, agriculture, healthcare, clean energy and social infrastructure. The hub's services include investment readiness prepping, startup coworking spaces, training, incubation and acceleration, consulting and advisory services.
	CcHUB is an open living lab and pre-incubation space designed to be a multi-functional and multi-purpose space where work to catalyse creative social tech ventures takes place. The hub's foci include startup funding, innovation support, smart infrastructure, governance, digital security, fintech, education health and well-being. At the hub, innovations by entrepreneurs are sharpened through mentorship, pre-incubation, incubation and acceleration programmes. CcHUB serves as a knowledge platform where members connect to co-create, share and build new skills and competencies to solve local challenges that improve the quality of life in Nigeria.

	Afrinolly Creative Hub is designed for filmmakers, screenwriters, animators, mobile technology developers, artists and other creatives for collaboration, learning and creativity. Services here range from pre-production to production and post-production, creative courses, training, filmmaking, equipment rentals, co-creation spaces, café etcetera.
	360 Creative Hub is a vertically integrated fashion accelerator with a coworking space dedicated to nurturing, expanding and accelerating emerging fashion creatives through mentoring, management, investment and equipment support. The hub offers coworking and co-sewing spaces, fashion acceleration programs, a fashion business roadmap and international market access services. Members have access to private office spaces, sewing areas, and pattern & cutting areas. With the equipment support, members do not need to come in with their sewing machines as sewing machines are provided.
	Civichive creates virtual and physical space for partnerships to raise civic tech leaders and solutions. It improves the capacity of NGOs and media organisations to push solutions that connect citizens to the government, foster institutional efficiency, and raise citizens' awareness of social issues around them. Anchored on its principles of open data, good governance, citizens' participation and data transparency, the hive undertakes to distil government budgets and public data across

	every literacy span to stimulate citizens' interests around public data and hence trigger discussions towards better governance. The hive's focus areas include Civichive fellowship, civic tech solutions, rural labs, research, supporting existing non-profits and coworking spaces.
RadikalHUB	Radikal Hub offers incubation programmes for startups in Blockchain, AI/AR/VR, agriculture, and fintech. The hub avails access to a network of corporate partners, hands-on administrators, business support angels, investors and industry experts to its members.
mest	MEST invests in early-stage software companies in industries ranging from AI, eCommerce, AgTech, FinTech, HealthTech, EdTech etcetera. The organisation avails tech entrepreneurs with internal seed funds, support in software development and a network of hubs offering incubation for technology startups. MEST offers budding entrepreneurs a fully-funded one-year entrepreneurship training program to make them good and ready for the entrepreneurial journey. Membership brings access to the global MEST network and a Pan-African community of entrepreneurs in technology.
AFF AFRICA FINTECH FOUNDRY	AFF is a fintech accelerator interested in startups in media, digital marketing, agriculture, energy, cybersecurity, transport, payment and cryptocurrency. The offerings at the foundry include accelerator programs, guided ideation sessions, hackathons, mentorship, incubation,

| | | post-programme support and funding.

Blockchain, cryptocurrency, crowdfunding, robo-advisory, P2P payments and lending are areas the foundry is keen to digitally transform and innovate in a customer-centric and engaging manner. |

| SAIL SENATOR ABIRU INNOVATION LAB | SAIL offers cross-functional programmes, opportunities and a basic foundation for young people in the Lagos East senatorial zone to gather, learn and create.

The lab provides coworking space, incubation space, startup acceleration, and training programs for tech talent development and ideas validation. |

3.3.2 Coworking Ecosystem - Port Harcourt

Port Harcourt, the commercial and political capital of Rivers State, has always been a favourite destination for both indigenous and international investments.

Figure 29: A snapshot of players in the Port Harcourt coworking and business incubation ecosystem

Organisation		Sector
OLOTU SQUARE	Olotu Square	Incubator
Roothub	The Roothub	Coworking Space
FutureSphere Business & Innovation Hub	FutureSphere Business & Innovation Hub	Tech Hub
KoWorkNG	KoWorkNG	Coworking Space
bubble	Bubble Innovation Hub	Tech Hub

	Pyale WorkHub	Coworking Space
	Spronet Hub	Coworking Space
	HUB10	Coworking Space
	Techcreek	Tech Hub
	Renaissance Innovation Labs	Accelerator
	SnapiLABS	Tech Hub

The presence of many corporate organisations and their corporate social responsibility (CSR) activities coupled with the Rivers State Government's intervention programs stimulate entrepreneurship in the city. This in turn makes Port Harcourt a magnate for entrepreneurship support providers.

Oil and gas, and to a large extent, information and communications technology are the top sectors of focus in Port Harcourt's entrepreneurial ecosystem. The type of financial support most commonly available is debt which is mostly accessible through financial institutions. The top impact objective is capacity building while the top stakeholder focus is youth entrepreneurship

Accordingly, the city hosts a sizable number of tech startups. These startups collaborate to provide solutions to multifarious problems. These collaborations promote partnerships and shared goals and bring national and international recognition to Port Harcourt as a destination of choice for entrepreneurs.

This is not to say that Port Harcourt's entrepreneurial ecosystem does not have any issues. On the contrary, challenges abound including the high cost of infrastructure, scanty access to finance, mono-sectoral concentration, tedious business documentation processes and poor business implementation skills among small businesses.

This is where entrepreneurship support providers come in to ameliorate some of the challenges businesses face in the city of Port Harcourt and the Southsouth geopolitical zone in general.

The study identified several organisations that actively support entrepreneurs in Port Harcourt and evaluated the kinds of support they provide. The organisations include coworking space providers, business incubators and accelerators, capacity development providers, business development support providers, professional service providers, government agencies and others.

The offerings of some of these Port Harcourt-based entrepreneurship support service providers are illustrated in Figure 30.

Figure 30: Coworking Spaces and Business Support Hubs in Port Harcourt

	Olotu Square is a technology innovation hub interested in youth capacity building in business and innovative technologies to achieve employability and entrepreneurship in the Niger Delta region. Offerings at the Square include coworking space, startup meetups, startup support, incubation, training, events, youth engagements, partnerships, mentorship and other startup resources. The Square proffers solutions around graphics, UI/UX designs, software development, digital marketing, IT infrastructure management, tech systems design and automation.
	The Roothub provides a platform for ideas to thrive based on technology and a thriving community of mentors and talents. The hub's overall goal is to help entrepreneurs take off using its coworking space as a springboard.
	FutureSphere Business & Innovation Hub is a multifunctional, multipurpose coworking space for creative entrepreneurs. The hub makes it possible for technologists, early-stage businesses, social entrepreneurs and focused individuals to network, co-create and co-work in a serene and comfortable environment coworking space. The main objectives of the hub include:

	encouraging technological innovations in the ecosystem; facilitating creative thinking and collaborative problem-solving; and, incubating outstanding tech ideas.
KoWorkNG *Shared Offices, Shared Ideas*	KoWorkNG prides itself on providing premium workspaces to organisations and individuals. It provides a serene community for working and executing business operations.

3.3.3 Coworking Ecosystem - Enugu

Enugu is a prominent city in the Southeast and the political capital of Enugu State. The city has experienced a rise in entrepreneurship in recent years. The city's entrepreneurial ecosystem is fast developing and possesses enormous potential which is yet to be tapped.

In the Global StartupBlink Ecosystem Index Report of 2023, Enugu pulled off a startling surprise by going from being comparatively unknown in the global market to making the global ranking as the 4th top startup ecosystem in Nigeria, the 841st globally and the first Southeast Nigeria city to make the list.[42]

Figure 31: The Five Nigerian Cities Ranked on the Global Index

National Rank & Change (from 2022)	City	Global Rank & Change (from 2022)
1 -	Lagos	82 -1
2 -	Abuja	587 -114
3 -	Ibadan	631 +30
4 new	Enugu	841 new
5 new	Port Harcourt	961 new

But despite its good showing on the index report, Enugu's entrepreneurial ecosystem faces several challenges including lack of access to finance, brain drain

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[42] The Global Startup Ecosystem Index - https://www.startupblink.com/blog/reports/

because of paucity of opportunities, poor business infrastructure, and lack of sufficient access to markets.

Nonetheless, Enugu's proximity to the city of Onitsha presents a key opportunity to strengthen its entrepreneurial ecosystem as Onitsha is the Southeast geopolitical zone's commercial nerve centre. This presents a bubbling market for goods and services for entrepreneurs in Enugu to tap into and increase their customer base.

The study conducted an entrepreneurial ecosystem snapshot of Enugu to identify organisations that actively support entrepreneurs in the city and the kind of support they provide. These organisations include investors, capacity development providers, business development support providers, professional service providers, government agencies, and others.

Figure 32: Characteristics of Selected Coworking Spaces in Enugu

	TechX Innovation Hub is a place for techies to scale their innovations and ideas through mentoring, training, capacity building, business incubation, consultancy services and use of coworking spaces. The hub's offers include its TechX Academy - a coding academy established to bridge the skills gap in Nigeria; STEM - a project-based learning solutions platform; and, several master classes.
	Nzuko Labs is committed to equipping the youth with technical skills, business literacy and mentorship opportunities by providing them with business and tech training and event-hosting services. Its key project titled SiStems (Sisters in STEM) supports a growing network of young ladies who are using technology to challenge and empower themselves and change stereotypes. SiStems seeks to bridge the digital divide in the tech space between men and women ensuring that women are self-sufficient and tech-savvy.

	ROAR is a tech-enabling community located within the University of Nigeria Nsukka (UNN). It provides professional and incubation support to startups, freelancers and researchers interested in technology business.
	Genesys Tech Hub is in the business of rapidly scaling startups within the southeast region by offering funding, resources, knowledge and access they need, and climbing up the stairs of success with them, one milestone at a time. The specialities of the Hub include startup incubation, coworking spaces, internship programs, funding and events.

3.3.4 Coworking Ecosystem - Kano

Kano City, the political and business capital of Kano State, is a major commercial and industrial centre.   Many of the city's industries are situated in industrial estates such as the ones at Bompai, Chawalla, and Sharada.

Finished goods from Kano's industrial estates include textiles, knit fabrics, tents, bedding, cosmetics, pharmaceuticals, soap, candles, polishes, plastics, leather goods, metal and wood furniture, hospital and office equipment, containers and packing cases, wire products, tiles, and enamelware.   The heavy industries manufacture asbestos, cement, concrete blocks, metal structural products, bicycles, automobiles, trucks, and chemicals. There is also a steel-rolling mill and a printing plant.

Kano's traditional industries include leather tanning and decoration, mat making, metalworking, tailoring and pottery manufacturing. Local dye pits for cloth and leather have been used for centuries. The city's food products include baked goods, pasta, processed meat, crushed bone, canned foods, peanuts, soft drinks, groundnuts and vegetable oils.

Although the city of Kano has a sizable number of tech hubs, coworking spaces and innovative startup incubators, its tech ecosystem is still in its early stage of

development. Though Kano's tech ecosystem is nascent, techies here are noiselessly building disruptive solutions that are impacting the national economy.

Kano is home to the world-famous Bayero University which has produced and continues to produce agile minds in science, technology and entrepreneurship. The university community is part of the Together with Google Program which allows it to host Google events with support from Google HQ. The university is also the official partner of the Facebook Developer Community in Kano.

With the support of tech communities and programs such as Google Developer Group, Facebook Developer Circle, Startup Nigeria, Startup Grind, and NITDA Startup Clinic, the youth in Kano have access to various capacity-building programs geared to identify their talent and upscale them to build great innovative products. The efforts made by these tech communities and programs are helping to shape the Kano tech ecosystem.

Brief information on selected coworking spaces and incubation hubs in Kano is presented in Figure 33.

Figure 33: Profile of Selected Coworking Spaces in Kano

	Digital Development Hub is a technology-driven and social impact hub providing entrepreneurs with high-value services centred on business support, coworking space, training, entrepreneurship and consultancy. The hub's programmes are geared towards facilitating the growth of commercial and social impact startups as well as civic technology and other development solutions. This is achieved through tech mentorship, startup meetups, hackathons and tech fellowship.
	EnovateLab has a mission to support individuals, startups, social enterprises, technologists, government, investors and the private sector to build innovative solutions that create impact by solving social and economic challenges.

It pursues that mission through capacity building, networking, financing and policy advocacy. Members of the community get seed funding and the required resources to scale.

At DiceBox Innovation Hub (DiHub) individuals are empowered with the right business attitude and entrepreneurial skills are sharpened. The Hub creates an enabling environment where startups can network, scale and thrive.

Add-on services provided by the Hub include outsourcing and business training.
DiHub's specialities include startup incubation, business development, digital marketing, software development, and social impact.

Blue Sapphire Hub is committed to business incubation and technology entrepreneurship. The hub operates a platform where startups or individuals interested in ICT get equipped through consultancy, skill acquisition, product development and resource access.

The hub specialises in software development, computer maintenance, e-commerce solutions, web design and development, and mobile app development.

Startup Kano has created an avenue that enables creative entrepreneurs to grow their ideas, scale their businesses, access funding and build meaningful relationships with communities. It has built a technology ecosystem that is inclusive and sustainable for all.

Its PitchStar Incubation Program provides startups with the resources they need to own

their ideas and grow their companies to thrive. It provides startups with expertise in business research and development, product conceptualisation, pitching, goal setting, and well-structured engaging tools and activities. By fully harnessing the power of mentorship and networking, Startup Kano gives startups the support they need.

Hosted at Startup Kano is the Women Founders Group which is an all-women platform that creates opportunities for women in technology and entrepreneurship space in Africa. Women Founders Group curates the largest technology and entrepreneurship conference in Nigeria and offers mentorship and business acceleration for women in business to network and grow.

Is a vibrant tech community of techies, software developers, system analysts, web designers, graphics designers, animators, DBAs, hardware engineers and entrepreneurs who seek to provide disruptive and innovative solutions to the problems and challenges faced by society.

Code Pyramid Nigeria offers a friendly atmosphere regardless of gender and ethnicity and welcomes talented young people who are engaged in software development.

The space mentors entrepreneurs on business development, presentation skills, project management and more to build a robust tech ecosystem in the North.

CITAD is a Kano-based non-governmental organisation created to promote information and communication technologies for development and good governance in the

country. CITAD's work is targeted at facilitating development in Nigeria, and the Centre's long-term goals are to improve political accountability and reduce the risks of violence and instability.

3.3.5 Coworking Ecosystem - Abuja

In 1950, the population of Abuja was 18,977. On 12 December 1991, Abuja replaced Lagos as the federal capital of Nigeria. The last census taken in 2006 put the population at 776,298.

Figure 34: Abuja's Population Growth from 1950 - 2023
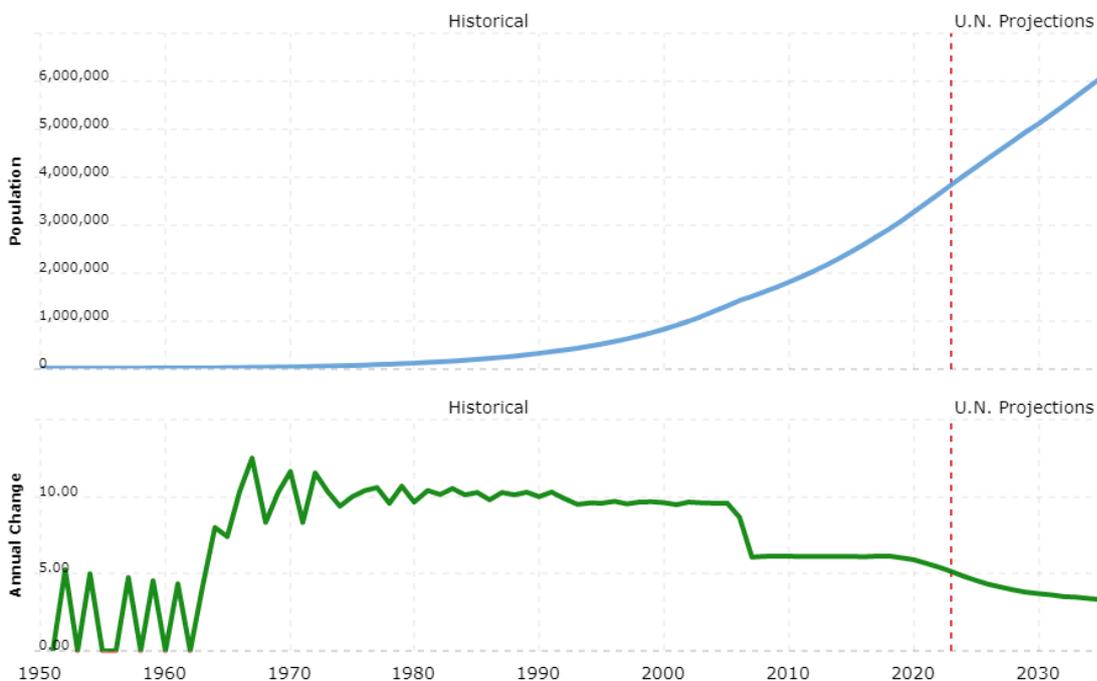
Data Source: United Nations - World Population Prospects

However, between 2007 and 2023, the population of Abuja grew by almost 140%, with the latest estimates showing that the population now exceeds 3.8 million making Abuja the fastest-growing city in Africa and the 4th most populous city in Nigeria after Lagos, Kano and Ibadan.[43]

Abuja has a thriving startup ecosystem second only to Lagos. While Abuja decreased by 114 spots in its global ranking in the Global Startup Ecosystem Index

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[43] United Nations World Urbanization Prospects - Abuja Population 2023 -
https://worldpopulationreview.com/world-cities/abuja-population

of 2023, its ranking in Nigeria has remained stable at number 2 nationally since 2022.

Abuja is the base of several coworking spaces, tech hubs, incubators and accelerators as illustrated in Figure 35.

Figure 35: A snapshot of players in the Abuja coworking and business incubation ecosystem

Organisation		Sector
	Africa Business Hub	Coworking Space
	Aiivon Hub	Acceleration / Tech Hub
	Box Office	Incubator
	Chase Executive Business Services	Coworking Space
	Civicilab	Tech Hub
	Clean Technology Hub	Tech Hub
	CoCreation Hub	Tech Hub
	CubeHub	Coworking Space
	Davelt CoSpaces	Coworking Space
	Denk Spaces	Coworking Space
	Enspire Incubator & Coworking Space	Incubator & Coworking Space
	Harmony Innovation Hub	Incubator
	House 72	Coworking Space
	Hub43	Coworking Space

	MRT Net Cafe	Coworking Space
	Musterpoint	Coworking Space
	NIINE	Incubation
	Novare Central	Coworking Space
	Regus	Coworking Space
	Smart Office	Coworking Space
	Startpreneurs	Coworking Space
	StoneBricks Hub	Tech Hub
	Tag WorkSpaces	Coworking Space
	Tangent Eco-Innovation Hub	Tech Hub
	The CANs Park	Tech Hub
	Ventures Platform	Accelerator
	Welcome2Africa International	Coworking Space
	Wennovation Hub	Accelerator
	Work and Connect	Coworking Space

The Abuja Technology Village Free Zone (ATV) floats the vision of being a leading developer of a balanced lifestyle environment where technology innovation is successfully contextualised and employed profitably in addressing local issues and a mission to deliver efficient and competitive platforms for technology incubation, innovation and commercialisation in selected sectors.

ATV provides a wide range of opportunities for entrepreneurs including business support services, innovation platforms and partnerships, legal and free zone services, marketing and business development programs and graduate trainee schemes.

Enspire is a contemporary coworking space for startups and emerging businesses. The space is a technology-centric incubation program for early-stage startups focused on building viable businesses. It runs a quarterly ideation program where startups are mentored, advised and put on the path for minimum viable product development. Its incubation programs focus on early-stage businesses, especially at the ideation stage.

Enspire seeks to stimulate economic growth and sustainable job creation through innovation, enterprise development and technology commercialisation by providing training, mentoring, networking opportunities and access to investors. Programs of the hub include pre-incubation, incubation, acceleration and business clinic.

HARMONY INNOVATION HUB	Harmony Innovation Hub provides an innovation ecosystem that facilitates the growth of startups. The hub's programs include capacity building, coworking space, internships & job placements, incubation & acceleration, startup school, growth opportunities, technology delivery factory, consultancy and events.
aiivon	The Aiivon hub provides tech-savvy entrepreneurs with state-of-the-art coworking spaces, incubation programs, capacity building, business support services and access to funding and mentorship. The hub also provides per-incubation and pre-acceleration programs.
Startup AREWA	Startup Arewa undertakes to organise, empower and promote the technology and startup ecosystem in Northern Nigeria with the overarching goal of using technology and startups as a strategy to combat unemployment and poverty across the region. The hub offers resources and technical services around project management, media and content creation, mentorship and funding.
NOVARE CENTRAL	Novare Shared Office is a coworking space in Abuja that offers shared spaces to startups, freelancers and entrepreneurs. The space provides all the equipment, support, guidance, and ideas that members need to make their businesses grow more efficiently

3.3.6 Coworking Ecosystem – Yola

Yola is the capital city and administrative centre of Adamawa State. The city is in two parts - the old town of Yola which is the traditional domain and the new city of Jimeta which is the administrative and commercial centre.

Yola is home to various institutions of learning, including the American University of Nigeria (AUN) which holds the bragging rights as Africa's first and only development university,[44] Adamawa State Polytechnic, the Federal University of Technology now Modibbo Adama University Yola (MAU) among others.

The city of Yola has experienced a rise in entrepreneurship in recent years and boasts enormous potential that has yet to be tapped. Opportunities abound in the areas of injecting technology into dominant businesses in Yola such as cattle ranching, groundnut farming, cotton production, food processing etcetera.

Although the city of Yola faces several challenges including insecurity and poor business infrastructure, businesses in Yola appear to be weathering the storm. The city is abuzz with many thriving micro small and medium scale enterprises.

In step with the scope of this study, the research team took a 5-day survey tour of Yola to identify and roundtable with organisations that actively support entrepreneurs in the city and the kind of entrepreneurial support services they provide. The team focused on surveying organisations encompassing ICT hubs, coworking spaces, business incubators and business development support providers.

The survey reveals that most support providers are either sector agnostic or focus on food and agriculture. The study discovered that cryptocurrencies, particularly Bitcoin, appear to enjoy wide acclaim, especially among the socioeconomically-savvy youth in Yola.

