

Self Informed

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NASE Member Julie Yoder

COWORKING—

The Office of the Future (NOW)



By Sallie S. Hyman

Currently, over 14.5 million people in the U.S. are self-employed. The Bureau of Labor Statistics estimates that by 2020, about 65 million Americans—almost 40 percent of the workforce—will be employed as freelancers, independent contractors, or entrepreneurs. Many will be running businesses from their homes.

But what happens when you need to meet with an important client? Do you end up at the local coffee shop? How about when it would be good to bounce an idea off of another person to get a fresh opinion? Is working alone starting to test your sanity? The answer to these problems can be found in coworking.

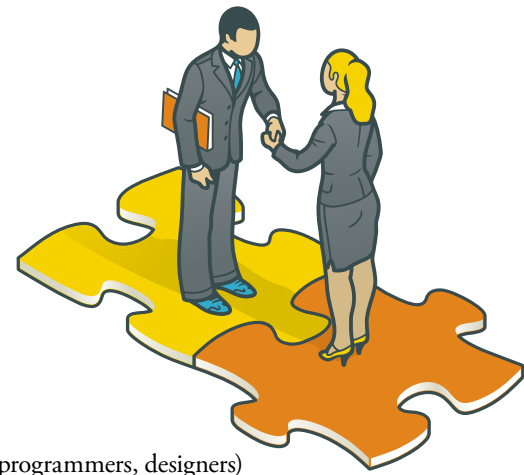
WHAT IS COWORKING?

Coworking can be defined simply as working in shared office space that fits your business needs. The idea of coworking began as early as the 1950s when “business incubators” were created that let multiple small and medium sized businesses work within the same space.

The present-day model of coworking began around 2005 in Silicon Valley. Brad Neuberg, a software programmer is credited with coining the term “coworking.” After leaving his job to become a freelancer, Neuberg tired of the isolation and created a work space named Spiral Muse and posted for like-minded workers to join him in his “coworking space.”

The definition has become more complex over time. Nina Pöhler, who wrote her thesis on coworking at the Vienna University for Business Administration

Being around other entrepreneurs will help to stimulate creativity and provide camaraderie.



and Economics, recently tried to define coworking and came up with the definition:

“Every workspace with flexible structures that is designed for and by people with atypical, new types of work that is not exclusively for people from one certain company.”

WHO IS COWORKING?

More than 100,000 people are now coworking.

Although coworking may have its origins in the realm of the techy startup, entrepreneur world, coworking can work for every type of business. Freelancers, startups, traveling corporate employees, and anyone needing the amenities of an office are turning to coworking spaces for the solution.

Entrepreneurs are the first group that comes to mind. These workers are often using home offices and working in isolation. Coworking spaces give them the professional work environment free from kids, pets, and household chores that can stifle productivity and creativity.

It also provides a place to meet with clients, as most coworking spaces have conference rooms. Being around other entrepreneurs will help to stimulate creativity and provide camaraderie. Julie Yoder, Founder and Instructor at The English Teacher Collective, based in Washington, DC, was feeling isolated and knew it was time to move her business out of the house and into a more professional setting. After acquiring an associate, she moved into a more accessible office space.

Startups are also using coworking spaces. These groups can find enough work space without having to take on expensive office rentals. It is also a great place to find and recruit new talent and network.

Believe it or not, big businesses are also using coworking spaces. These spaces

allow corporations to test new markets with relatively little risk. Human resource departments are also examining the way people work in these spaces in order to improve employee satisfaction in traditional offices. Corporations also offer coworking options for employees who travel and for those who may prefer some flexibility in their work schedule and environment.

THE BENEFITS OF COWORKING

According to Deskmag’s (an online magazine devoted to coworking) annual Global Coworking Survey, the benefits of coworking are impressive. Seventy-one percent of participants reported a boost in creativity since joining a coworking space, while 62 percent said their standard of work had improved.

Deskmag also found that 90 percent of coworkers got a boost to their self-confidence, likely due to the supportive, collaborative communities sparked by coworking. Other benefits reported by those surveyed included:

- 93 percent said their social circle had increased significantly.
- 86 percent said their business network had grown.
- 88 percent said their isolation had decreased.

Survey results showed that respondents had made an average of 3.6 new meaningful acquaintances over two months time. In addition, over one third of coworkers surveyed confirmed that their income increased since joining a coworking facility. Yoder agrees with these benefits and feels more motivated and productive when working at her coworking office.

One of the most important elements of coworking is the community it builds. Coworking spaces may cater to one type of industry (architects, computer

programmers, designers) or may be a mix of every imaginable type, but they all build a sense of community of independent thinkers. Having people with different skill sets, ideas, and innovation stirs creativity within all of the members.

The networking possibilities are endless. It was this community idea that brought Susana Rinderle of Susana Rinderle Consulting in Albuquerque, New Mexico to the coworking scene. A self-professed introvert, Rinderle is happy to work at home. She finds the coworking space too noisy to work in, but was drawn to the networking she found in the space she uses.

Instead of working there, she attends the educational and networking events. There is a great sense of community and collaboration. “I had the desire to be around bright, sunny, positive people,” says Rinderle. One unique feature is the “pay it forward wall” where members can barter services. Coworking communities are not only a place to incubate ideas, but can also serve as a place to meet investors or to find the latest greatest startup in which to invest as well.

Coworking also allows flexibility of work schedules that is important for many workers. A recent survey conducted by MindMetre found that 64 percent of U.S. employees are happier with their jobs today than they were two years ago because of the increased flexibility and