A majority of the business development support providers interviewed in Yola for this study indicated that their top impact objectives are building entrepreneurs' business acumen and developing their ICT literacy and skills.

As illustrated in Figure 37 the city of Yola has active coworking spaces and business development support service providers.

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[44] We are Africa's first development University - AUN Spokesperson
https://www.premiumtimesng.com/news/107328-we-are-africas-first-development-university-aun-spokesperson.html?tztc=1

The Humanitarian Innovation Hub has the vision of being a hub for innovative, creative and technology-enabled solutions to humanitarian and social problems. It envisions spurring socio-economic growth and being at the fore of recovery and rebuilding efforts for a sustainable future. Its core objective is to empower women and youth groups in the Northeast.

The hub supports organisations and individuals to identify, nurture and share innovative and scalable solutions to the challenges facing the Northeast region to improve outcomes for people affected by humanitarian crises in the region.

Mentors Innovation Hub offers coworking space, software development, business incubation, business development, mindset reengineering, leadership development, and social and environmental strategy development.

The Hub is a gateway for digital skills and entrepreneurial skills development excellence. It partners and collaborates with organisations to anchor elements of the digital and entrepreneurial ecosystem. Leveraging its geographical location, team and skill set diversity the hub inculcates a growth mindset throughout its program designs, implementation and delivery.

BCH Hub is an open tech space powered by Bitcoin. The space fosters innovation on Bitcoin cash as it aspires to contribute to the growth, adoption and next frontiers of Bitcoin and Blockchain. The hub is open to the public, software developers, content creators, designers,

	researchers and startups. The hub partners with global coworking communities including Google Developer Group, Meta Developers Circle, Open Source Africa, BitCover, Tech Hausa etcetera. The hub serves as a tech hangout space in Yola for Bitcoin techies and wannabes. The hub prides itself on having mentored a lot of youth in Yola transitioning them from interns to specialists in the Bitcoin ecosystem
ClC	CosmoTech Learning Center runs a Volunteer/Internship Program which offers an opportunity for individuals with knowledge and expertise in programming, UI/UX design, product design and social media marketing to work on live technology projects. The Center fosters technological learning and empowers individuals through innovative initiatives with a platform for talented individuals to contribute their skills and gain real-world experience in technology.
LISUMEN INNOVATIVE HUB	Lisumen Innovative Hub offers coworking spaces and business development services to businesses in Yola. The hub helps businesses to scale using technology and strategies that align small businesses with ideas and resources.

3.4   Objective Four – Investment in Coworking Space in Nigeria

To evaluate why investment in coworking space and incubation centres acceleration is low in some sectors of the Nigerian economy

The Nigerian coworking space is expanding rapidly as many investors vie for a piece of the action. In this space, incumbents launch pre-emptive strikes to be the disruptors and not the disrupted. This is evidenced by the bullish approach of landlords and realtors who have tried to muscle into coworking entrepreneurship. Incumbent accelerators are accelerating the rate at which new accelerators launch; while becoming an angel investor is now becoming the new sabbatical for intrepid investors.

In this milieu, if an investor is not the founder of a startup he or she will be mentoring someone. There are no spectators in the Nigerian coworking space as it is hard especially for landlords and real-estate businesses not to get caught up in the coworking trend.

That said, the coworking ecosystem in Nigeria is still an early-stage ecosystem that has only just passed its nascent growth phase but is still far from maturity. The key strength of the ecosystem is the presence of talented people with tenacity.

The supporting infrastructure for instance, accelerators, incubators, mentors and the community is still maturing. Accelerator programs do not seem to provide sufficient funding, and quality mentors are scarce, while angel investors are even scarcer.

Since the entrepreneurial community is still in its early stages, like-minded individuals do not connect easily with one another to form clusters, suggesting a silo approach among coworking spaces from different networks.

Nigeria's population is estimated to be 223 million people and is projected to exceed 400 million by 2050.[45] Ordinarily, this population size ought to position Nigeria as a hugely attractive market and an investment destination of choice for the astute investor. However, the attractiveness of a market hinges on more factors than just population numbers. Take Ghana for instance. With a

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[45] The Guardian - UNFPA: Nigeria may hit 400m by 2050 to become world's most populated nation - https://guardian.ng/news/unfpa-nigeria-may-hit-400m-by-2050-to-become-worlds-most-populated-nation/

population of 34 million people[46] which is only a fraction of Nigeria's market size, Ghana provides a more enabling environment for businesses to thrive and a more stable economic and financial ecosystem.

Investors, both foreign and local, are mindful of this reality and factor it in when deciding where to domicile their investments. They also consider other factors including socioeconomic and sociopolitical stability, policy and regulatory clarity, and the ease of doing business. Nigeria may have the population numbers to its advantage, but how much of this market is truly addressable?

Investors worry about clampdowns and policy somersaults by governments in the markets where they operate. As such they prefer to hedge their bets by investing in the countries they understand and where the governments' actions can be largely predictable.

Nigeria's tech ecosystem is underpinned by four crucial components – talent, capital, regulations and infrastructure.

Figure 38: The Tech Ecosystem Enablers

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[46] The current population of Ghana - https://www.worldometers.info/world-population/ghana-population/
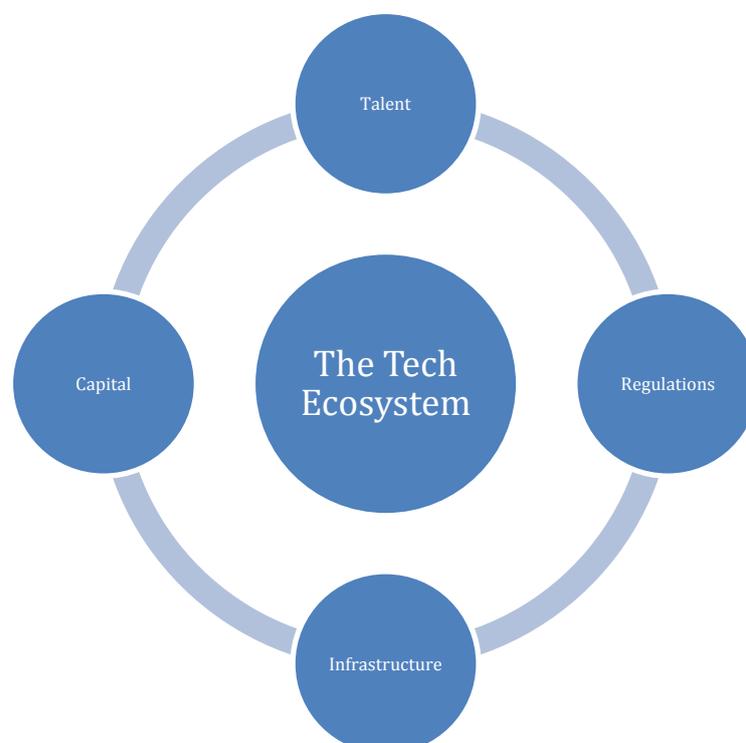
3.4.1 Talent

The study findings show that the availability of tech skills and talent in Nigeria is not meeting the requirements of the tech ecosystem as productivity levels keep declining. The demand for tech talent in areas such as Big Data, AI/AR, coding, software development and cybersecurity skills outweighs the supply by a long margin.

Figure 39: The major pain points for businesses in Nigeria

Survey Question #22: What are the major pain points for your business?

■ Severe pain point   ■ Manageable challenge   ■ Not an issue at all
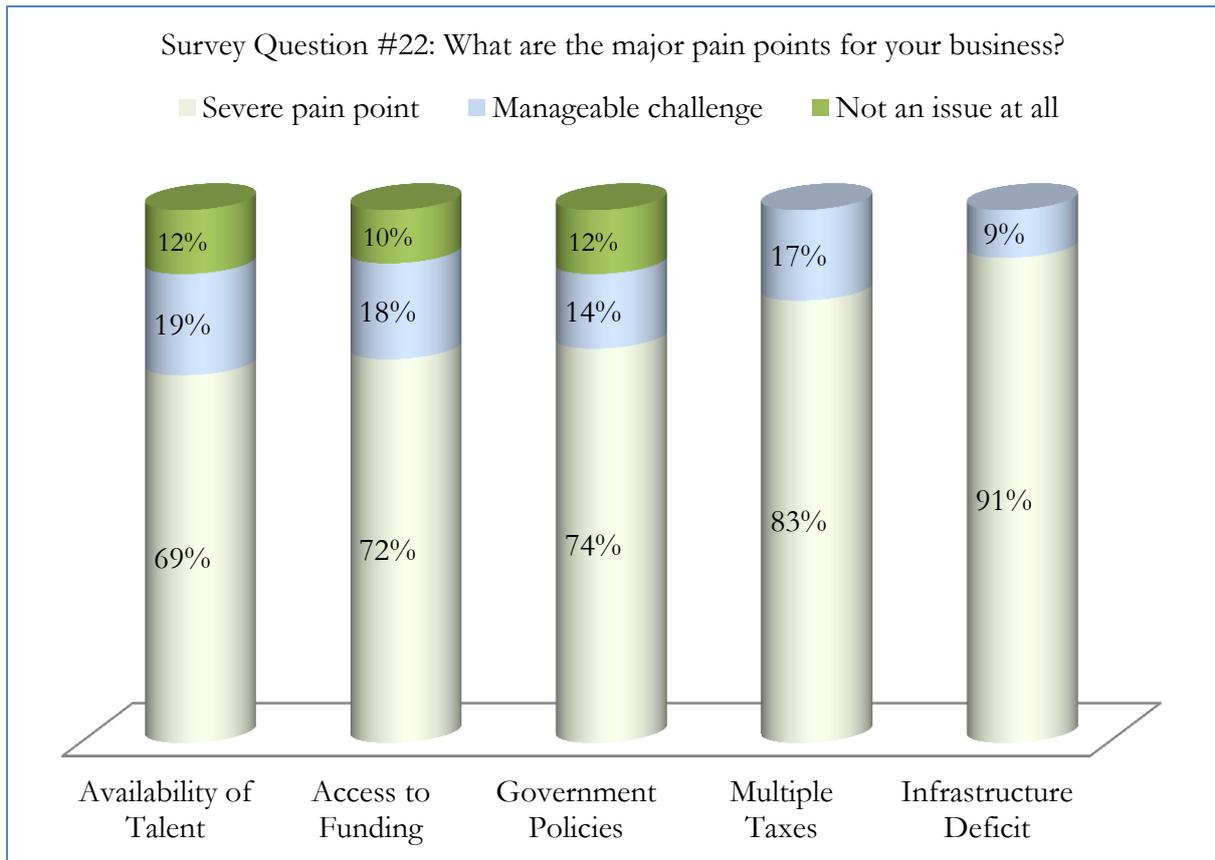
Availability of talent was considered as a manageable challenge by 19% of the respondents while 69% considered it a severe pain point. Twelve per cent of the respondents did not see the availability of talent or lack of it as an issue at all.

Although the Nigerian youths have embraced technology and many of them are deliberate about learning the skills they need to compete globally, there is still a wide gap in the ecosystem demand for talent. This talent crunch is further compounded by the ongoing unrestrained brain drain syndrome captured in local parlance as 'japa'.

The United States, Canada, Ireland, the United Kingdom, Australia and Germany appear to be the main beneficiaries of the brain drain syndrome afflicting Nigeria as they are at the forefront of countries attracting Nigeria's best and brightest tech talent.

Nigeria's tech ecosystem was visibly unsettled when Amazon announced an interviewing event to attract some of its best workers to relocate to its offices in the US, Canada, and Ireland. Microsoft and Amazon have severally instituted hiring programmes that saw them relocate Nigerian developers to Canada, the US, and Ireland.

Another reason why Nigerian tech talents are migrating is to bypass the restrictions of the Nigerian passport. Lengthy protocols and processes to obtain visas have been known to hamper the attendance of many Nigerians at crucial tech seminars and conferences overseas.

The real problem is that the country does not have enough tech talent, not that tech talent is vamoosing. For context, there are 114,536 software developers in Nigeria, a country with over 220 million people and a 35% unemployment rate.[47] That figure is measly compared to the 630,000 developers that the State of California has with its population of only 39 million.[48]

The exodus of Nigerian tech talents is primarily driven by factors including limited local infrastructure, inadequate government support, and a lack of access to funding and resources.

3.4.2 Infrastructure

The study findings point to inadequate infrastructure as one of the factors militating against coworking adoption and sustainable economic growth in Nigeria. Epileptic power supply, lethargic internet connection and the prohibitive cost of energy are some of the pain points of the infrastructure inadequacy. Despite the various efforts by the government to bridge the infrastructure gap, not much success has been achieved in that direction.

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[47] Tunga - The journey to unleash Africa's tech talent - https://tunga.io/our-story-unleashing-african-tech-talent/
[48] Ibid

Consequently, Nigeria's infrastructure deficit, standing at 30% of the gross domestic product (GDP), falls far short of the international benchmark of 70% set by the World Bank.[49]

Nigeria ranked 130th out of 141 economies surveyed for quality infrastructure facilities in the Global Competitive Index Report 2019. With a score of 48.33 out of 100 total points, Nigeria has over 50% infrastructure deficit.[50]

Out of 54 countries in Africa, Nigeria ranked 24th on the African Infrastructure Development Index (AIDI) as of 2022. With a total score of 24.53 out of 100 Nigeria lags behind Egypt in 2nd place with 88.3 points, and Libya in 3rd place with 82.9 points.[51]

The steady increase in annual population growth further strains existing facilities perpetuating infrastructure deficit as a major problem for all businesses operating in Nigeria. This is more so for businesses in the tech ecosystem where almost everything relies on stable electricity.

All sectors are affected – power, transportation, communication, aviation, education, health etcetera. The absence of critical and needed infrastructure affected the deliverables and Nigerians have not enjoyed a robust system that could deliver the best of services.

Communication and collaboration with work colleagues and clients alike require the availability of stable electricity and internet access. The dearth of these crucial amenities imposes severe hindrances on entrepreneurship in Nigeria. This trickles down to numerous side effects including lowering the enthusiasm of investors to venture into business, adversely impacting the nation's economic development, and generally lowering the living standard of Nigerians.

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[49] The International Trade Administration (ITA) - Nigeria - Country Commercial Guide - https://www.trade.gov/country-commercial-guides/nigeria-construction-sector
[50] World Economic Forum (WEF) – The Global Competitive Report 2019 - https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf
[51] Africa Development Bank Group - Africa Infrastructure Development Index (AIDI), 2022 - https://infrastructureafrica.opendataforafrica.org/pbuerhd/africa-infrastructure-development-index-aidi-2022

3.4.3 Capital

Less than one-third of Nigeria's SMEs have successfully obtained a loan from a financial institution relying instead on personal savings or reinvested profits as a source of business financing.[52]

Figure 40: The sources of funding for startups and other MSMEs in Nigeria

Survey Question #23: How do you finance your business?

Source	Percentage
Own capital	75%
Capital from friends and family	60%
Equity from investors	48%
Loan from commercial bank	39%
Credit from a public institution	10%
Crowdfunding	8%
Government grant	4%
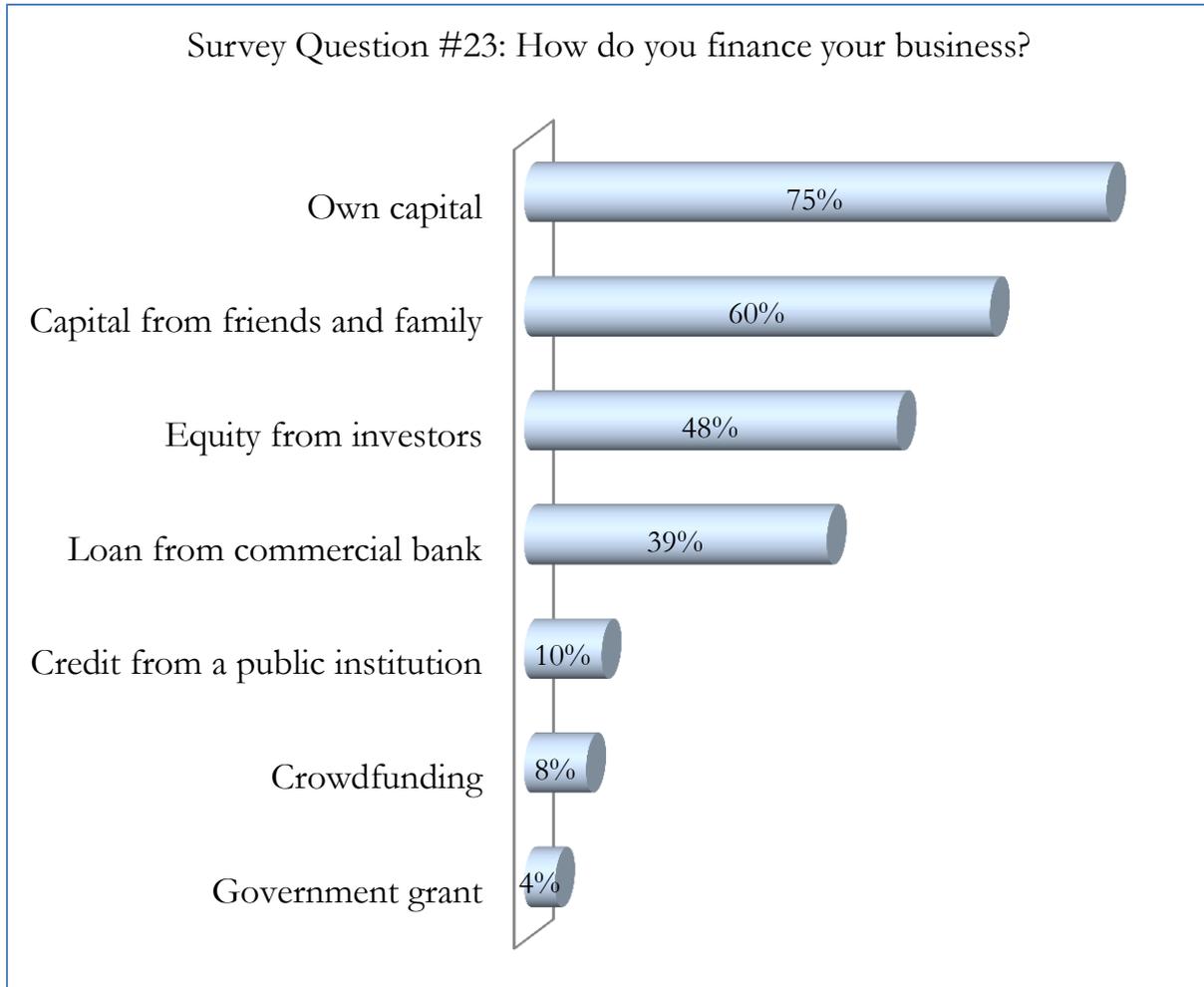
Seeking to further interrogate the intractable issue of business funding in Nigeria, the survey posed a question to the respondents about the sources of funds for their business.

As indicated by the respondents, own capital and capital from friends and family top the list at 75% and 60% respectively as the main sources of funding for startups and SMEs in Nigeria. Commercial bank loans, 39%, are almost as rare as

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[52] The World Bank - Nigeria: New Credit Infrastructure to Improve Access to Credit and Financial Inclusion - https://www.worldbank.org/en/news/feature/2017/03/14/nigeria-new-credit-infrastructure-to-improve-access-to-credit-and-financial-inclusion

credit from a public institution, 10%, or government grant, the rarest source of funds at 4%.

Equity from investors accounted for the source of funding for 48% of the respondents while crowdfunding came in at 8%. Though crowdfunding is a trending fad in developed economies, it has not yet become a mainstream source of funding for businesses in Nigeria. The smaller the business, the less likely it is to have applied for, and received, a loan from a bank or microfinance institution. Several factors contribute to the inability of the MSMEs to access needed capital including investor concerns about the high risk of investing in MSMEs, inadequate company governance structures and financial records of many MSMEs. There is also the inability of MSMEs to meet the requirements of traditional lenders such as collateral and business track records.

In the tech startup space, there is a palpable paucity of local investors. Roundtable conversations with startup entrepreneurs during the survey revealed that the indigenous investors have no risk appetite to invest in local tech startups as they consider them too risky and have no traction in the market. For this reason, the Nigerian tech startup space is dominated by foreign investors.

The startup entrepreneurs interviewed for this study opined that local investors are reluctant to invest until they observe funding from international investors. The paucity of local capital explains why most successful tech startups active in Nigeria are headquartered overseas, mainly in the United States, to avail themselves of funding opportunities.

Then again, it is pertinent to make the point that besides their investment, foreign investors also bring technical expertise that may be lacking locally including knowledge of the required core technologies or processes and a general understanding of the opportunities and workings of the sector.

3.4.4 Regulations

Respondents to this study identified Nigeria's uncertain regulatory climate and whiplash policies as the most significant constraints facing entrepreneurship in Nigeria. They were unanimous that the regulatory environment is fickle and that political interference occurs far too often to the detriment of entrepreneurial development.

The mantra among Nigerian entrepreneurs alluding to the regulatory regime in the country and the irregularity of it is that if any startup can survive in Nigeria, it can survive anywhere else. Nigeria's regulatory environment undulates between complicated at best and antagonistic in most cases.

Examples of irregular regulatory policies include the bike ban by the Lagos State Government, the crypto ban by the Central Bank of Nigeria, the ban on the sale of SIM cards by the Minister of Communications and the suspension of Twitter for several months by the presidency.

Severally and combined, these actions inflicted substantial losses on many businesses and further eroded investors' confidence in investing in the Nigerian economy.

3.4.5 Funding

Startups scale using funds sourced from different funding streams ranging from pre-seed funding to Initial Public Offering (IPO).

Pre-seed Funding is the first stage of funding and often involves principally the founders' funds and perhaps those of their friends and family. At the end of pre-seed funding, there should be at least an MVP of the startup in place.

Seed Funding - At this stage, the startup has become an actual business and angel investors may look to join family and friends in the funding process. Costs covered by seed funding may include product launch, product marketing, new employees, and market research on product-market-fit. Seed funding involves the exchange of equity for funding.

Series A Funding marks the introduction of venture capital investors and institutional participation in the funding process, and shares of the company are offered in exchange for capital. Series A Funding typically caters for optimising the business, offsetting financial losses or shortfalls, enhancement of products or services and creating a scalable blueprint for growth.

Series B Funding - Startups at this stage would have already developed a name in the Venture Capital ecosystem as a viable company with significant growth potential and have dedicated user bases and steady revenue streams. The amount of funding here is typically above $10 million and the ceiling on funding depends on the company's ambitions and ability to show investors that its targets are realistic.

Series C Funding - By Series C, startups will be well established and much farther along on their growth trajectory and looking to build new products, reach new markets, or acquire underperforming startups in the same industry. Because Series C funding is scale and not survival, this round tends to attract investors from outside the VC ecosystem. These could include corporations, private equity companies, hedge funds, and even in some cases sovereign wealth funds. Often, there is competition among investors to partake in the fundraising.

Additional Rounds such as Series D, Series E, Series F, and Series G have all grown substantially over the past two decades. Although there is no limit to how many funding rounds a startup can go through, there are practical limits to a company's growth potential and the amount of money that investors are willing to invest to achieve an ever smaller amount of equity.

But if a company has more advanced revenue goals, it may complete as many fundraising series as necessary whether it is for pursuing new opportunities that require the company to act before the Initial Public Offering or subpar performance arising from the startup missing the goals set during the Series C round of funding.

Mezzanine Funding and Bridge Loans blend debt and equity for lenders for short-term financing. They close the financial gap between this phase and the IPO. The funds might be used to buy out the management at another company or acquire a competitor. Loans typically last six to 12 months and are paid back with proceeds from the IPO.

IPO is the zenith of startup success. It occurs when shares of the company are offered up for public purchase for the first time. The IPO is used to generate funds for further growth or to allow startup owners to cash out their remaining shares for personal income.

While funding for and investments in coworking spaces, incubation centres and startup acceleration may come from both private and public sources, investors and accelerators are more likely to be private organisations and academic institutions. This should not foreclose the cruciality of the Government's proactive involvement, especially in the area of creating and nurturing the enabling environment for buoyancy in the ecosystem.

In comparison to other African countries, the Nigerian startup incubation and acceleration ecosystem receives relatively little support from the Government. An unpredictable regulatory terrain has often served to hinder the development of the ecosystem in Nigeria. Government policies that have been unhelpful to the development of the space include bans on bike-hailing platforms, crypto trading, currency exchange platforms, Twitter and regulation of social media services. The Central Bank of Nigeria (CBN) shares in this criticism for its over-regulation of fintech solutions.

It is not only in terms of government engagement that the Nigerian startup ecosystem lacks support. Even when it comes to entrepreneurship support from Nigerian universities, levels of activity are also relatively low. The low level of activity stands in contrast to what obtains in peer countries like Egypt and South Africa where many universities have dedicated in-house incubators or accelerators for student-founded and external startups.

Many of the universities in these aforementioned countries also invest and take equity stakes in startups via their tech transfer offices. Whereas public institutions actively engage with and even make investments in the startup ecosystem, such activity in Nigeria is conspicuous by its absence.

To support their growth, startups in Nigeria have access to various funding opportunities including government grants, venture capital funds, angel investments, crowdfunding, business incubators and accelerators. Here are some specific opportunities that are available and instances of funding and funders in the ecosystem.

Tony Elumelu Foundation (TEF) - The TEF Entrepreneurship Programme provides seed funding, training, and mentorship to selected startups in Nigeria and across Africa. The foundation offers up to $5,000 seed capital and has a 10-year

US$100 million commitment, to identify and empower 10,000 African entrepreneurs.[53]

The Bank of Industry (BOI) is one of the agencies through which the Government offers grants to businesses. They offer loans to entrepreneurs and businesses at a relatively low interest rate.

Lagos State Employment Trust Fund is a program that provides funding, mentorship, and other resources to help startups grow and succeed. The fund has the mandate to invest N25 billion to empower residents to scale their businesses.[54] Some of the funds are directed to training youths to acquire skills to get good jobs. They are doing a lot through Lagos with ReDahlia Workspaces as a partner hub.

Also in Lagos, SPARK is another company that builds companies providing early-stage funding and support for startups with defined and scalable revenue models.

Venture Capital firms provide funding to early-stage and growth-stage companies. They assess the viability of a business and help it grow. In 2020, the country saw a rise in venture capital investments, with funding reaching over $300 million, primarily driven by increased investment in fintech and e-commerce startups.[55]

A key player in this space is Ventures Platform which is an early-stage growth-focused fund that supports post-MVP teams in growing their startups. Ventures Platform backs tech entrepreneurs and helps them grow their companies around great ideas.

GreenHouse Capital is another serious operator in the venture capital arena. It is an independent investment holding company with the ambition of building the largest fintech investment holding company in Africa via direct investments in African technology companies that are supporting as well as disintegrating banking services.

EchoVC Partners is a stage-agnostic venture capital firm focused on financing and cross-pollinating tech startups. With a combined network of local and global connections, EchoVC brings a disruptive approach to investing at the technology

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[53] TEF entrepreneurship Program - https://www.tonyelumelufoundation.org
[54] Lagos State Employment Trust Fund - https://lsetf.ng/
[55] Venture Capital in Nigeria – Complete overview - https://vazilegal.com/venture-capital-in-nigeria/

intersection of consumer, media, data and devices. It leverages knowledge transfer from Silicon Valley as a driver to seed growth across borders.

Angel Investors are wealthy individuals who provide funding to startups in exchange for equity. The Lagos Angel Network (LAN) is the premier angel network in Nigeria and one of the most active in Africa. It is a network of business angels that put startup funding and mentoring into early-stage ventures in Lagos, Nigeria.

LAN is the first members-only network in Nigeria specifically created to finance early-stage and startup businesses. Since its creation, LAN members have invested in over a dozen startups in Lagos.

Crowdfunding platforms allow startups to raise funds from a large number of people. Examples of these platforms include Kickstarter, Indiegogo, and GoFundMe.

Incubators and Accelerators provide startups with mentorship, funding, resources and networking opportunities. Growth Capital Fund by CCHub is one of Nigeria's prominent incubation funds aimed at creating the path to scale for startups in Nigeria. GC-Fund supports high-potential, early-stage businesses building next-generation infrastructure using technology.

GreenTree Investment Company is another accelerator which avails startups access to funding and helps them implement a bulletproof corporate governance framework while availing them of simplified financial planning and legal advice, among other support. It has accelerated many startups including Paystack, Precurio and Big Cabal Media.

Microtraction provides hassle-free funding for high-growth, technology-driven businesses including Cowrywise, BuyCoins, Wallet.ng, Allpro, Thank-U-Cash etcetera.

She Leads Africa (SLA) is a 3-month program designed to identify, support and fund the next generation of Africa's brightest entrepreneurs. SLA supports young African women on their journey towards professional success. The organisation has more than 400,000 community members across Africa and the diaspora. Some notable ones in Nigeria include Co-Creation Hub, LeadPath Nigeria, She Leads Africa and 440.ng.

With these options available, Nigerian startups have a range of funding opportunities to explore. It's important to note that securing funding can be competitive, so it's essential to have a solid business plan and pitch to present to investors.

Figure 41: Phases of Startup Development
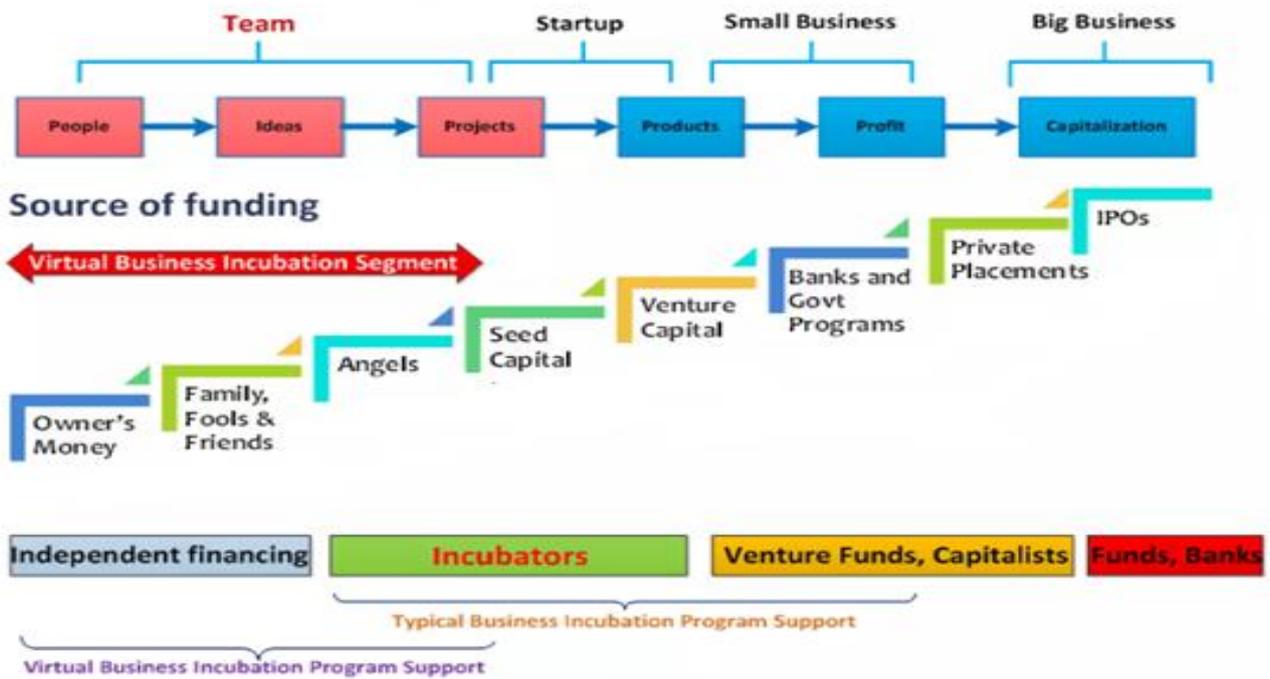
3.5 Objective Five – Factors around Coworking Space Strategy

To analyse the factors responsible for the lower level of coworking space strategy and its adoption in the Nigerian economy

The respondents ruminated that, most times, the regulatory climate in Nigeria can be uncertain, if not antagonistic towards MSMEs. This position was corroborated by 74% of the respondents who reflected that government policies are a major pain point for their business.

Infrastructure deficit was voted as the most severe pain point for businesses in Nigeria. The infrastructure deficit encompasses such problems as poor internet connection speed, epileptic power supply, decrepit transport system and inadequate security.

Eighty-three per cent of the respondents identified multiple taxes as another severe pain point for their business. Access to funding, particularly the lack thereof, was fingered by 72% of respondents as a major pain point, while 18% of respondents considered it not an issue at all.

There are approximately 300 hubs and coworking spaces across Nigeria. They are primarily located in Lagos, Ibadan, Abuja and other towns and cities such as Kano, Port Harcourt, Enugu and Yola. This figure surely underrepresents the true size of the coworking market across a country as sizeable and populous as Nigeria.

Coworking spaces have gained significant popularity in recent years as an alternative to traditional office environments. While they offer numerous benefits, they also face some challenges.

As the study findings show, economic and social motivators are the significant drivers that influence coworkers' decisions to co-work. Facilities that members prefer in their coworking spaces include uninterrupted power supply; availability of technology equipment such as computers, printers, scanners, projectors, binders etc.; serenity and ambience of the environment; and, ease of signing up.

As exciting and expansive as the coworking phenomenon has become, it is albeit commonplace that many coworking spaces are not configured with these facilities in situ. Some coworking spaces also lack the community, privacy and flexibility that are the hallmarks of the phenomenon.

Given the user-centred characteristics of coworking spaces, the study examined the factors responsible for the lower level of coworking space strategy and its adoption in the Nigerian economy with the following findings.

Coworking community members interviewed for this study conjectured that the challenges they faced were predominantly about disturbance and noise from guests and/or other users, lack of privacy, poor internet connectivity, power failure and inability to personalise their workspaces.

3.5.1 Disturbance and Noise

Open plans are the prevalent configuration in most of the coworking spaces. The open plan encourages communication and collaboration. It fosters the sense of community which is the bedrock of coworking spaces. Since many coworkers come to the spaces for a bit of human interaction, anything that engenders that camaraderie must be welcome.

However, a coworking space is essentially an office full of people who work for different businesses. It is not appropriate, therefore, to make every telephone conversation public as that can put client confidentiality at risk.

Background noise in an open-plan setting with many people around is inevitable. The noise could be from the sheer number of community members chattering or panoply of office equipment whirring away in the corner, or simply from coworkers and visitors coming and going. Such noise, if excessive can disrupt the productivity of others working in the space.

Most coworking spaces are not configured with spare private areas where people can retreat with their phones and laptops for confidential communication. Most of the spaces lack quiet areas for high-concentration tasks. The lack of quiet and privacy could pose a major drawback for the adoption of a coworking space strategy.

3.5.2 Putting Space Before Community

The coworking phenomenon has become so trendy that established real estate agents and landlords have started to muscle in on the action. Property management companies that typically lease space to traditional businesses are beginning to bring their conventionally designed offices and sizeable online marketing budgets to the coworking arena.

These corporate coworking spaces are usually afterthoughts in managed offices where hard-to-lease spaces are converted into coworking facilities. Although it is theoretically possible for a community of coworkers to gel in one of these spaces, most of them never attract enough workers to form a community.

This is because design-wise, these converted coworking spaces usually resemble the offices coworkers had kissed goodbye when they opted out of the conventional workforce.

The vendors of these converted coworking spaces tend to deploy the same marketing and communication methods that work for leasing offices to corporations. This can be a major turn-off for independent workers.

Another drawback is that these sorts of coworking facilities usually lack the kind of engaged, passionate leadership that a good coworking space needs to attract and retain members.

3.5.3 Technical Infrastructure

Coworkers choose coworking spaces for fellowship, community and opportunity, but above all else, they go there to work. There are many essential tools that coworkers need to get their work done. These essentials include power outlets, compatible printers and dependable fast internet.

Every worker will need sockets to plug in their laptops and spare cords when the need arises. Some workers may even require large monitors and other equipment. As nobody would want to commute with a large monitor or scanner in tow, it would be handy if these were available for use in the coworking spaces.

Coworking spaces would haemorrhage members where the internet is slow and the other aforementioned essentials are lacking.

3.5.4 Limited Access Hours

One of the best things about working independently is having control over one's time. Many independent professionals do not work standard hours. They invariably vary their hours to fit their workload or the schedules of clients who are in different time zones.

As most coworking spaces have opening hours that are fixed, they may not meet the needs of workers who keep unusual or irregular hours. The lack of flexibility in access hours can constitute a constraint on adopting coworking as a strategy.

3.5.5 Paucity of Meeting Rooms

Contingent upon the size of a coworking community, finding meeting rooms quickly and cost-effectively may sometimes not be smooth sailing. Meeting rooms are key amenities that most independent workers and entrepreneurs need to look serious and professional to clients. If the meeting rooms are hard to book or expensive to use then it can make the coworking space less attractive for subscribers. There are hardly enough right-sized, bookable meeting spaces to meet demand in many coworking spaces.

3.6 Objective Six – Best Practices and Ways to Solve the Challenges

To recommend best practices and ways to solve the challenges posed by identified factors using the best solution framework or model

3.6.1 Framework and Model for Setting up a Coworking Space

Setting up a functional coworking space requires analysing several crucial aspects of the coworking business. It should start with a comprehensive assessment of the market. This should be underpinned by a detailed evaluation of the prevailing economic conditions; gauging customer preferences; understanding the regulatory requirements; and appreciation of the inherent risks associated with running a business.

It is essential to choose a legal structure for the business whether to register it as a limited liability company or opt for a sole proprietorship. In both cases, registration with the Corporate Affairs Commission (CAC) is obligatory.

Research and obtain any Federal/State/LGA permit required to set up a coworking space especially regulatory requirements related to fumigation, fire protection, alarm systems, emergency exits, muster points and CCTV recordings. Look up relevant government policies and regulations on noise pollution, liability insurance, security protocols etc.

Insurance is indispensable for a coworking space. Look for insurance providers that insure coworking or office spaces and understand the sector. Care must be exercised with members' contracts with the emphasis that members need their insurance and should have liability coverage for personal injury and property damage. Signs in the car park must be categorical that the use is at the user's risk.

Develop a comprehensive contract that encompasses all the services the coworking space provides. The contract should outline renewal and termination terms, specify the parties' responsibilities, describe payment terms and methods, and address confidentiality and insurance policies.

3.6.2 The Framework – At a Glance

Ideation Stage
- Define the Vision
- Outline the Mission
- Specify the Trading Name

Business Goals
- CAC Registration
- Obtain Permits
- Set Business Goals

Customer Segmentation
- Target Audience
- Demographics
- User Typology

Value Proposition
- Unique Selling Point
- Carve a Niche
- Gaps to Fill

Financial Plan
- Revenue Streams
- Cost Structure:
  - Capital Expenditure
  - Operation Expenditure

Infrastructure
- Acquire Site
- Renovate and Demarcate
- Fitting & Furnishing
- Furniture
- Hardware & Software

Branding
- Logo
- Livery
- House style
- Website

Marketing
- Marketing Channels
- Online Presence
- Newsletters
- Flexes

Key Partners
Connect with:
- Influencers
- Service Providers
- Local Businesses
- Community Leaders

Employees & Resources Persons
- Hire the Right Team
- Trainers
- Speakers
- Mentors

Launch
- Test Run
- Pre-launch Buzz
- Go Live!

Post-launch
- Customer Feedback
- Enhance
- Optimise
- Grow

3.6.3 The Must-haves in a Coworking Space

Coworking spaces are characterized by advanced IT infrastructure, the type that provides tools including fast, safe and reliable internet and software to automate processes and eliminate the friction between co-workers.

The following are the must-haves in a coworking space.

3.6.3.1 **Uninterrupted Power Supply** - Despite the advancement in technology, it is undeniable that nearly all ICT equipment relies on electricity to function. The internet router, data server and printers will not power up and provide a connection without electricity. Hence, a coworking space must have a reliable and uninterrupted electricity system.   To create and sustain a productive environment, a coworking space must have a dependable power supply supported by a backup power source such as UPS devices with adequate capacity and a standby generator.

3.6.3.2 **High-speed Internet Connection** – Indubitably, one of the essential tools in working remotely is a high-speed internet connection. It enables remote workers to get things done, connect with their colleagues and execute transactions and payments. A super-fast and reliable internet connection is compulsory in any coworking space. It is preferable to have a wired network implementation in addition to a wireless network to provide a stable connection avoiding the limitations of WiFi alone.

3.6.3.3 **Connected Printers, Scanners and Photocopies** - The power of the internet can also be leveraged to print files remotely. Modern printer models allow users to connect their devices cordlessly and via the intranet and internet allowing coworking space members to print without geographic limitations.

Printers and scanners are crucial amenities in a coworking space. Provide and connect modern and capacity-rich devices to the coworking space so members can conveniently print, scan and photocopy without the hassle of additional installations.

3.6.3.4 **A collaborative environment** – for professionals and freelancers to work side-by-side enabling coworkers to make vital connections and share expertise, knowledge and experience to boost their productivity.

3.6.3.5   Tailored flexibility – offering membership packages that encourage longer-term occupancy and boost membership numbers.

3.6.3.6   Work Management Tools - One of the many reasons coworking spaces are popular among freelancers, remote workers and startup founders is the ability to network and collaborate with coworkers both physically and virtually any time, all the time powered by work management tools.

3.6.3.7   Flat Screens and HDMI Cables
The use of coworking spaces is not limited to individuals who want to have a workspace. There are also punters such as startups who may not yet afford IT gadgets. Such categories of members look for coworking spaces that can grant them access to flat screens and HDMI cables or white screens and projectors.

3.6.3.8   Access Control System
In these days of heightened insecurity, the coworking space must be equipped with a robust access control system that offers robust security and prevents unauthorised entry.

The access control system must be designed with the following options in mind:

- **Diverse Entry Options**: Offer many keyless entry options such as access cards or smartphone access.
- **Prioritise Convenience and Efficiency**: Ensure the access control system provides a smooth experience for members. They should be able to enter the workspace effortlessly and without delay.
- **Emphasise Security Measures**: Select an access control system that prioritises security with advanced access protocols to protect the workspace and member data.
- **Integration Capabilities**: Consider an access control system that seamlessly integrates with other coworking management software or building systems to simplify access administration.

3.6.4 Designing a Coworking Space

The design of a coworking space is paramount in creating an engaging and productive environment. An open and flexible layout encourages interaction, collaboration, and networking among members.

Figure 42: The typical resources available in a coworking space

It is imperative to incorporate communal areas, breakout spaces and meeting rooms that can easily be reconfigured to accommodate different group sizes and activities.

Provide a mix of workstations that cater to various preferences, including hot desks, dedicated desks, private offices, and comfortable lounge areas. Consider ergonomic furniture and provide ample power outlets and high-speed internet connectivity throughout the space. Offer amenities that enhance the experience of the members such as well-equipped meeting rooms, phone booths for private calls, a communal kitchen or café area, printing and scanning facilities, and high-quality audio-visual equipment for presentations and events.

3.6.5 Coworking Space Characteristics

To construct a purposeful coworking space, the common needs of members ought to be factored in. What do members of coworking spaces need? What would

motivate them to pay for membership at a coworking space? At the barest minimum, members of a coworking space want a place to get work done - better than, or at least comparable to what they could find at home, or their company's conventional office. But could that be all they need?

To answer these questions, consider the common characteristics of coworking spaces. Although the characteristics differ contingent upon the profiles of members and the industries they serve as listed below.

Figure 43: The common characteristics of coworking spaces (Input)

Common Characteristics of Coworking Spaces (Input)
Flexible contract (short, easy-in, easy-out terms)
Collaborative spaces
Flexible shared facilities and services
Flexible shared workspaces
Social and networking events
Access to tools, resources and network
Workshops
A coworking host
Quite spaces
Suitable location
Kitchen areas
Conference /Meeting rooms
Event spaces
Meditation rooms
Open-lay out
Virtual organizational platform
Good accessibility (by car, bike, public transport)
24-hour access
Events
Ergonomic furniture
Security
Gym

Self-selection is another key characteristic of a coworking place. People choose to opt into a coworking space to find support for their professional needs and can

leave if they find that a particular coworking space is unsupportive or unproductive. Therefore, building and maintaining a thriving coworking community requires an understanding of these attributes.

Figure 44: The common characteristics of coworking spaces (Output)

Characteristics of a Coworking Space (Output)

Feeling part of a community
Sharing ideas and knowledge with coworkers
Collaboration with coworkers
Interaction with coworkers
Professional support from coworkers
Vibrant and creative atmosphere
Access to broad network of possible partners
Affordable (low capital outlay)
Professional meetings and encounters with coworkers
Emotional support from coworkers
Networking with coworkers
Sharing contacts of business partners with coworkers
Easy access to capital

Figure 45: The common characteristics of coworking spaces (Outcome)

Characteristics of a Coworking Space (Expected Outcome)

Increased social circle
Feeling less isolated, feeling an organizational structure
Increased innovation
Increased productivity
Increased skill set
Higher income in long term (by increased productivity)
Increased stimulation of self-reflection and self-education
Getting a better work-life balance
Increased business network
Increased motivation
Higher job satisfaction (by flexibility of work)

3.6.6 The Core Features of a Coworking Space

Figure 46: The core features of coworking spaces

	Feature	Description
1	**Location**	Location is probably the most crucial aspect of a coworking space. Things to take into consideration when looking at the possible location for a coworking space are: o Proximity to amenities such as restaurants, gyms, supermarkets or social gathering spots; o Ease of access to the location by most available means of transportation; and, o Availability of ample parking space for members and visitors.
2	**Interior**	Coworking spaces should be designed in such a way that they utilise maximum natural light with airy spaces.
3	**Decor**	Decor and appearance should be aesthetically pleasing, utilising colours that boost creativity and incorporating natural elements such as wood and plants.
4	**Facilities and Services**	Facilities offered by coworking spaces should include meeting rooms and work spots, a canteen or restaurant, cleaning services, a help desk, coffee and tea vending machines, a coworking host or community manager, longer opening hours and a reception.
5	**Collaboration**	Coworking spaces should boost collaboration by having conviviality spaces, event spaces, informal areas with sofas and couches, kitchen areas, conference rooms and quiet spaces.
6	**Community and Sustainability**	Coworking spaces should offer more than just a place to work adding social networking events, training events and workshops.
7	**Accessibility**	Coworking spaces should have a diversity of members and membership subscription bouquets that are affordable and flexible to access.

3.6.7 The Coworking Business Model

Considering that coworking space is a business service provision model that allows individuals and teams to work independently or collaboratively in a shared office, it has crucial business aspects which must be factored in at the ideation and planning stages of setting up a coworking space. These business aspects are listed below.

i. Key Partners
ii. Key Activities
iii. Value Proposition
iv. Key Resources
v. Customer Relationships
vi. Customer Segments
vii. Channels
viii. Cost Structure
ix. Revenue Streams

Figure 47: The coworking space Business Model canvas

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
o Landlords	o Production	o Cost reduction	o Facilitation	o Freelance workers
o Funding partners	o Problem solving	o Risk reduction	o Networking	o Professionals
o Banks	o Platform	o Accessibility	o Community	o Startups
o Service providers	o Network	o Convenience	o Technical support	o MSMEs
o Local businesses		o Usability	o Personal assistance	o Solopreneurs
o Relevant Associations	**Key Resources**		o Co-creation	o Entrepreneurs
o Event organisers			**Channels**	o Satellite offices
o Speakers	o Fast Broadband Internet		o Internet	o Virtual offices
o Community leaders	o Ambient working spaces		o Social media	o Digital Nomads
o Mentors	o Meeting rooms		o Email	o Corporates
o Trainers	o Office equipment		o Events	o Associations
			o Public relations	o Specialists
			o Website	o Remote workers

Cost Structure	Revenue Streams
o Staff salaries	o Membership subscriptions
o Utility bills	o Events attendance fees
o Repairs & local amenities	o Meeting room hires
o Maintenance costs	o Value-added services
o Legal fees	
o Marketing & Advertising	

3.6.7.1   Key Partners

It is important to have strategic partnerships with a variety of stakeholders for the coworking space including landlords, funding partners, banks, suppliers, service providers, local businesses, relevant associations, event organisers, speakers, community leaders, mentors, trainers etc. Setting up a coworking station requires funding which, the study found, could be raised through one or a combination of the following sources.

Figure 48: The sources of funding for startups and other MSMEs in Nigeria
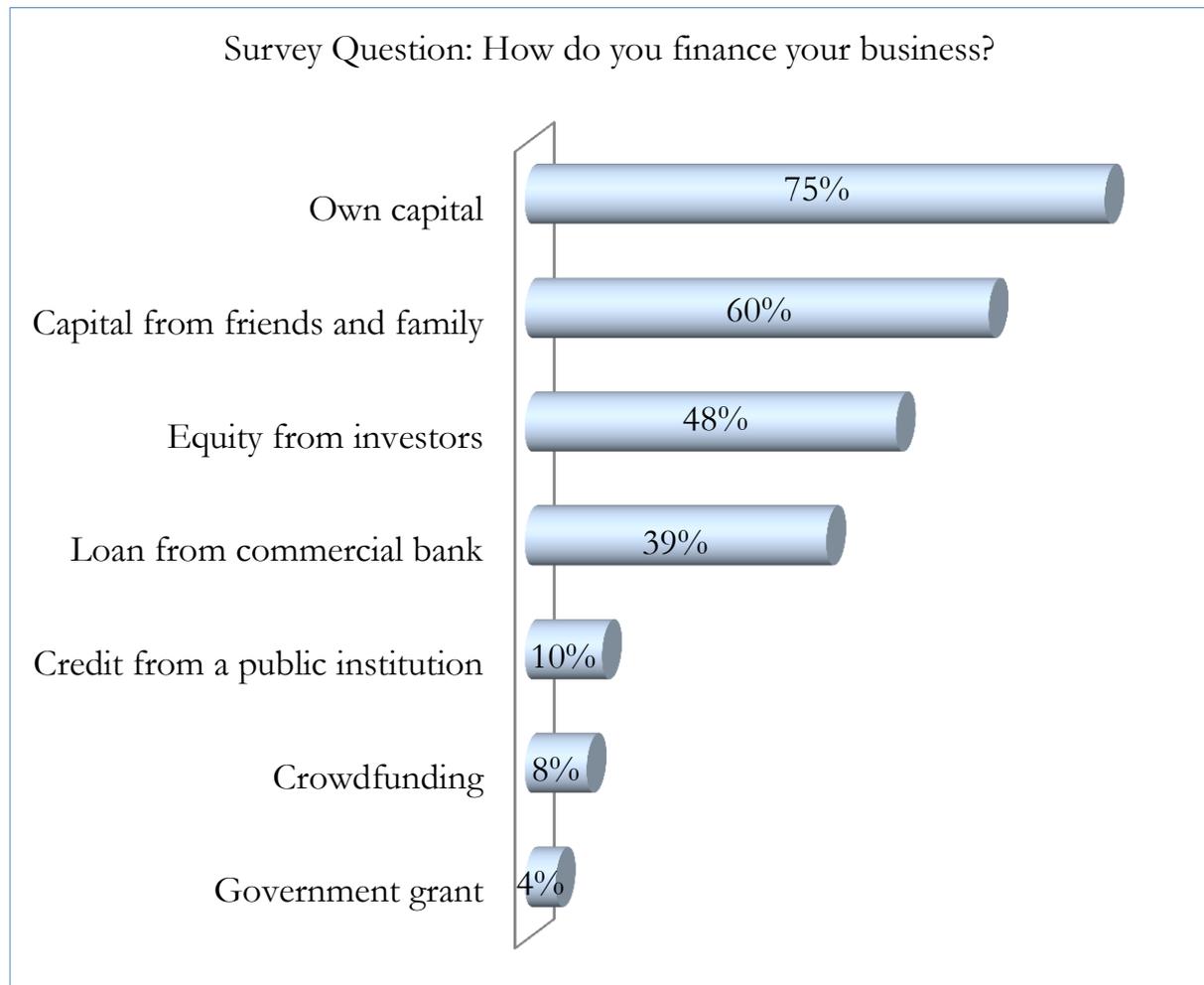
Their capital and capital from friends and family top the list at 75% and 60% respectively as the main sources of funding for new businesses in Nigeria. Commercial bank loans (39%) are almost as rare as credit from a public institution (10%) or Government grant (4%).

It is instructive to note that the smaller and newer the business, the less likely it is to obtain a loan from a mainstream commercial bank or microfinance institution.

Several factors contribute to the inability of the young business to access needed capital.

The mitigating factors include investor concerns about the high risk of investing in businesses with inadequate company governance structures and insufficient financial records. There is also the inability of new businesses to meet the collateral and business track record requirements as demanded by traditional lenders.

It is crucial, therefore, to factor in the ways and means of ameliorating these concerns at the planning stage of a coworking space.

3.6.7.2   Cost Structure

It is essential to ascertain from the outset whether the coworking space will be cost-driven (requiring lean cost structure, low price value proposition, maximum automation, extensive outsourcing); or value-driven (focusing on value creation, premium value proposition).

While structuring the costs of establishing the coworking space, consider particularly:

- The cost of key resources such as IT infrastructure and software;
- The cost of key activities including marketing and advertising;
- Fixed Costs - salaries, rents, utilities; and,
- Variable costs – repairs, maintenance, and legal fees.

Ensuring that the coworking space is priced competitively would be a major icebreaker in gaining unconstrained footfall of members to the space. The study found that affordability is rated by 98% of the respondents as the key advantage of using a coworking space over a conventional office.

Even when the coworking space meets other desired requirements, the respondents emphasised the criticality of the subscription costs remaining within their comfortable price threshold.

Survey Question: Compared with conventional office, which advantages do you find in using a coworking space?

98%	93%	79%	76%	73%
Affordability	Flexibility of terms	Access to varied offi ce equipment	Sharing ideas with others	Ambience
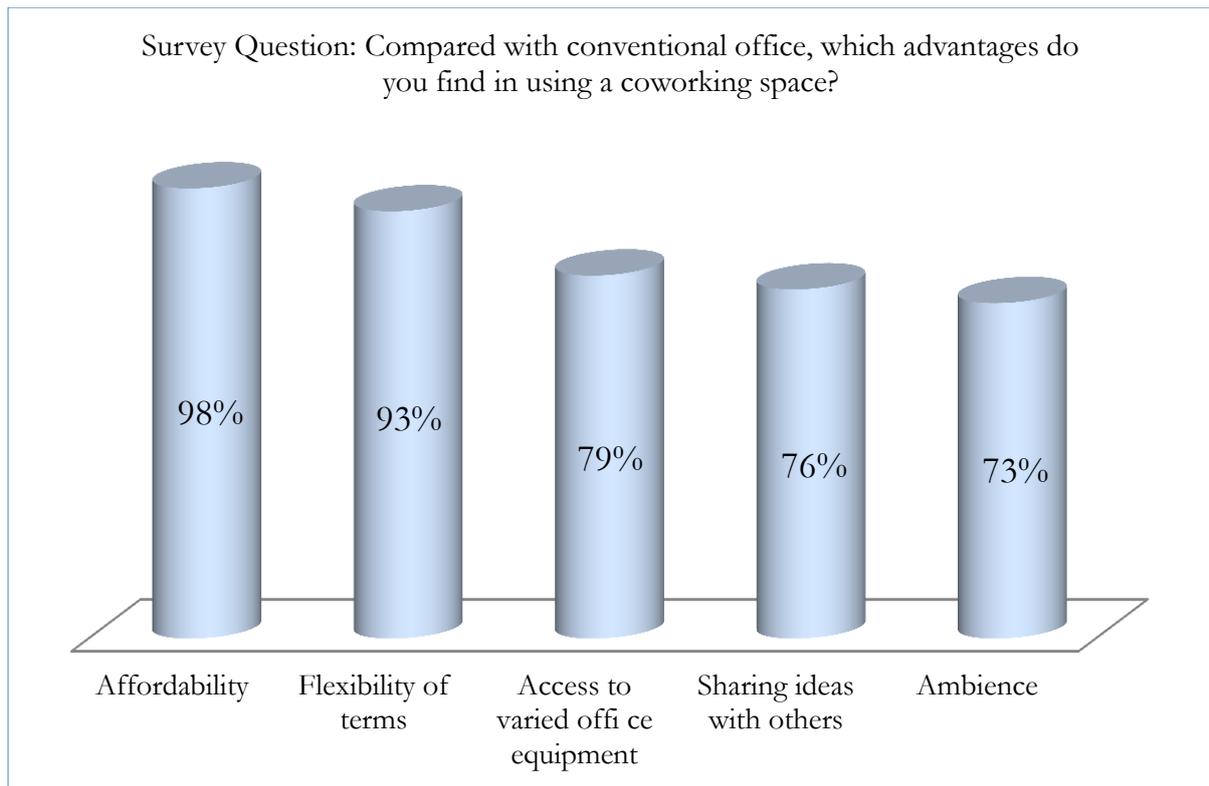
Flexibility of terms is an advantage that coworking members seek and is a factor that must be considered in the structuring of a coworking space.

The coworking space would gain more traction if its subscription bouquet is configured with the highest level of flexibility in terms of the ease of opting in and opting out. The subscription periods can be as flexible as daily, weekly, monthly or even quarterly to accommodate a diverse membership base.

The flexibility quotient should also extend to the ease of repurposing workspaces within the coworking space should the need arise. Coworking members appreciate the flexibility that comes with working in a dynamic and ever-evolving environment where amenities are not stagnant.

Flexibility engenders adaptability. Coworking members tend to gravitate to the type of workplace they require on any given day and for any given task. A flexible workspace eliminates many productivity constraints better than a conventional office where layouts and configurations are invariably always rigid.

As revealed by the study, cost (98%) and location (92%) are two crucial considerations that influence members' choice of a coworking space. It is germane, therefore, that the two factors are articulated clearly at the inception stage of a coworking space.

Figure 50: Factors that influence the choice of a coworking space

Survey Question: What are the factors that influenced your choice of a coworking space?

- Cost — 98%
- Location — 92%
- Networking — 77%
- Aesthetics — 74%
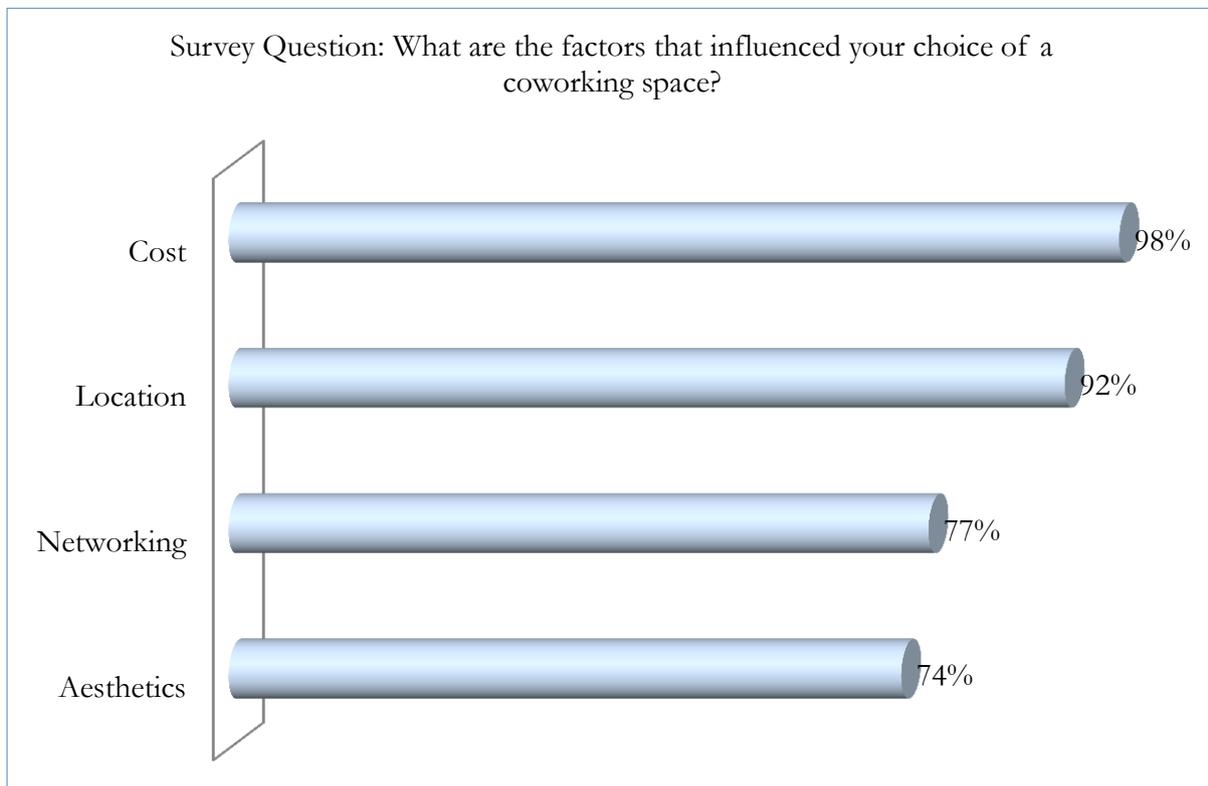
3.6.7.3 Value Proposition

Identify the values the coworking place will deliver to its members, especially:

- The problems it will solve for members;
- The products and services it will offer each customer segment; and,
- The customer needs it will address such as the following.
  - **Cost Effectiveness** - solutions that fit within the budgets of entrepreneurs and MSMEs;
  - **Risk Reduction** - through interaction and knowledge sharing among professionals with diverse backgrounds;
  - **Accessibility** - both in terms of physical access and fiscal cost; and
  - **Convenience/Usability** – period and opening hours.

It is important to articulate the features to include in the value proposition that should add value to the productivity and comfort of the members. The features may include the following.

Figure 51: Features to include in the value proposition

Location	Printers, Scanners, Projectors
Accessibility of location	**Collaboration and openness**
Type of location	Collaborative spaces
Proximity to ancillary businesses	Conference rooms
Office exterior and division	Event spaces
Architecture	Gym/Wellness centre
Lay-out of the building	Informal areas with sofas and couches
Lighting in the space	Kitchen areas
Surround ambience	Quite spaces
Office décor	**Community and sustainability**
Appearance aesthetics	Customized social network
Branding livery	Ecological sustainable
Art and photographs	Corporate Social Responsibility
Diversity of workplaces	Organizational sustainable
Ergonomic furniture	**Events**
Facilities and services	Networking
Booking system for spaces	Workshops
Canteen/restaurant	Presentation or readings
Cleaning services	**Accessibility**
Laundry services	Diversity of the tenants
Coffee and tea vending machine	Flexible lease periods
Coworking host	Functional access control
Car park	Persons living with disabilities (PLWD)
Reception and helpdesk	Long opening hours

Parking   Coffee   Conference Rooms   Meeting Rooms   Phone Booths   Shower

Kitchen   Mail Service   Wellness Rooms   Front Desk   Gym   Game Zone

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3.6.7.4 Key Resources

It is vital to provide a functional workspace with shared services and a reliable and fast internet connection. Identify and provide the key resources for members to tap into at the coworking place including the following.

Physical resources	**Intellectual resources**	**Human resources**
o Workspaces	o Mentors	o Receptionists/Secretaries
o Meeting rooms	o Trainers	o ICT Support
o Desks / Equipment	o Workshops	o Trainers

The configuration of a coworking space must take into account the importance of particular principles and values that members seek in a coworking space. Among these principles and values, providing the enabling environment for cooperation (90%) and collaboration (89%) are crucial attributes that define coworking spaces. A coworking space provider must note that collaboration is increasingly becoming the new form of competition among entrepreneurs as they embrace the numerous benefits derivable from synergistic alliance against cut-throat competition.

Figure 52: Measuring the importance of certain principles and attributes
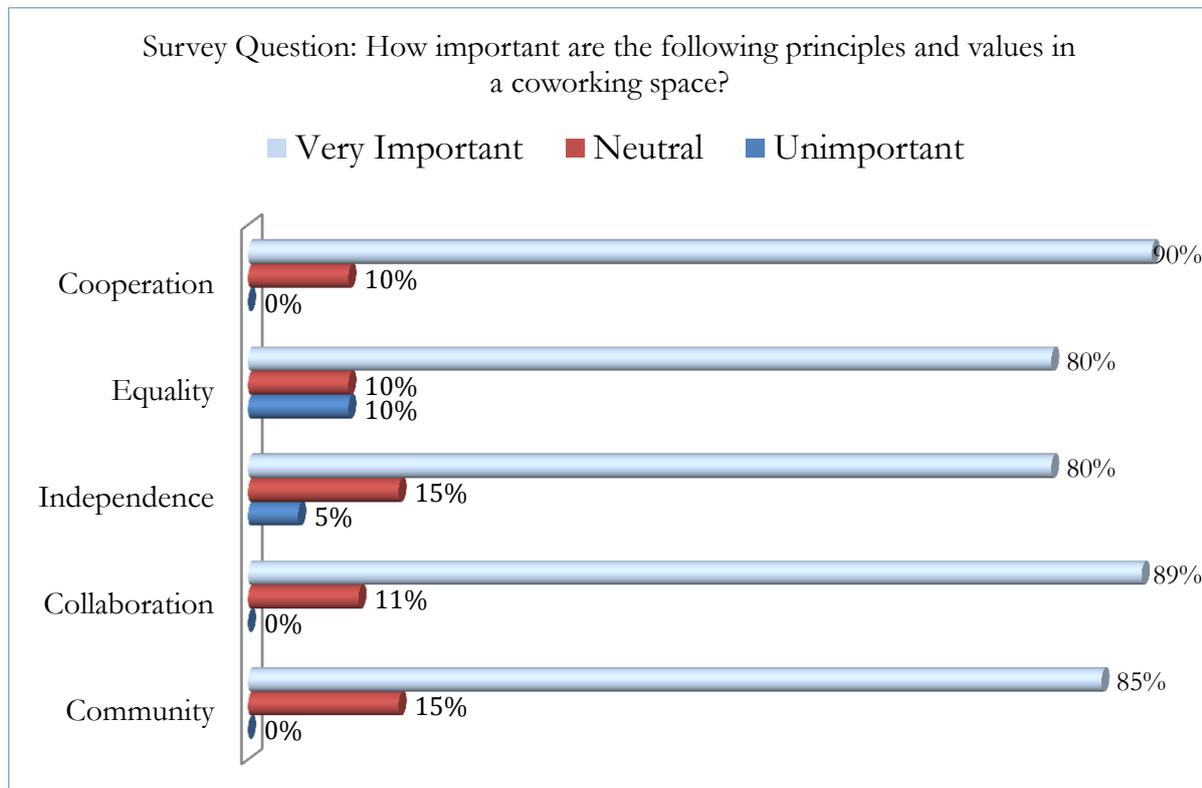
3.6.7.5 Customer Relationships

Be clear about what type of customer relationship the coworking space will maintain with its members. Will the coworking space deploy personal assistance, self-service or automated services approach to deliver its services to the communities it serves?

To gain a clear picture of the competition and identify gaps and opportunities, it is essential to study existing coworking spaces in the target market landscape and analyse their offerings, pricing, amenities, target audience, and marketing strategies and envision improving on them.

The coworking space must feed into enhancing the productivity quotient of the members in line with the findings that show that productivity (94%), business network (91%) and skill set (89%) improve with membership of a coworking community.

Figure 53: The impact of coworking on the workstyles of community members

Survey Question: How much has your workstyle changed since you joined a coworking community?

■ A lot for the better   ■ Unchanged

	A lot for the better	Unchanged
Productivity	94%	6%
Business network	91%	9%
Skill set	89%	11%
Social circle	86%	14%
Self confidence	83%	17%
Isolation	74%	26%
Wellness	66%	34%
Income	60%	40%
Company/team size	52%	48%
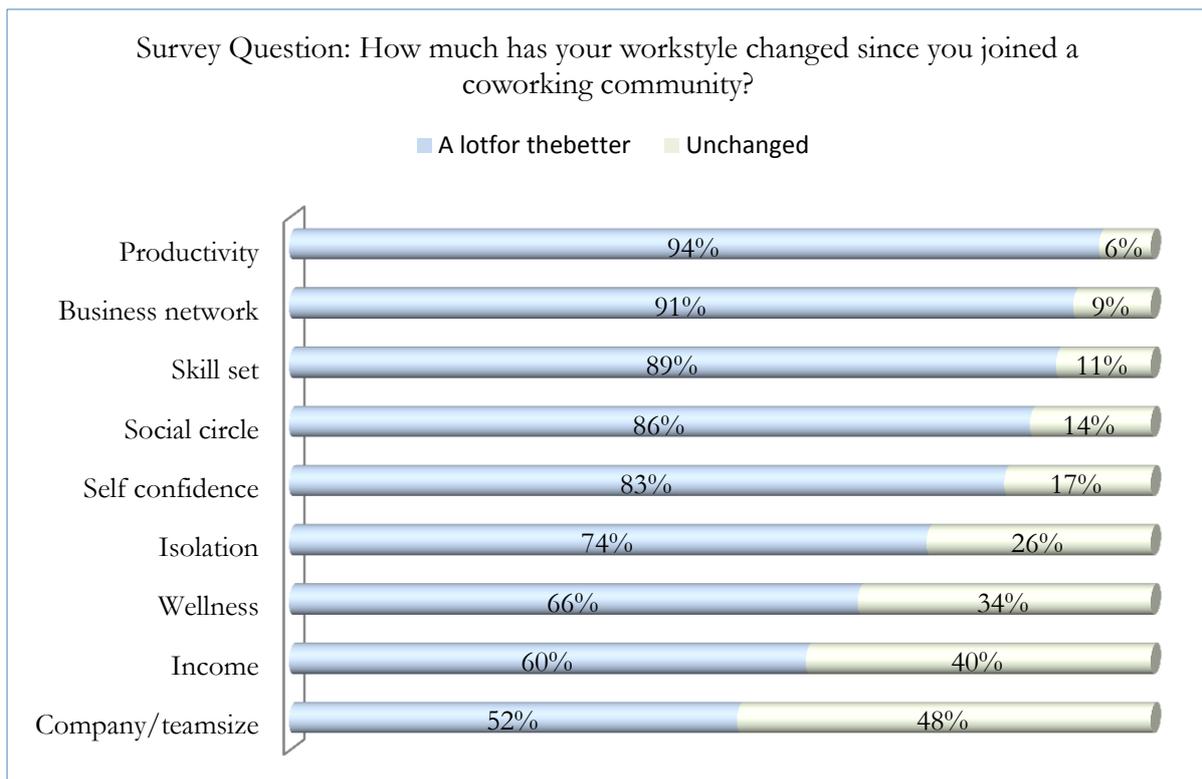
3.6.7.6   Customer Segments

It is important to identify the specific customer segment target for the coworking space. For the identified user group, determine whether the coworking space will be oriented towards being a diversified market or niche market workspace.

The study revealed that the typical user groups of coworking spaces are the self-employed workers and freelancers who constitute the majority of members (53%) and employees of companies (35%).

Figure 54: Typical user groups of coworking spaces
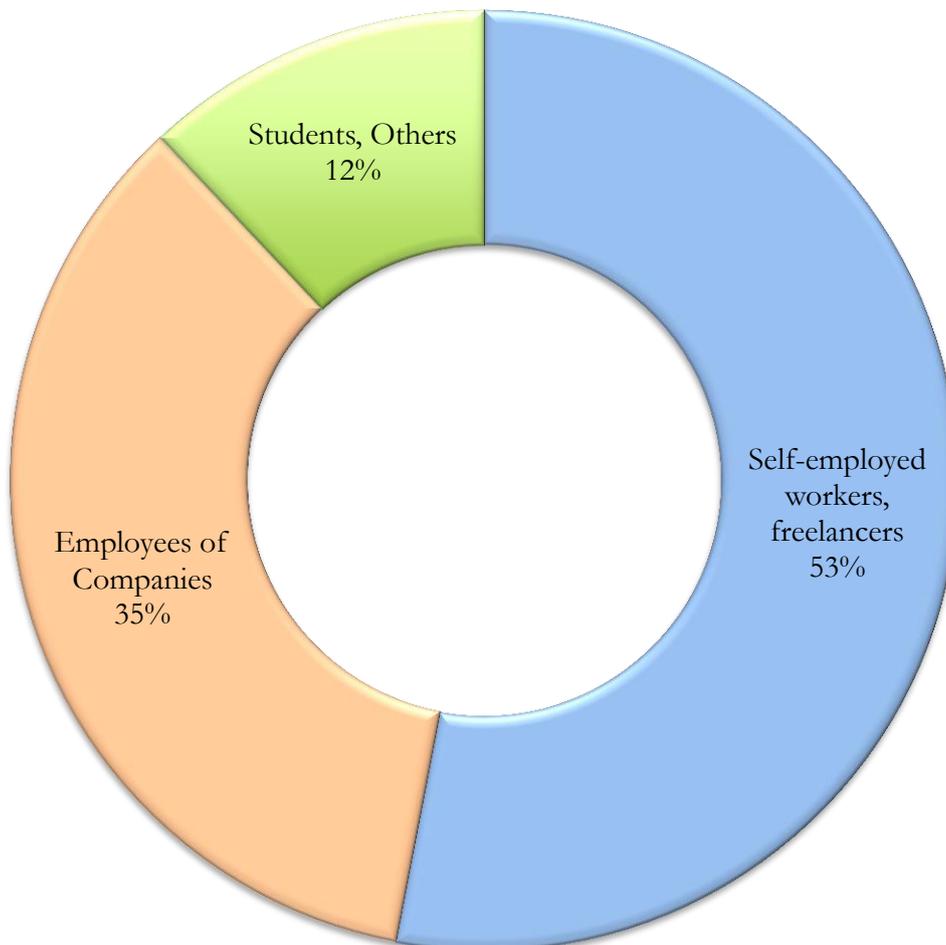
It is important to consider factors such as industry sector, professional background, age group, and specific needs of the target market.

Understanding the characteristics and preferences of the target market will aid in offering a better quality of experience for the members.

3.6.7.7   Marketing Channels

Identify the communication channels through which all the customer segments of the coworking space can be reached. The channels may include awareness campaigns, social media, internet presence and a variety of community events.

Develop a marketing plan that should include website development, content marketing, social media engagement and search engine optimization. Consider partnering with local businesses and attending networking events and community engagements to give visibility to the coworking space.

Conversely, attention must be paid to how the coworking members would commute to the facility. Study findings show that commuting by car (36%) and commercial transport (29%) are the commonest modes of transport for workers. Therefore, these channels must be factored in at the planning phase of a coworking space.

Figure 55: Typical means of commuting to coworking places
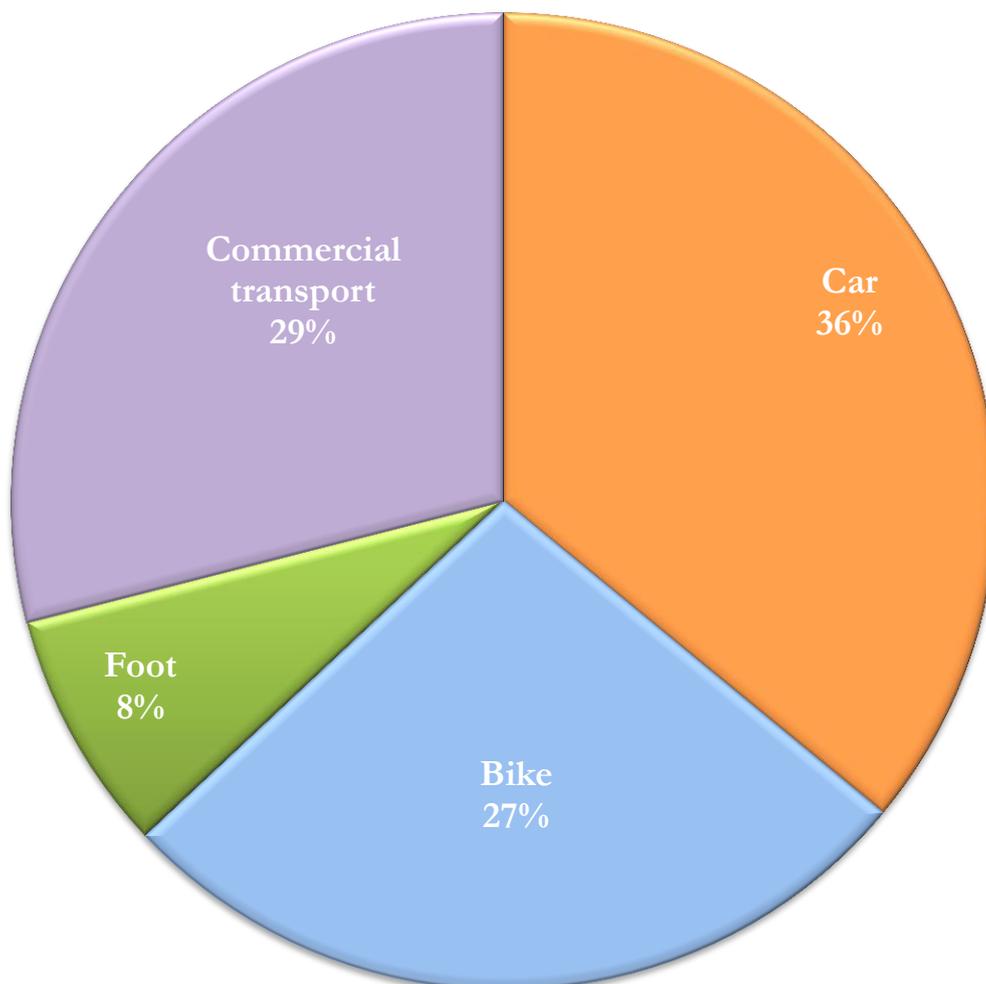
3.6.7.8 Revenue Streams

It is essential to identify the revenue streams for the coworking space. The primary revenue streams for coworking spaces are membership subscriptions and desk space rental fees. The fees, which can be hourly, daily, weekly, monthly, quarterly, or even annually, typically contribute around 83% of the total revenue for a coworking space.[56]

Aside from membership fees and desk rentals, coworking spaces may explore additional revenue streams such as

- **Renting Conference and Meeting Rooms** – this can be offered as a separate or stand-alone service.
- **Virtual Offices** – a good location can be monetised and leveraged to manage mail/parcel receiving and forwarding for businesses.
- **Events and Workshops** - providing an opportunity to promote products and services to members and external participants for a fee.

Figure 56: The typical revenue streams for a coworking space

Tpyical Revenue Stream for a Coworking Space

Membership Subscription Fees — 81%

Conference/Meeting Room Rentals — 9%

Events & Workshops — 7%

Virtual Office — 3%

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[56] Deskmag – Coworking Statistics - https://coworkingstatistics.com/revenue-coworking-spaces-by-status-of-profitability
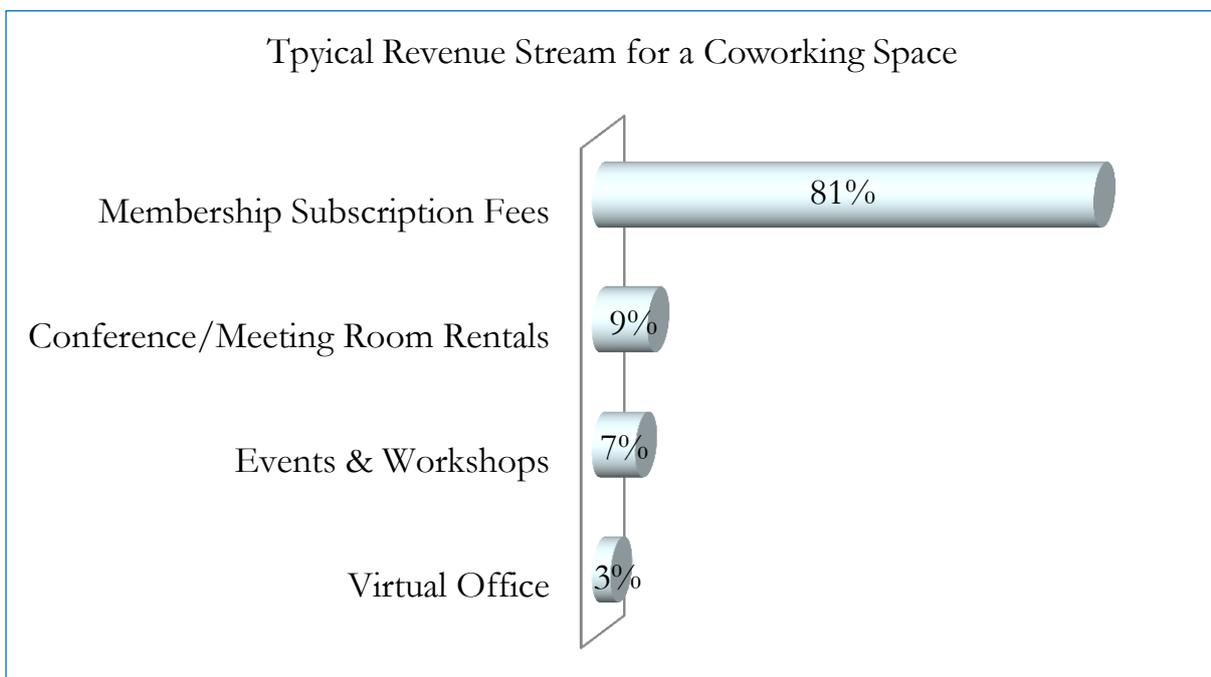
3.6.7.9 Key Activities

Identify the key activities the coworking place will deliver including production, problem-solving, platform sharing and networking underpinned by the following.

- o **Facilitation of shared workspace** – with amenities for creativity and productivity for creative professionals, entrepreneurs and all members;
- o **Provision of collaborative environment** – to encourage knowledge exchange and foster new ideas; and
- o **Organisation of workshops** – events relevant to business creation and development.

Note that the driving motivation for joining a coworking space may not necessarily be to avoid working with other people in the same institution. Nonetheless, many coworking space users enjoy escaping the politics and hierarchy that come with working within an institution while retaining the benefits of social interaction and collaboration of working with others.

They also gain from the diversity that comes with working alongside people from vastly different backgrounds and areas of expertise and with experts within the same domain who do not happen to work for the same organisation.

Therefore, a functional coworking space must provide activities that occasion face-to-face community and collaboration for its members. Suggested activities include the following:

Lunch Meetings	Speed Networking	Book Club
Game Nights	Happy Hours	Launch Parties
Yoga Sessions	Events	Fun Breaks
Training	Workshops	Guest Speakers
Meet & Greet	Demo Days	Club Nights
Day Trips	Family Events	Service Days
Charity Swaps	Gift Drive	Exhibitions
Fitness Classes	Hackathon	Open House Days
Pitch Nights	Open Mic Nights	Roundtables

3.7 Financial Planning

Setting up a coworking space requires meticulous financial planning with projections for capital expenditure (CapEx) and operational expenditure (OpEx) in the short-term, medium-term and long-term i.e. three, five and ten years.

3.7.1 Capital Expenditure (CapEx)

In terms of the capital expenditure required to get a coworking space off the ground, it is necessary to budget for the items described in Figure 24.

Figure 57: Typical Capital Expenditure Items

Cost Item	Description
Site Acquisition /Rent	The cost of leasing the physical space for the coworking business.
Renovations and Improvements	There may be the need to make renovations or improvements to the space to make it more attractive and functional. This can include painting, flooring, lighting and other required upgrades.
Shared Amenities	Coworking spaces often offer shared amenities such as a kitchen, lounge area, and meeting rooms. These spaces require an initial investment in furniture, equipment, and decor to make them inviting and functional.
Branding, Website	Setting up branding, website and systems and processes for the coworking space.
Furniture and Fixtures	This includes desks, chairs, tables, and other necessary furniture for the coworking space. These items are essential for creating workspaces that are comfortable and functional.
Technology Ecosystem	This category includes printers, scanners, computer systems and other office equipment necessary for running the coworking space. It is important to invest in reliable and up-to-date technology to ensure smooth operations.
Security and Safety Systems	It is imperative to invest in security and safety systems to ensure the safety of members and their belongings. This can include CCTV cameras, security alarms, access systems and fire safety equipment.

3.7.2 Operational Expenses (OpEx)

For the operational expenditure, provision must be made for cash flow to cover business overheads during the start-up stages. Although the operational expenditure for coworking spaces will vary based on the location and overall size of the coworking space, the list would normally include the following items outlined in Figure 25. The list is not exhaustive and will need to be tailored to the coworking space's specific circumstances.

Figure 58: Operational Expenditure Items

Cost Head	Description
Utilities	The bills for electricity, water, waste evacuation, and other necessary utilities to run the coworking space.
Internet and Phone	The cost of internet and phone services for the coworking space.
Supplies	Expenses for office supplies such as various forms of printing papers and printer cartridges.
Cleaning, Repairs and Maintenance	The cost of keeping the coworking space clean and well-maintained including ad hoc repairs.
Staff Salaries, Training and Development	The salaries of the employees including accrued benefits and taxes. Plus the expenses for training the staff and investing in their professional development.
Insurance	The cost of insurance to protect the coworking space and its assets.
Software Licenses	Expenses for purchasing and renewing licenses for software used to operate the coworking space.
Marketing and Advertising	Expenses for promoting the coworking space and attracting new members.
Legal Fees	The cost of obtaining legal services related to the coworking business.
Banking Fees	The cost of maintaining a business bank account and related transaction fees.
Taxes and Permits	Expenses for business taxes, registrations and permits required to operate the coworking space.

3.7.3 The Projected Balance Sheet

The projected balance sheet gives an overview of the coworking space's financial structure at the end of the financial year. The balance sheet is usually composed of three categories of items: assets, liabilities and equity.

Assets

These are what the coworking space possesses and uses to produce cash flows. They include resources such as cash, buildings, equipment, and accounts receivable (money owed by clients).

- **Cash**

Cash is the most liquid of all assets and is usually entered on the first line of the balance sheet. Cash Equivalents are also lumped under this line item and include assets that have short-term maturities under three months or assets that the company can liquidate on short notice.

- **Accounts Receivable**

This account includes the balance of all sales revenue still on credit, net of any allowances for doubtful accounts or bad debts. As companies recover accounts receivables, this account decreases, and cash increases by the same amount

- **Inventory**

Inventory includes amounts for work-in-progress and finished goods. The company uses this account when it reports sales of goods, generally under the cost of goods sold in the income statement.

Liabilities

These are the debts of the coworking space. They include taxes due, bank loans, and accounts payable (money owed to suppliers).

Accounts Payables is the amount a company owes suppliers for items or services purchased on credit. As the company pays this off, it decreases along with an equal amount decrease to the cash account.

Equity

This is the combination of what has been invested and the cumulative profits to date which are called retained earnings. Equity is a proxy for the value of the owner's stake in the coworking space.

XYZ Coworking Space Ltd - Balance Sheet		
	2023 Previous year	**2024** Current year
Assets		
Current assets:	-	-
Cash	-	-
Accounts Receivable	-	-
Prepaid expenses	-	-
Inventory	-	-
Total current assets	N0.00	N0.00
Property & Equipment	-	-
Charity	-	-
Total Assets	N0.00	N0.00
Liabilities		
Current liabilities:		
Accounts payable	-	-
Accrued expenses	-	-
Unearned revenue	-	-
Total current liabilities	N0.00	N0.00
Long-term debt	-	-
Other long-term liabilities	-	-
Total Liabilities	N0.00	N0.00
Equity		
Investment capital	-	-
Retained earnings	-	-
Shareholder's Equity	N0.00	N0.00
Total Liabilities & Shareholder's Equity		N0.00
Balance	N0.00	N0.00

3.7.4 The Projected Cash Flow Statement

A cash flow statement is a document that shows the cash - including money from investments and convertible assets - moving in and out of a business, broken down by its source. A projected cash flow statement will be required to show how much cash the coworking space is generating and consuming. The cash flow statement is usually organised to display three key metrics – operating activities, investing activities and financing activities.

- **Operating Activities**

Operating activities include buying and selling inventory, paying staff salaries, and covering operating expenses such as rent, rates and utilities. The operating activities section is usually associated with both the current assets and current liabilities as listed on the balance sheet, and the revenue and expenses as shown on the coworking space's income statement.

- **Investing Activities**

The investing activities usually relate to the long-term assets section of the coworking space's balance sheet listing items such as property, machinery, and long-term tradable assets like equities.

- **Financing Activities**

The financing activities include taking and repaying loans, issuing stock and paying dividends, and seeking investment and stock buy-back programs. This section is usually associated with information on the long-term liabilities and owners'/stockholders' equity as captured on the balance sheet.

Cash is king. It is imperative, therefore, to pay close attention to the coworking space's cash flow forecast and to keep an eye on it to ensure running a successful space.

If the coworking space plans to secure financing, note that it is customary to provide both yearly and monthly cash flow forecasts in the financial plan - so that the funders can analyse the variations and ensure that the coworking space is appropriately capitalised.

XYZ Coworking Space Ltd - Cash Flow Statement		
	For the year ending:	**2024**
Operating Activities		
Customers		
Other operations		
Cash paid for		
General operating and admin expenses		-
Wage expenses		-
Interest		-
Income taxes		-
Net Profit from Operations		**N0.00**
Additions to cash		
Depreciation		
Amortization		
Subtractions from Cash		
Increase in Accounts Receivable		-
Increase in Inventory		-
Total Cash from Operating Activities		**N0.00**
Investing Activities		
Cash receipts from		
Purchase of equipment		-
Bank loan		
Total Cash from Investing Activities		**N0.00**
Financing Activities		
Drawing/Distribution		
Repayment of loans		-
Total Cash from Financing Activities		**N0.00**
Beginning Cash		N0.00
Total Change in Cash		N0.00
Ending Cash		**N0.00**

3.8 Revenue Projections

It would make good business sense to include the coworking space's revenue projections in the financial plan. To make accurate revenue projections, certain factors need to be considered as listed in Figure 61.

Figure 61: Factors that may impact Revenue Projection

Factor	Description
Membership Fees	This is the major revenue stream for a coworking space. Any adjustment in the rates could impact the number of monthly transactions and the average price per transaction.
Location	The location of a coworking space can greatly impact the average price of the memberships. A prime location in a busy city centre may allow for higher membership prices, while a less desirable location may result in lower prices and potentially fewer monthly transactions.
Amenities and Services	Offering additional amenities and services, such as high-speed internet, printing services and private meeting rooms can increase the value of the memberships and potentially allow the coworking space to charge higher prices. This could also attract more members and increase the number of monthly transactions.
Competition	The presence of other coworking spaces in the area can affect the average price and number of monthly transactions. If there is a lot of competition, it may become expedient to lower membership prices or offer more competitive amenities and services to attract and retain members.
Economic Conditions	Economic factors, such as a recession or economic boom, can impact the demand for coworking spaces and therefore affect the average price and number of monthly transactions. During an economic downturn, businesses and individuals may be more price-sensitive and opt for more affordable coworking options, while a strong economy could support higher prices.

Workspace Available	The configuration of the coworking space into private offices, dedicated desks and hot desks could impact the monthly transactions positively (and negatively too).
Ancillary Services	The availability of wrap-around services such as meeting rooms, phone booths, storage boxes, breakout spaces, events spaces, kitchen, cafe/bar/restaurant, reception, IT support, printing services and other niche offerings can help boost the revenue of a coworking space.

3.8.1 Typical Sources of Revenue

- **Membership Subscription Fees**
  It is expedient for the coworking space to offer a variety of membership plans that will appeal to the different customer segments.

- **Hot Desk Plan**
  This plan typically provides access to a coworking space without a fixed workstation and is particularly handy for freelancers or entrepreneurs who need a professional workspace on a budget.

- **Dedicated Desk Plan**
  This category of membership is ideal for members who need a dedicated workspace or the feel of a personal office.

- **Private Office Plan**
  This plan gives teams the privacy and independence of working in their own office, without the hassle and expense of renting and maintaining it. Opting for a private office grants the subscribers all the benefits of a coworking space without having to share their space with anyone else.

- **Weekender Plan**

  This option is perfect for employees who are developing their side businesses but are not ready to commit to a long-term membership. It is also great for those who work from different locations or who are in town for a short period. The member just takes any available desk.

- **Virtual Office Plan**

  This gives the best of both worlds to the subscriber by offering the convenience of working from home and the professional environment of a coworking space without the need for a physical office. The plan affords members the use of the coworking space as their business address and access to meeting rooms when required.

- **Meeting Rooms Membership Plan**

  This type of membership is for people who use the meeting rooms more often, although members will probably have access to meeting rooms and conference rooms, regardless of the coworking membership plan.

- **Community Membership Plan**

  This is for potential members who are interested in joining the coworking community but do not require frequent access to a workplace. It is an excellent option for workers who cannot be at the space during the workday but wish to be a part of the community.

Other revenue streams to consider include the following.

- Conference Room Rentals
- Meeting Room Rentals
- Events & Workshops
- Virtual Office Rentals
- Lounge Membership Fees
- Equipment Rentals
- Secured Storage or Lockers
- Mailroom Services
- Receiving & Forwarding Services
- Secretarial Services
- Wellness Programmes
- In-house Café
- Specialty Rooms
- Printing & Copying Services
- Bespoke Training
- Advertisement Services

XYZ Coworking Space Ltd – Revenue Projection		
	2024	**2025**
Revenue		
Sales Revenue	-	-
Service Revenue	-	-
Interest Revenue	-	-
Gain on Sales of Assets	-	-
Total Revenue & Gains	**N0.00**	**N0.00**
Detailed Revenue Stream		
Membership Subscription Fees	-	-
Conference/Meeting Room Rentals	-	-
Events & Workshops	-	-
Virtual Office Rentals	-	-
Hot Desks	-	-
Dedicated Desk Plan	-	-
Weekender Plan	-	-
Café/Coffees/Snacks/Beverages	-	-
Lounge Membership Fees	-	-
Receiving/Forwarding Services	-	-
Secretarial Services	-	-
Wellness Programmes	-	-
Total Revenue	**N0.00**	**N0.00**
Income before tax	**N0.00**	**N0.00**
Income tax expense		
Net Profit (Loss)	**N0.00**	**N0.00**

3.9   Breakeven Analysis

Coworking spaces feature a unique business model, and so are the costs, revenue streams and the time required to reach the breakeven point (BEP).

The profit margins of coworking spaces can be pretty tight. However, a well-run coworking space can reach (EBITDA) profit margins (earnings before interest and tax + depreciation + amortization) of around 10-20% once it manages to reach full capacity, typically between 12-16 months after opening. The actual profit margins will depend on factors such as the size of the coworking space, building rent, number of staff and the number of members using the space, etc.

Breakeven (sometimes called point of equilibrium) is the point at which total costs (both CapEx and OpEx) and total revenue are equal. In other words, the breakeven point is the amount of revenue the coworking space must generate to turn a profit. The breakeven point can easily be obtained by using the formula: *Total Costs ÷ Revenue = Breakeven Point.*

Figure 63: The Calculation of Breakeven Point
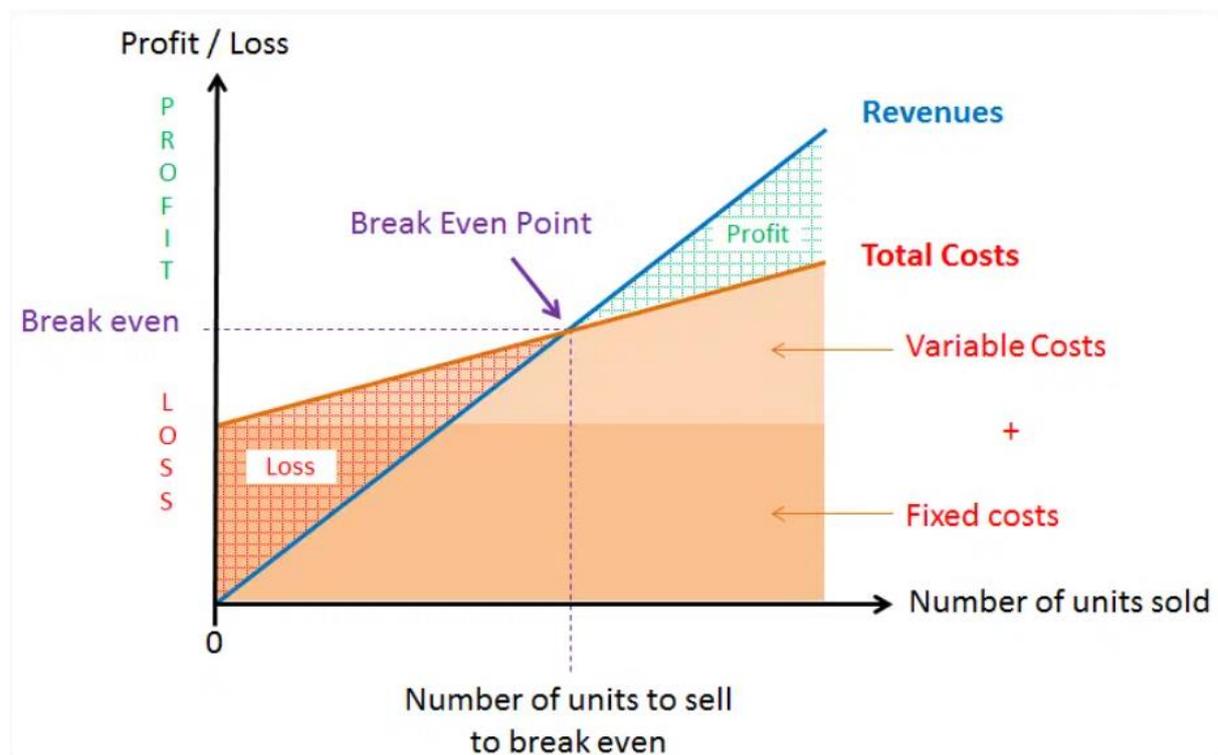
Attaining breakeven is an outcome of strategic planning, adaptability, and continuous engagement with the member community. By understanding the key metrics, diversifying revenue streams and leveraging feedback, coworking spaces can carve a quick route to the breakeven point.

3.10 Branding and Marketing

Building and maintaining a strong brand identity will ensure the success of a coworking space. Once a coworking place identifies its unique selling proposition (USP) and showcases those values consistently, it will attract prospective members who believe in and may want to share the same values. The result is that the coworking space builds brand loyalty.

Defining the coworking space's unique selling proposition will necessitate knowing what the target customers want. What they want could be anything from modern workspaces or amenities, to the type of community and level of collaboration available in the coworking space. For other customers, it could also be the flexibility, accessibility and/or affordability offered by the coworking space.

3.10.1 Branding

Once the coworking space's USP and defined target customers are established, the next step is to develop a visual identity and brand visibility. As components of the coworking space's branding strategy, both visual identity and brand visibility will help build brand recognition and brand trust dovetailing into brand loyalty.

Figure 64: Steps to take for Branding the Business

Step	Action	Description
1	Create a Business Name and Logo	The visual identity will entail creating a unique trading name for the coworking space and an appropriate logo and corporate livery to go with it. The corporate livery will encompass the colour, font and size that would define the coworking space's fascia.
2	Have a Quality Website	A good-quality website that is professionally done is a crucial tool to propagate brand visibility. The website must contain all the necessary information such as contact details, coworking space location and opening hours. The website should state the mission of the coworking space and its rates. Include updates, such as newsletters or blog posts that relate to the niches of your members. Make sure these posts have the potential for Google to display them when someone searches.

		Use ad platforms like AdSense to advertise the coworking space on other websites to bring in traffic. Include an easy way for potential members to sign up on the web page and for incumbent members to conveniently pay their rent and membership fees. Use search engine optimization (SEO) to drive traffic to the website and deploy conversion rate optimization (CRO) to optimise the website for traffic conversions (the practice of increasing the percentage of users who perform a desired action on a website). Beyond SEO and CRO, establish the coworking space's online presence by creating a Google Business Profile (formerly Google My Business). This will allow customers to leave reviews on Google and let the coworking space appear in Maps for relevant searches.
3	Have a Social Media Strategy	Take advantage of all the social media platforms including Twitter, Facebook, Instagram and TikTok. Consider using LinkedIn Ads for a professional audience or even Reddit Ads to appeal to a more technical crowd.
4	Try Meta and Google Ads	When it comes to online advertising, Meta and Google are in a league of their own. Meta's offerings such as Facebook, Instagram, and WhatsApp and Google's products are used by billions of people, most likely including the coworking space's target audience. Meta offers methods to target advertising locally, so focus the advertisement budget on reaching people in the area where the coworking space is located. Google, on the other hand, can target specific queries, like coworking space in an area, city, or country, and can place the coworking brand directly in front of people looking for it in any neighbourhood.

3.10.2 Marketing

Having a coworking marketing strategy and adhering to it will ensure strong, consistent messaging and effective outreach to the coworking space's target audience. These straightforward steps can be used to market the coworking space.

Figure 65: Steps to take for Marketing the Coworking Space

Step	Action	Description
1	**List the space on Coworking Syndicators and Marketplaces**	Coworking Syndicators and Marketplaces are the online noticeboards for coworking spaces and private offices. Here, the coworking space can be listed in exchange for a commission for any booking made through the site. The sites on which to list include: ○ Coworker ○ Free Office Finder ○ LiquidSpace ○ PeerSpace ○ Instant Offices ○ NomadList ○ DeskPass ○ OfficeFreedom ○ DesksNearMe ○ FindWorkSpaces ○ BisDesk ○ Coworking Wiki ○ MatchOffice ○ WindUp ○ Craigslist ○ UpSuite
2	**Offer Membership Perks and Create a Referral Program for Current Members**	Offer a bartering system—waive rent or membership fee in exchange for the use of members' talents. For example, a graphic designer may create posters to help market the coworking space in exchange for a fee waiver for a period. Create a member referral program and give discounted rent or membership fees when members bring in a successful referral. People trust people they know more than online ads. Harness this trust by creating a referral program in the coworking space. The referral programs should be: ○ **Win-wins** Both the referrer and the referee receive something beneficial, like a discount on their membership plan;

		o **Transparent** Everyone understands the guidelines right from the get-go so there is no confusion with what participants get and when they get it; o **Promoted** The programme must be promoted aggressively to achieve maximum awareness of it. Include free coworking days. Once or twice a month, allow members, and even non-members, to work in the space for free. Keep these days limited and encourage punters to bring in new members. Organise a Happy Hour each week with snacks, coffee or small catered buffets. This is a prevalent coworking marketing strategy as people will always go where there is food.
3	**Offer 24/7 Opening Hours**	If the security situation in the location allows and since coworking spaces do not require intensive oversight, offer 24/7 opening hours. Workers who have odd work schedules will go to a coworking space if they are not restricted by operating hours.
4	**Help Coworking Members Succeed**	Get to know the members of the coworking space. What businesses do they have? What are their goals? What are their personalities? How can they be helped to succeed on a mutually beneficial basis? Allow the members to advertise their business within the building. Let them create posters to showcase their activities or work. Create workshops, panels, and conferences in the different niches of the members to help them improve their businesses and networks. Open these up to the public as well, which will bring in more traffic.
5	**Advertise Toward Commute Workers**	Print out flyers and hand them out near the airport, hotels, bus stations and other public transportation areas. Many people who travel look for a place to work for a day or two, so this strategy can produce

		some quick and easy wins. Commuters, especially those who fly for work, often struggle to find a reliable place to do their work. Hotel internet can be flaky most times, and no worker wants to work out of a coffee shop or public library all day every day. By reaching out to these nomadic workers, the coworking space can make a lot of traction. Be sure to offer flexible membership options for this category of members since they may only be in town for a short period.
6	**Partner with Local Businesses and Negotiate Member Discounts for Local Services**	A good coworking marketing strategy is to partner with local businesses by purchasing from local shops and encouraging them to provide their brand to the coworking space. Create raffles for gift cards to local restaurants or activities. Pay a local restaurant to cater an event. Ask to advertise the coworking space in local gathering places. Have a booth at local events. Offer to host local events, art galleries, celebrity parties, concert series etcetera at the coworking space. Create a speed networking event. Partner with local service providers and negotiate discounts for members. Having a large network of partners will increase the value of the coworking space and is a powerful advantage to highlight in the marketing materials.
7	**Use Influencer Marketing**	Start by identifying influential entrepreneurs, freelancers, or content creators with a large social media following in the area. Then, reach out to them and offer a free membership in exchange for content or simply word-of-mouth recommendations of the coworking space. Be sure to keep the influencer marketing local and specialised. To reap the most rewards from the influencer partnerships, look for entrepreneurs who

		are involved in the city's business scene and well-connected to other entrepreneurs (i.e. local celebrities).
8	**Engage a Street Team to Hand Out Promotional Flyers**	Street teams stand outside in busy areas and intersections and hand out flyers to passersby. The advantage of using them as opposed to just hanging fliers on electric poles is that they engage with people and drum up interest from those passing by.
9	**Host Regular Open House Events**	Hosting coworking events for current members is an important method to build an integrated community and sustain member retention and satisfaction. It is also a powerful marketing tool to attract new members. Consider hosting a monthly or quarterly Open House for people interested in coworking. Invite current and prospective members to help them get a sense of the coworking space and offer exclusive promotions for those who sign up at these events. Give guided tours to provide potential punters the opportunity to see what the coworking space offers. This should be an opportunity for prospective members to get the vibe of the space before they commit.
10	**Organize Regular Keynote Speakers**	Organizing a keynote speaker series can be a great way to build relationships with individuals in the community and promote the coworking space. Depending on the size of the event and speaker, attendance can be offered free to members and prospective customers with the opportunity to market the working space to attendees who are not yet members.

The following benefits accrue for a coworking space when it has a robust marketing plan and adheres to the strategies outlined therein:

- It guides the coworking space to define its target audience and develop tailored marketing messages for the group.
- It identifies the most effective marketing channels to reach the target audience thereby avoiding a helter-skelter approach to marketing.
- It showcases the key benefits and amenities of the coworking space to attract potential members.
- It helps to create a persuasive brand story that sets the coworking space apart from the competition.
- It helps in developing a comprehensive marketing budget and timeline to ensure effective execution.
- It aids in tracking and measuring the success of the coworking space's marketing efforts to make data-driven decisions.

Figure 66: The prominent user groups of coworking spaces

User Groups	
Freelancers	MSMEs
Entrepreneurs	Corporate workers
Self-employed workers	Blue-chip companies
Students	Visitors, Travellers, Digital Nomads

3.11 The Coworking Technology Ecosystem

Operating a coworking space involves the management of many moving parts, from payments and bookings to marketing to prospective members. Hitherto, many of these pieces would have required dedicated platforms, but innovations in technology are playing a vital role in enhancing the adaptability, efficiency and integration of these moving parts and other essential aspects of running a coworking space.

The coworking tech stack, also known as coworking technology stack or coworking technology ecosystem, refers to the technology platforms and tools most commonly used by coworking owners and operators to create a seamless experience for coworking members and coworking operators alike. Most of these tools were created specifically for coworking spaces while others are general tools adapted to the coworking space sector that integrate.

Ideally, any task that is completed in the coworking space multiple times a day, day in and day out, could benefit from automation with these tools.

It is, therefore, recommendable for a new coworking space to focus its technology investments on routine everyday tasks such as:

- o Membership and Community Management;
- o Invoicing and Payments;
- o Resource Bookings;
- o Access Control and Check-ins;
- o Security and Data privacy; and
- o Issue Reporting.

The benefits of these coworking tools can broadly be organized into four main classifications viz:
- o Streamlining operations;
- o Optimising performance;
- o Growing revenue; and
- o Elevating the coworking experience.

These tools are abundant in the market including space management software, access control systems, customer relationship management software (CRMs) and

so forth. But the essential tech stack for a coworking space comes down to five categories, viz:

1. Coworking Space Management Software

2. Access Control System

3. Digital Payment System

4. Internet Management Software

5. Visitor Management System

3.11.1 Coworking Management Software

Implementing coworking management software in a coworking space is necessary and highly recommended. The software can help automate routine operations and help grow the coworking space over time.

3.11.2 Access Control System

Coworking space members value flexibility. Many of them work on atypical schedules. Automated access control systems give members the ability to access the coworking space seamlessly. Deploying an access control system in the coworking space can:

- o Improve security
- o Automate check-ins
- o Enhance the user experience
- o Open the space up for 24/7 access

3.11.3 Digital Payment System

Another technological innovation that every coworking space must have is a digital payment system. This allows for cashless payments which is imperative in a digital economy where concerted efforts are being galvanised to go cashless. A payment gateway takes payment information from coworking members and other service subscribers, facilitates transactions and disperses the value to nominated bank accounts.

Some payment gateways provide both physical Point-of-Sale (POS) devices and online payment collection also known as virtual terminals. Some gateways offer the benefit of developer tools, so are customisable to suit the specific needs of a coworking space. To accept credit card and bank account payments in a coworking space, it is essential to deploy a robust payment gateway.

3.11.4 Internet Management Software

Internet management software helps coworking spaces to deliver fast, secure and reliable internet service by allowing control over internet access while boosting members' browsing experience.

Beyond providing connectivity to internet-enabled devices, Internet management software offers a multitude of value-added features such as the following.

- Creating custom-branded internet login pages to maximize brand recognition;
- Controlling sessions, which allows the coworking space to set bandwidth and time limits for users;
- Blacklisting, which gives the coworking space the ability to ban any unwanted users from the network;
- Automating check-ins by integrating with the coworking management software;
- Improving the coworking space's overall internet security and speeding up connectivity for those that matter – the actual coworking members;
- Maintaining **cybersecurity in the coworking space through** enforcing the download of malware or antivirus programs, or requiring a scan of each device before it is connected to the network.

3.11.5 Visitor Management System

A frictionless member sign-up and onboarding process is essential to support healthy conversion and retention rates. The easier it is for new members to sign up, the more likely it is that they will do so. A visitor management system enhances a coworking space's efficiency in this aspect with no printing, photocopying, scanning or in-person interaction required. As a result, prospective members can decide to join and get set up, with very little effort on their part.

The visitor management system can help a coworking space collect and store customer information, manage marketing campaigns, keep track of notes, and so much more. It is an essential piece for tracking the sales process and optimizing communications for prospective members throughout their joining journey.

3.12   The Impact of Technology on Coworking

Technology has revolutionised the coworking industry by enhancing the quality of experience for operators and customers in various ways. Technology caters to members' specific needs and has made a significant impact among coworking professionals in several key areas including the following.

- Increased flexibility and mobility through the help of cloud-based tools;
- Improved collaboration among coworking members using shared project management tools, communication platforms and social networking;
- Given access to advanced infrastructure for performing tasks more efficiently;
- Enhanced productivity because of efficient internet connectivity, cloud storage solutions and collaboration tools;
- Enabled cost savings and scalability through access to high-quality technology resources; and
- Driven innovation by adopting Virtual Reality (VR) and Augmented Reality (AR) technologies.

From streamlined booking systems to IoT-driven smart spaces and community-building platforms, technology continues to play a vital role in providing coworking members with a seamless and enriching coworking experience.

As the coworking industry continues to develop, so too will the role of technology in meeting the needs and expectations of its diverse stakeholders.

It is recommended, therefore, to incorporate as many of these technological innovations as possible into the planning of a coworking space to stand a chance of attracting the workforce of the future and playing in the technology-driven landscape.

3.13   Technology Trends in Coworking Spaces

Driven by the integration of cutting-edge technologies, coworking spaces have become hotbeds of innovation, collaboration and productivity. These are some of the critical technology trends revolutionizing work in coworking spaces.

3.13.1 Smart Office Solutions

Internet of Things (IoT) devices and sensors are increasingly being used to automate various aspects of coworking spaces such as lighting, temperature control, occupancy management and access control. The IoT solutions are holistic and efficient in managing energy usage and providing seamless and personalised experiences to coworking space members.

3.13.2 Collaborative tools

Project management platforms, communication and messaging apps, cloud-based tools for document sharing and editing, virtual white-boarding and brainstorming tools are some of the numerous collaborative tools that enhance the productivity of coworking space members. By leveraging these technologies, coworking spaces provide a dynamic and collaborative work environment for their members.

3.13.3 Mobile Apps for Booking

Coworking spaces deploy apps to execute remote bookings thus enabling members to seamlessly book and manage their workspace reservations, enhancing the overall coworking experience. Members can view the real-time availability of workspaces and meeting rooms, eliminating the need for manual inquiries or phone calls, saving time, and streamlining the booking process.

3.13.4 Security & Data Privacy

Integrating security and data privacy has become a fundamental element of coworking spaces. Ensuring the safety of the critical business data handled, adopting secure internet networks, robust firewall protection, encrypted communication channels, access control systems and access-controlled cloud storage solutions have become the norm at coworking spaces.

3.14 The Coworking Member Typology

Empirical evidence shows that entrepreneurs and freelancers constitute the primary customers of coworking spaces. They willingly and regularly pay to access the coworking spaces. This presents a poser - why do they pay for access to coworking spaces if they can work for free from home or other no-fee locations?

Figure 67: The Area of Specialisation of Coworking Ecosystem Players

Findings from the study show that Consultancy (25%), IT (21%) and PR, Marketing, Sales and Advertising (11%) are the dominant areas of specialisation among the coworking space participants. Knowledge workers in Education (9%), Design (8%), Research (5%) and Project Management (5%) are also finding utility in utilising the relative expediency of coworking spaces in contrast with using public libraries or working from home.

Comparatively recently, big corporations and tech giants have been steadily relocating their employees into coworking spaces. For these big companies, moving their employees into coworking spaces holds several advantages including fewer overheads, less administration costs and enhanced access to budding innovators and their innovations and talent. So nowadays, members of coworking spaces are a more heterogeneous group comprising nearly all trades and professions from consultants to students, micro, small and medium-scale enterprises, large corporations and tech giants.

3.15   The Trends Driving the Upsurge in Coworking

The world of work has undergone tremendous transformation in the last four decades. The transformation has ranged from the digitalisation of the economy to shifts in organisational goals and generational changes in workforce cohorts.

Information communication technologies have also permeated the value chain of almost all sectors and radically transformed many organisations. The intensification in the application of technology has displaced a lot of people from their workplaces and disrupted the way work is conducted.

The new world of work is dominated by knowledge workers who lean heavily towards customer-focused services, cordial business relationships and an unprecedented level of connections and collaboration among themselves. This has spawned a new creative class of innovative workers. This new class of workers emerged creating content ranging from art to artificial intelligence and is fast establishing itself as the most important component of the post-industrial workforce.[57]

This creative class is defined by its productivity patterns and workstyles and its power is derived from the ability to innovate rather than accumulate. This creative class constitutes the bulk of the micro, small and medium-scale enterprises and startups and is fast becoming the engine of economic development in Nigeria. This new class of workers has adopted, and in most cases adapted, coworking spaces as its natural habitat.

The increased pressure on organisations to be more customer-focused, competitive and agile and breakthroughs in communication and information technology,

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[57] Florida, R. (2014) - The Creative Class and Economic Development. Economic Development Quarterly, vol. 28, no. 3, pp. 196–205. ISSN 15523543 - https://econpapers.repec.org/article/saeecdequ.htm

especially mobile and internet technologies are also factors contributing to the changing patterns of work. These factors have unhinged the status quo and allowed work to be separated from space and time.[58]

These trends affect the nature of work and have also caused the nature of firms to change. With physical presence no longer a prerequisite to doing business in a given market, expanded latitude is created for workers to work from anywhere and at any time. Coworking spaces provide the platform and springboard for this class of workers to work unencumbered by neither geography nor time.

The five megatrends that are impacting the workplace[59] are illustrated in Figure 68.

Figure 68: Trends impacting the workplace

	Trend	Description
1.	**Information Communications Technology and Interconnectedness**	With the continuous connectivity experienced through smartphones, laptops, desktops, tablets and computer servers, the lines between work and personal life get blurred. Although some initiatives such as allowing telecommuting, working from home and flexible working hours may have been introduced by some of the conventional offices, they generally appear not to be prepared for the ramifications of the constant connectivity and work/life balance. As a result of the hyper-connectedness, work has ultimately crossed company borders in both formal and informal relationships with implications on how, where and when people work.
2.	**Outsourcing and De-routinisation of Work**	To streamline businesses and projects, companies are beginning to identify which work is critical and which ones are not. With increasing automation of work, the values workers add lie in processes that cannot be automated i.e. those uniquely human contributions such as innovation, leadership, teamwork, selling and learning that workers bring to the table.

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[58] Heerwagen, J. (2016) - The Changing Nature of Organizations, Work, and Workplace.
[59] Wright, A. (2013). Five Trends Changing the Nature of Work - https://www.shrm.org/hr-today/news/hr-news/pages/5-trends-changing-the-nature-of-work

		The non-critical or non-core work is being outsourced to freelancers or contractors. These freelancers and contractors hop between projects and organisations, executing services requiring their expertise. These freelancers and contractors ply their craft majorly out of coworking spaces.
3.	**Changing Worker Demographics and Values**	The generational change in workforce cohorts brought in its wake a new breed of workers who are not inclined to align their workstyles with the conventional office setting. These new classes of workers were born digital and function better without being tethered to a desk in the traditional office. Nowadays, the average traditional office has a workforce dichotomy of sorts. On the one side is a generation that entered the workforce before technology revolutionised it and on the other are the new cohorts – the Millennials who grew up with technology, understand it and know how to leverage it to their advantage.
		The Millennials, typically born between 1980 and 1996, assert considerable influence in the uptake of coworking spaces. They constitute the majority of members in coworking spaces and impact the working environment. They are:
		• **Individually Empowered** Raised and educated with a less hierarchical parental and educational approach, the Millennials embrace an entrepreneurial mindset and desire ownership of their work and careers.
		• **Collaboration-orientated** Although they are individually empowered, they are not individualistic. Using a cooperative learning style in school, this generation is team-orientated, often bonding together to socialize in groups. The millennials believe that as a team they can accomplish more and create better than an individual.

		• **Purpose-driven**
		Millennials are in search of additional meaning and feel that a personal life full of exploration, experiences and meaning is more valuable than participating in the career rat race. That is why they look for a sense of meaning in their work and continually strive for a healthy work/life balance.
4.	**Globalisation**	Companies are increasingly expanding across international boundaries, engaging talent across borders and time zones. This geographical dispersal of work across time zones effectively causes the diffusion of work into a round-the-clock business. Work in most organisations is already happening 24 hours a day, seven days a week.
		Despite this, employees will still need a place to work from although it might not necessarily be a company-provided physical office or desk. With meetings occurring across time zones and between organisations with participants in different locations, it is inevitable that the workplace will become increasingly agile. This is where coworking spaces with their longer opening hours have an edge over conventional offices.
5.	**Spontaneous Work**	Companies are becoming more nimble in their business strategies. Growth in proactive work such as seeking out new opportunities and creating new designs and models is more favoured now and rewarded than the old wieldy bureaucratic methods of the traditional office.

3.16   Emerging Niche Coworking Spaces

As the coworking landscape continues to evolve, niche coworking spaces are beginning to emerge. These bespoke coworking spaces cater to specific audiences or purposes such as the ones listed below.

Medical Coworking - shared workspace and medical facility where independent healthcare practitioners such as Doctors, acupuncturists, naturopaths, dieticians, and therapists can see patients and conduct private practice at an affordable cost. They typically include patient services such as waiting rooms, check-ins, and reception.

Co-warehousing or Shared Warehousing - is an all-inclusive shared facility that is part warehouse, part office. It serves as a one-stop shop that members such as small business owners, eCommerce companies, small-scale distributors, and fabrication and manufacturing companies can use to receive, package, and distribute physical goods.

Micro-gyms - are small-scale, fully-equipped fitness coworking facilities that are designed to support fitness influencers, content creators, personal trainers or fitness instructors in training their clients and running their businesses.

Coworking Spaces for Creatives - are shared workspaces with professional studios designed specifically to support people in the creative industry such as musicians, composers, fine artists, digital artists, photographers, content creators, and podcasters.

CoPlace - is a hybrid of coliving + coworking – a community of professionals who live and work under the same roof comprising newcomers to the city who stay in the coliving for a while and work in the coworking space and local people living in the city who come to work in the coworking space.

3.17   The Coworking Response to Workplace Impacts

These trends in the workplace favour the use of coworking spaces over traditional offices in the following broad lines.

Figure 69: The response of coworking spaces to workplace impacts

	Impact	Coworking Solutions	Issues and Concerns
1.	**Increased use of teams and cross-unit work** **More pressure on communication and information flow**	• More meeting space • Greater variety of meeting spaces (open & enclosed, large & small) • Smaller individual workspaces • More open individual workspaces • Unassigned workspaces • Greater interior visibility to support awareness • Mobile support (phones, laptops, tablets, wireless)	• Increased noise • Increased distractions and interruptions • Potential for over-communicating • Cultural barriers to behavioural change • Individuals working longer hours to compensate for lack of time to do individual tasks

		• Personal video, instant messaging, desktop team software	• Expectations that workers are always available
2.	Greater use of dispersed work groups often global	• Increased use of video conferencing and computer-based team tools • More reliance on conference calls • Greater need for mobile technological support for meeting rooms • Use of facilities beyond normal working hours	• Expansion of the workday to accommodate geographically dispersed team meetings • Loss of opportunity to develop trust through face-to-face interaction • More difficulty managing and coordinating work life
3.	Continual reorganisation and restructuring	• Flexible infrastructure to support rapid reconfiguration • Mobile furnishings	• Acoustical problems with loss of good enclosure • Potential for reduced ergonomic effectiveness
4.	Reduced costs/more efficient space use	• Shared or unassigned workspaces • Reduced workstation size and increased overall densities • Greater overall spatial variety to enable different kinds of work to be accommodated at the same time	• Increased distractions and interruptions • Increased noise • May meet with employee resistance • More difficult for paper-intensive work
5.	Improved quality of work/life and attraction of new workers	• More equitable access to amenities • More equitable spatial allocation and workspace features • Amenities for stress reduction and quiet relaxation	• Resistance from those who may prefer fixed space allocation

All these factors, the changing nature of work, its drivers and impacts, the changing nature of firms, millennial worker traits and the increasing demand for high-skill jobs create the opportunity for coworking spaces.[60]

Convenience, mobility, flexibility, choice and a sense of community will continue to drive future workforces and millennials to demand coworking spaces. With technology forming the backbone of all these offerings, most coworking spaces will be made up of a combination of cubicles, open shared spaces and private offices.

3.18   The User Preferences of Coworking Characteristics

The user preferences for coworking space characteristics that ought to be factored into the design of a coworking space are articulated in Figure 70.

Figure 70: Coworking space characteristics

	Characteristic	Description
1.	Lease	Members invariably prefer leases of a month or quarterly over long-term contracts.
2.	Accessibility	Coworkers prefer a coworking place that is accessible by both public and private transport.
3.	Layout	A half-open layout trumps a wide-open layout and a closed layout. Thus, there has to be a balance between open spaces and concentration rooms i.e. places where more focused work can be done without the distraction of other coworkers.
4.	Diversity	A coworking space must be configured as a community-driven environment where individuals from different business fields can meet, collaborate and exchange ideas and services.
5.	Reception	Coworkers prefer a working environment that has a reception and a host manager who has to be proactive in connecting coworkers.
6.	Events	A majority of members would like to attend events in the coworking space sometimes.
7.	Atmosphere	The atmosphere and interior aesthetics should be designed to lift the spirits of members and motivate them in the direction of enhanced productivity.

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[60] Adapted for the Framework from The Changing Nature of Organizations, Work, and Workplace - Judith Heerwagen, Ph.D. - https://www.wbdg.org/resources/changing-nature-organizations-work-and-workplace

3.19 The Local Realities Driving the Upsurge of Coworking Spaces

The entrepreneurship landscape in Nigeria is constantly evolving and plays a vital role in the economic growth and development of the country.

Some of the key statistics and trends that are shaping the entrepreneurial landscape and in turn expanding the demand for coworking spaces in Nigeria include the following.

- **Rise in Startup Activities**
  Nigeria is witnessing a significant rise in startup activities. There has been a steady increase in the number of new startups, with Lagos, Abuja, Enugu, Port Harcourt and other major cities serving as hubs for innovation and entrepreneurship. With increased access to mentorship and support from incubators and accelerators, the ecosystem has become more conducive to startups and small and medium-scale enterprises.

- **Technology**
  Technology has been a driving force behind Nigeria's entrepreneurial upsurge. The country has experienced a surge in tech-driven startups, particularly in sectors such as Fintech, Sectech, Insurtech, Agritech, Healthtech, Edtech and eCommerce. The ubiquity of smart devices and broader broadband penetration has created opportunities for digital innovation and spawned the emergence of many successful startups. The positive knock-on effect of this can be seen in the escalation of demand for coworking spaces.

- **Access to Funding**
  Although access to funding has usually been a challenge for entrepreneurs in Nigeria, however, in recent years, there has been a positive shift. Venture capital firms, angel investors, incubators and accelerators have shown increasing interest in supporting Nigerian startups. The government at State and Federal levels have also launched various initiatives, grants and loans to promote entrepreneurship and provide financial support.

- **Supportive Entrepreneurial Ecosystem**
  The Nigerian entrepreneurial ecosystem has witnessed significant growth, thanks to the efforts of various organisations, government bodies, and industry stakeholders. Incubators, accelerators, and coworking spaces have proliferated, providing startups with the necessary infrastructure,

mentorship, and networking opportunities. Organizations such as the Tony Elumelu Foundation and the Bank of Industry have played a pivotal role in supporting entrepreneurs through capacity-building and funding programs. These efforts have tended to spawn more micro small and medium scales businesses thereby expanding the need for coworking spaces.

- **Collaboration and Partnerships**
  Businesses in Nigeria are recognizing the value of collaboration and partnerships. Collaborative efforts between startups, corporations, and government agencies have become more common. These strategic partnerships enable startups to access resources, expertise, and market reach while fostering innovation, growth and demand for coworking spaces.

- **Hybrid Work Models**
  The COVID-19 pandemic accelerated the adoption of remote work, and the hybrid work model is becoming the new norm. Coworking spaces are catering to this trend by offering flexible membership plans that accommodate professionals who split their time between home and the office. Coworking spaces provide access to shared workspaces on a part-time or as-needed basis, giving individuals the flexibility to choose where and how they work.

- **Enhanced Amenities**
  Coworking spaces are constantly upgrading their amenities to attract and retain members. Many have introduced luxurious features such as on-site fitness centres, spa facilities, gourmet coffee bars, mental health resources and wellness programs to support members' overall health. These amenities improve the work experience and support the well-being of members, creating a holistic workspace environment and a surge in the number of new coworkers.

- **Sustainable Workspaces**
  Sustainability is a growing concern, and coworking spaces are taking steps to reduce their environmental footprint. Many coworking spaces have launched more eco-friendly practices such as energy-efficient lighting, recycling programs and sustainable building materials. Some coworking spaces are even incorporating rooftop gardens and solar panels to promote

eco-conscious work environments. These initiatives have tended to draw more punters in the direction of coworking spaces.

- **Smart Security**

  Technology is at the heart of modern work, and coworking spaces are leveraging it to enhance member experiences. Smart access control, Internet of Things (IoT) devices and advanced security systems are becoming standard features in shared workspaces. These technologies improve security and also enable more efficient space utilisation and resource management engendering loyalty of tenure among coworking space members.

- **Remote Work Support**

  With the ongoing shift toward remote work, coworking spaces are offering specialised support for remote teams. This includes virtual office services, digital collaboration tools, and dedicated areas for virtual meetings and webinars. Coworking providers are also focusing on improving internet connectivity and reliability to accommodate the demands of remote work.

- **Collaboration Zones**

  Collaboration is a key tenet of coworking. Therefore, coworking spaces have become intentional in placing more emphasis on collaboration zones. They design these areas to facilitate impromptu meetings, brainstorming sessions and casual interactions among members. The collaboration zones manifest in cosy crannies, open lounge spaces and creative breakout rooms that inspire innovation and networking.

- **Customisable Workspaces**

  Personalisation is becoming increasingly apparent in coworking spaces. Members look for the ability to customise their workspaces to suit their needs and preferences. In response, some coworking spaces offer modular furniture, adjustable desks, and adaptable layouts that can be tailored to individual workstyles.

- **Inclusivity and Diversity**
  Diversity and inclusivity have gained recognition as essential aspects of coworking. Many coworking spaces, therefore, actively promote inclusivity by creating welcoming environments for people of all backgrounds, abilities, and identities. Initiatives such as women-focused coworking spaces and diversity and inclusion programs have become more prevalent in the industry.

- **Blockchain and Cryptocurrency Integration**
  As blockchain technology and cryptocurrency gain prominence, some coworking spaces are integrating these solutions for secure access control, payment processing, and document management. Many coworking spaces provide an enabling environment for startups and entrepreneurs working on blockchain-related projects.

- **Membership Portability**
  Many coworking spaces offer membership portability. This means that members of one coworking space can access other locations within the same network, whether they are in the same city or elsewhere in the country. This flexibility allows professionals to work from various locations without the hassle of separate memberships.

In addition to these factors, other realities in Nigeria favour the development of coworking spaces. These include the rising office vacancy rates and heavy traffic congestion in major cities. Coworking offers a solution to traffic congestion by creating nodes of coworking spaces closer to residential areas so that companies can be drawn away from the central business districts to alleviate traffic, especially in high-population cities such as Abuja, Lagos, Port Harcourt and Kano.

As can be deduced from these trends, the coworking landscape in Nigeria is rapidly evolving in response to changing work dynamics. Whether someone is a remote worker, entrepreneur or freelancer, there is a coworking space that aligns with their needs and preferences. These exciting developments in the world of shared workspaces make coworking an integral part of the future of work.

User experience is another major factor in distinguishing coworking spaces. It is the overall experience, multitude of services and sense of community coworking spaces offer that make them more attractive. Hence coworking spaces must place considerable emphasis on good customer service and the quality of experience for their members.

Amid rising unemployment rates and the decreasing availability and desirability of firm-based careers, knowledge workers are forced to become lone eagles and seek asylum in coworking spaces. Put differently, coworking encourages disembedded workers to buy back access to office resources, including the workplace community, from which they may have been dispossessed.

The recurring punters of coworking spaces are usually self-employed creatives, startups, MSMEs, employees, consultants, freelancers and contractors. Nowadays, the coworking phenomenon has expanded to include professionals from trades as diverse as hair stylists, beauticians, artisans and many others.

Hair and beauty coworking locations are significantly growing in numbers across Nigeria. Instead of renting a chair or getting hired at a traditional salon, professionals in this sector are embracing hair and beauty coworking spaces. This offers the benefits of working in a professional environment on a freelancer's schedule, without the hassle of travelling to clients' homes, starting their salons or working for someone else.

Hair and beauty coworking must also provide the benefit of sharing equipment, communal spaces, expert advice, a single front desk, booking systems and various networking opportunities.

CHAPTER FOUR

The proposed Coworking Framework leans sturdily on the Harvard Business Review which establishes the characteristics of a collaborative workspace and Maslow's Hierarchy of Needs[61] which outlines both the basic needs of human beings as well as the order in which they need to be satisfied. The Framework also received nuggets of impetus from the Coworking Manifesto.

4.0   The Hierarchy of Needs

Successful coworking spaces will be those that factor into their service offerings, the importance of meeting the hierarchy of needs that underpin members' desire for a satisfactory work life and workstyle.

These needs come in three distinct aspects which are physiological needs, psychological needs and self-fulfilment needs.

4.0.1 Physiological Needs

The physiological needs are the most essential. They pertain largely to requirements for personal comfort. In a coworking space, this entails the quality of the physical space itself.

A coworking space must have functional desks and comfortable chairs that are conducive to working for long hours. There should be good lighting, good air quality, healthy temperature, and clean bathrooms.

The space should be safe and secure for coworking members with access control, security cameras, well-established community rules and good staffing to assure members of their security while they are at the coworking space.

The coworking environment should have minimal distractions to allow for focus and concentration.

4.0.2 Psychological Needs

Humans need to feel a sense of belonging in larger circles including professional ones. Professional relationships can combat feelings of isolation and loneliness.

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[61] A positive theory of human motivation was first proposed by American psychologist Abraham Maslow in his foundational 1943 paper - A Theory of Human Motivation

Coworking members seek to be productive in their endeavours so that they can achieve their professional goals, and thereby receive respect and recognition for those accomplishments. Coworking spaces, therefore, ought to be intentional in building a community where friendships and professional relationships thrive.

Nonetheless, it is important to note that socialising, though important, must not be compulsory or forced. It should flow organically and at members' free will.

For instance, members are at liberty to go to the café or coffee point if they are interested in socialising or move to a quieter place in the coworking space to get some focused work done if they so desire.

4.0.3 Self-Fulfilment Needs

The self-actualisation or self-fulfilment needs drive the innate desire of most entrepreneurs to become members of a coworking space. Coworking spaces should, therefore, be structured to speak directly to this higher and largely imperceptible need of their members.

Meeting their self-fulfilment needs would entail coworking spaces creating the enabling infrastructure for professional growth by providing ample mentoring and training opportunities for members.

4.1 The Six Axes to Meet the Needs

Coworking spaces should offer an assured platform for members to maintain positive professional social connections that engender self-actualisation utilising the axes of Accessibility, Shared Means, Shared Energies, Proximity, Permission and Privacy.

The Framework asserts that the combination of a well-designed work environment and a well-curated work experience can lead to the effectiveness of a coworking space.

4.1.1 Accessibility

Accessibility, in the context of a coworking space, goes beyond the geographical proximity of the space to the members' residence. It encompasses the ease of entry and exit to the coworking space.

For instance, a space where coworkers can pay by the hour would be considered more accessible than a space that requires a membership of a minimum of one month.

In the same vein, a space that is open for 24 hours would be considered more accessible than one that has shorter opening hours. A space that provides door access codes or keys to its members is more accessible than one that does not.

4.1.2 Shared Means

Some kinds of work need specialised tools like sewing machines for tailors, 3D printers for technologists, dryers for hairstylists, etcetera. Coworking space members are highly interested in attending a shared workspace that gives them access to the tools they need. In a coworking space, specialised equipment can range from a barber's chair to a fully equipped workshop.

However, careful consideration ought to be paid to the level of equipment to avoid becoming too specialized as that may reduce the openness of the place and its ability to cross-skill.

4.1.3 Shared Energies

A coworking space should be designed to facilitate the unfettered dissemination of positive energies. It should be a place where ideas and skills are fertilised and cross-pollinated. One of the key tenets of the coworking space is that it avails members the physical place to pool their energies, skills and good ideas.

A coworking space attuned to pooling energies will gather different and complementary profiles and organize events, workshops and meetups that help members improve their projects. However, it is pertinent that members are not too solicited by their environment to be distracted from their core activities.

4.1.4 Proximity

Proximity in the contest of a coworking space is more about instilling trust and friendship between coworkers with an inherent goal of increasing the pooling of energies. It comes from sharing resources, working side by side with others, sharing joys and sorrows, and valuing serendipity.

Proximity can be achieved by including areas of friction in the space design, putting the coffee machines close to the printers, organising random parties, and allowing spontaneous events to happen.

4.1.5 Permission

In a permissive coworking space, members are free to bring their belongings to model their own spaces and propose new ideas and new events or invite new members. Such spaces are likely to be multifunctional - places adequate for working, socialising, playing or organising events. Such coworking spaces are bound to inspire creativity and innovation in members.

4.1.6 Privacy

Privacy does not only mean data security and confidentiality, although those are highly crucial. Privacy in this scenario includes isolated, calm and comfortable areas where members can escape when they want quiet away from the hustle and bubble of the coworking space. Coworking spaces need these types of areas.

Privacy can be achieved by minimising the members' throughput rate and establishing a higher degree of trust within the space. It is important, however, to find a balance as too much privacy can inhibit the friction and opportune instances within a space that are equally valuable for most members.

4.2 Integrating Coworking Spaces within Tertiary Institutions

Universities and polytechnics can dedicate a portion of their campuses to establishing a coworking space which will be available to students, local businesses and professionals alike.

The coworking spaces can be designed as vibrant, flexible, and resource-rich environments offering various workstations, such as open desks, private offices, meeting rooms, and informal lounge areas.

The coworking spaces should be equipped with high-speed internet, printing services, and modern office amenities. Students, startups, freelancers and other business professionals can work side by side in this integrated setting, creating a dynamic and collaborative atmosphere.

Regular seminars, workshops, and networking events can be hosted at the coworking spaces, inviting both the academia and business world to engage and learn from one another.

The integration of coworking spaces in tertiary institutions would deliver many benefits including the following.

4.2.1 Knowledge Sharing

The campus coworking spaces will foster mutual learning and mentorship. Students will gain practical insights from seasoned professionals, while businesses will tap into the latest academic research and youthful creativity.

4.2.2 Networking Opportunities

The coworking spaces will quickly become a networking hub where students, faculty, and business professionals can connect, potentially leading to internships, job placements, and collaborative projects.

4.2.3 Resource Optimisation

The host tertiary institution will be making efficient use of campus facilities that might otherwise be underutilised, while businesses gain access to a cost-effective and well-resourced working environment.

4.2.4 Innovation and Entrepreneurship

The campus coworking spaces can act as an incubator for student-led startups, providing them with the resources and mentorship needed to grow their ventures, and helping to foster an entrepreneurial spirit on campus.

4.2.5 Community Engagement

By inviting the business community into the campus, the institution strengthens its ties with the local community, which can lead to partnerships, sponsorships, and increased public support for the institution.

4.2.6 Interdisciplinary Collaboration

The campus coworking space will encourage collaboration across different fields of study and industries, sparking innovative ideas and solutions that might not occur in a more segregated setting.

4.2.7 Professional Development for Faculty

Faculty members can engage with industry professionals, stay abreast of current trends, and establish partnerships that can inform their teaching and research.

By integrating a coworking space within its campus, the university or polytechnic will enrich the learning experience for its students and position itself as a central hub of innovation, collaboration, and community engagement in the broader ecosystem.

4.3 Benefits to the University or Polytechnic

4.3.1 Cost Savings

Sharing facilities means shared operating costs, such as utilities, maintenance, and security, reducing the financial burden on the university.

4.3.2 Revenue Generation

The institution can lease space to the coworking entity, generating a new stream of income.

4.3.3 Enhanced Learning Environment

Students can benefit from real-world exposure, mentorship, and networking opportunities with professionals working in the coworking space.

4.3.4 Internship and Job Opportunities

Closer ties with businesses in the coworking space could lead to internships and job placements for students.

4.3.5 Innovation and Research Partnerships

Collaborations between academia and industry can result in joint research initiatives, grant opportunities, and innovation in various fields.

4.3.6 Community Engagement

The university becomes a central hub for local business and community activities, strengthening its ties with the surrounding area.

4.4 Benefits to the Coworking Space

4.4.1 Cost Savings
Sharing facilities with a university allows coworking spaces to reduce costs related to rent, utilities, and maintenance.

4.4.2 Access to Talent
Being located within a university or polytechnic provides direct access to a pool of talented students for internships or potential full-time hires.

4.4.3 Collaborative Opportunities
Coworking members will get the opportunity to collaborate with faculties and students on various projects, tapping into a wealth of knowledge and fresh ideas.

4.4.4 Access to Resources
Coworking members may gain access to the host institution's libraries, laboratories, conference spaces, and other resources, enhancing the value proposition of the coworking space.

4.4.5 Networking and Professional Development
Campus coworking spaces can benefit from the professional networks of the host institution's faculties and staff and can participate in or host joint seminars, workshops, and events.

4.4.6 Innovation and Entrepreneurship
The proximity to a university or polytechnic can create a stimulating environment for startups and entrepreneurs in the coworking space, potentially leading to new ventures and innovations.

4.5 The Shared Benefits

4.5.1 Sustainability
The shared use of facilities is inherently more sustainable, as it maximizes the use of space and resources, reducing the overall footprint of both the host institution and the coworking space.

4.5.2 Diverse Community

Shared spaces create a vibrant, diverse community where people of different professions, ages, and backgrounds can interact, fostering a rich and stimulating environment.

4.5.3 Enhanced Reputation:

The collaboration will boost the reputation of both the institution and the coworking space, showcasing them as forward-thinking, innovative, and community-oriented entities. Shared facilities between the host institution and the coworking space will create a mutually beneficial partnership where costs are reduced, resources are efficiently utilised, and both parties have the opportunity for revenue generation, networking, innovation and community engagement.

4.6   Financial Model for Coworking Spaces

On their own, coworking spaces do not make much money. Their sustainability is usually derived mainly from the wraparound services they offer. Coworking spaces are most successfully operated when managed as a brand with multiple locations and various peripheral services. The outcome of all decisions in the development of a coworking space is determined by the financial feasibility of its implementation.

4.6.1 Derisk Coworking Spaces

With the nature of work changing and more entrants in the coworking industry, operators need to derisk their coworking spaces to ensure the attraction and retention of coworking members, and still be financially profitable. This can be achieved by finding additional wraparound services for the coworking space.

4.6.2 Monetise Peripheral Services

Industry leaders in coworking spaces have numerous corporate partners, not entirely so for small/single-unit coworking spaces. For this category of coworking operators, getting industry partners is never as easy as with the big players in the industry. Thus, the problems arise where small coworking spaces are sometimes isolated and struggle to offer peripheral services to its members, who may also be struggling to be financially sustainable.

CHAPTER FIVE

5.0   Government Support for the Coworking Ecosystem

This study highlights some of the actions required of the government and other stakeholders to support the coworking ecosystem.   Constant monitoring and evaluation of the coworking topography will be necessary for the government to stay on top of the ever-evolving landscape and iterate the policy approaches needed to address gaps or hurdles as they arise.

As the ecosystem grows and evolves into more maturity, new needs will emerge and other specific policy recommendations may be more applicable.

Figure 71: Recommended government interventions

	Intervention	Expected Outcome
1.	**Strengthen coordination mechanisms and ecosystem support programs for stakeholders**	Strengthening the coworking ecosystem will increase the effectiveness of operators in the sector. The coordination mechanisms should be anchored on multi-stakeholder participation involving the relevant agencies of government, the private sector and the tech community.
2.	**Increase the absorption of diaspora talent into the coworking ecosystem as entrepreneurs or capacity builders**	Diaspora talent and know-how can expedite the development of the coworking ecosystem beyond its growing stage. Specific programs should be developed to attract diaspora talent and connect it to the ecosystem. Public-private partnership (PPP) schemes can be used as the pipeline to achieve this.
3.	**Expand practical education in universities**	Business skills training for university students to address the gap in business acumen. These programs can include the less-educated population by providing a basic set of skills connected to the needs of the coworking ecosystem.

| 4. | Increase the capability of incumbent operators; offer training and capacity-building programs that draw from international talent | Programs that can achieve this goal range from government-funded events to community spaces with international talent and partners. Such programs in essence will invite high-skilled international talent to conduct their ventures' initial stages in Nigeria to ensure knowledge spillovers between them and the indigenous entrepreneurs.

The international entrepreneurs can be collocated in coworking spaces with indigenous entrepreneurs with a requirement that they provide capacity-building and workshops for indigenous entrepreneurs. |
|---|---|---|
| 5. | Assess the quality of startup funding | The government can incentivise private sector funding to trigger an influx of seed investment to the coworking ecosystem. This will result in wide availability of funding for early-stage ventures and reduce the crowd-out effect in private sector-led investment. The government can play a strong role in providing high-risk no-return capital to startups (i.e., grants), which will address the pre-seed and seed-stage gap and mitigate risk for investors.

Startup equity investment may require organisations to invest a certain percentage of their capital in coworking support as part of their corporate social responsibility. Schemes under the program can provide community spaces and support accelerators to enhance their capacity to provide higher-quality mentorship and training to startup ventures. |

6.	**Address process constraints**	This can be done through policy reforms that raise the ease of doing business. Multiple taxes, multifarious task forces and tedious registration processes should be removed altogether.
7.	**Improve the current regulatory environment**	The government can take steps to improve the current regulatory environment for doing business to help startups and investors alike. The government can do more to improve the environment for local venture capital funds. Aside from working on the right regulations for small businesses, the government can also look into developing co-investing opportunities with venture capital funds to ensure that early-stage capital is accessible for micro, small and medium-scale enterprises.
8.	**Increase the overall funnel of women-led companies**	The government can iterate on the current business environment to make it more flexible and cost-effective to increase the overall funnel of women-led companies by encouraging incubators and accelerators to actively seek more female founders for their programs. The government should provide more hands-on support to women-led companies at the early stage and improve their access to investors operating at the post-seed stage.
9.	**Improve the quality of angels by providing angel investor education**	Finally, intermediaries, specifically, incubators and accelerators must improve the overall quality of support provided to startups via a more tailored curriculum, mentor matchmaking, and industry-specific expertise.

5.1 Options to Expand Business Incubation Acceleration in Nigeria

The policy options for furthering best practices in technical business incubation in Nigeria include the following.

5.1.1 Research & Development

There must be a galvanised effort to intensify Science and Technology and Research and Development initiatives towards strengthening the national innovation system. There should be an increase in the proportion of R&D expenditure to GDP which is currently low in Nigeria. There should be a deliberate effort to boost the critical mass of R&D personnel in public and private organisations to innovate and produce new technology.

5.1.2 Re-examination of the Technology Incubation Program

The government must conduct a reassessment of the technology incubation program to ensure that it is focused on technology-value-added products and services. Emphasis should be placed on the development of R&D results and their commercialisation, development of indigenous technologies, driving up startup rates for technological-oriented enterprises, promoting indigenous technology clusters, and commercialising the technologies from research institutes and higher institutions of learning.

5.1.3 Financial System Reform

The government should reform the financial system to provide appropriate and alternate types of financing to promote technology-intensive SMEs. The venture capital industry must be incentivised to play a more active role in the promotion of technology-based ventures. A Federal Government Technology Fund needs to be established to directly provide funds to tech startups on a revolving basis.

5.1.4 Restructure the TBIs

The operations, management and supervision of the Technology Business Incubators should receive a root and branch restructuring for effective service delivery through decentralised coordination; development of operational guidelines; appointment of capable staff; adequate funding; establishment of new TBIs; and facilitation of innovation development centres to complement the TBIs.

5.1.5 Knowledge-enabling Industries

The government in conjunction with industry stakeholders should pool efforts together to create knowledge-enabling industries, particularly in the area of ICT by formulating technology and innovation management programs to accelerate the participation of startups and SMEs in technology-intensive activities.

5.1.6 Accelerate the Development of Critical Infrastructure

The government should facilitate business support services in the areas of entrepreneurship training, business advice, financial support, technology support, patent services, access to patent information in the public domain, technical support in the commercialisation process and technology advisory services.

5.1.7 Invigorate Public-Private Partnership (PPP)

The government can tap into the acumen of the private sector by utilising public-private partnerships to manage the TBIs. The private sector should be incentivised to bring its catalytic and leadership shrewdness to the establishment and running of technology incubators.

5.1.8 Strengthen Networking among Stakeholders

To improve the quality of services, strong formal linkages with knowledge institutions both within and outside Nigeria should be encouraged. The international agencies could facilitate technical capacity building among TBIs and also promote technological partnerships at the firm and institutional levels.

These recommendations address some of the actions required to support the coworking ecosystem, they are by no means exhaustive. Constant monitoring and evaluation of the ecosystem will be necessary for policymakers to stay on top of the situation and iterate the policy approaches as needed to address new upcoming gaps or growth hurdles as they arise.

As the ecosystem grows and evolves into more maturity, new needs will emerge and other specific policy recommendations may become applicable including the following.

1. Strengthen coordination mechanisms and ecosystem support programs for stakeholders. Strengthening the coworking ecosystem will increase the effectiveness of operators in the sector. The coordination mechanisms should be anchored on multi-stakeholder participation involving the relevant agencies of government, the private sector and the tech NGOs. The coordination mechanisms

should be anchored on multi-stakeholder participation involving the relevant agencies of government, the private sector and the tech NGOs.

2. Increase the absorption of diaspora talent into the ecosystem as mentors, entrepreneurs, or capacity builders. Diaspora talent and know-how can expedite the development of the coworking ecosystem beyond its growing stage. Specific programs should be developed to attract diaspora talent and connect it to the ecosystem. Public-private partnership (PPP) schemes can be used as the pipeline to achieve this.

3. Expand practical education in universities through rapid skills training and public education programs to catalyse practical education programs for university students and address part of the gap in business acumen. These programs can include the less-educated population by providing a basic set of skills connected to the ecosystem's needs.

Startup equity investment or indirect startup support entities require organisations to invest up to 3% of their capital in coworking support entities as part of their corporate social responsibility (CSR). Schemes under the program can provide community spaces and support accelerators to enhance their capacity to provide higher-quality mentorship and training to startup ventures.

4. Increase the capability of mentors and accelerators through training and capacity-building programs that draw from international talent. Programs that can achieve this goal range from acceleration-funded events, community spaces and so on with international talent and partners. Such programs in essence will invite high-skilled international talent to conduct their ventures' initial stages in Nigeria to ensure knowledge spillovers between international talent and domestic entrepreneurs. The international entrepreneurs can be collocated in a coworking space with indigenous entrepreneurs with a requirement that they provide capacity-building and workshops on entrepreneurship and technical skills for domestic entrepreneurs.

5. Assess the quality of startup funding and incentivise private sector funding to trigger an influx of seed investment to the ecosystem. This should result in wide availability of funding for early-stage ventures and reduce the crowd-out effect in private sector-led investment.

5. Address process constraints through policy reforms that raise the ease of doing business. Multiple taxes, multifarious taskforces, lengthy and tedious registration processes etc.

These recommendations include steps to improve the current regulatory environment for doing business to help startups and investors alike. The government can do more to improve the environment for local venture capital funds.

The government can iterate on the current Startup Bill to make it more flexible and cost-effective for venture capital funds to set up inside the country and run their operations more seamlessly.

Aside from working on the right regulations for startups, the government can also look into developing co-investing opportunities with venture capital funds, and ensure that early-stage capital is available for startups to access.

The government can improve the quality of angels, particularly first-time investors by providing angel investor education to help professionalise this landscape and equip these players with the right tools to be better partners with the entrepreneurs they invest in.

There is also a need to increase the overall funnel of women-led companies by encouraging incubators and accelerators to actively seek more female founders for their programs or providing more hands-on support to women-led companies at the early stage and improving their access to investors operating post-seed stage.

Finally, intermediaries, specifically, incubators and accelerators should improve the overall quality of support provided to startups via a more tailored curriculum, mentor matchmaking, and industry-specific expertise.

5.2   Options to Expand Business Incubation Adoption in Nigeria

Thus, some of the policy options for furthering the best practice of technical business incubation in Nigeria include the following.

- o Intensify science & technology and research & development initiatives towards strengthening the national innovation system. Increase the proportion of R&D expenditure to GDP which is currently low in Nigeria.

Boost the critical mass of R&D personnel in public and private organisations to innovate and produce new technology.

o Re-examine the concept of technology incubation to ensure that the program is focused on technology-value-added products and services. Emphasis should be placed on the development of R&D results and their commercialisation, development of indigenous technologies, driving up startup rates for technological-oriented enterprises, promoting indigenous technology clusters, and commercialising the technologies from research institutes and higher institutions of learning.

o Reform the financial systems to provide appropriate and alternate types of financing to promote technology-intensive SMEs. The venture capital industry has yet to play an active role in the promotion of technology-based ventures. A Federal Government Technology Fund needs to be established to directly provide funds to tech startups on a revolving basis.

o Restructure the operations, management and supervision of TBIs for effective service delivery through central coordination; development of operational guidelines; appointment of capable staff; adequate funding; establishment of new TBIs; and facilitation of innovation development centres to complement the TBIs.

o Create knowledge-enabling industries particularly in the area of ICT by formulating technology and innovation management programs to accelerate the participation of startups and SMEs in technology-intensive activities.

o Accelerate the development of critical infrastructure.

o Provide business support services in the areas of entrepreneur training, business advice, financial support and technology support, patent services; access to patent information in the public domain; technical support in the commercialisation process; and technology advisory services.

o Enhance public-private partnership (PPP) for establishing and managing TBIs. The public sector should be incentivised to bring its catalytic and leadership functions to the establishment and running of technology incubators.

Strengthen networking among the stakeholders to improve the quality of services. Strong formal linkages with knowledge institutions both within and outside Nigeria should be encouraged. The international agencies could facilitate technical capacity building among TBIs and also promote technological partnerships at the firm and institutional levels.

The government can play a strong role in providing high-risk no-return capital to startups (i.e., grants), similar to what was done by Ignite, which can help address the pre-seed and seed-stage gap and mitigate risk for investors.

Figure 72: Policy Recommendations to Strengthen the Ecosystem

Ecosystem Area	Policy Recommendation	Objective
Community	Strengthen coordination mechanism and ecosystem support program with stakeholders Increase absorption of diaspora talent by the ecosystem through public private partnerships	Expand cluster connectivity, coordinate private and public action and increase density of connections among all stakeholders Expand ecosystem community to include international connectivity
Skills	Expand practical education in universities through rapid skills training programs and include the less-educated in the programs	Address practical business acumen gaps, provide pipeline of talent for startups to scale, and include lower income, less-educated population
Support	Increase capacity building of mentors in accelerators and attract international talent as mentors, entrepreneurs or capacity builders to the ecosystem	Address lack of sufficient number of quality mentors and strengthen support services
Funding	Address potential bubble of startups and distortion of investment market, and ensure sustainability of funding	Assess quality of startup funding
Constraints	Address processes constraints (for example, access to loans and funding)	Reduce constraints for startups incorporation and operationalization

CHAPTER SIX

6.0   Conclusion

The study submits that coworking spaces are especially beneficial for indigenous and nascent entrepreneurs and provides clear indications of patterns in coworking spaces that should guide prospective coworking space operators and incumbent operators.

The study will aid entrepreneurs new to the coworking landscape to understand the empirical context in which to frame their investment and entrepreneurial efforts.

The Nigerian Communications Commission can leverage the recommendations and suggestions in the study to galvanise other policymakers and stakeholders to develop a coherent roadmap for the coworking landscape.

The study presents perspectives that had not been available hitherto but which can assist in the design of new programs, policies and interventions for the coworking space industry.

Leveraging the study, large organisations can reverse-engineer their conventional offices into coworking spaces to allow startups and early-stage entrepreneurs to work there alongside their workforce to spur community and innovation.

Companies looking to enable more connections or help their workers interact and build community beyond work meetings have the opportunity to tap into the recommendations and suggestions encapsulated in this study for guidance.

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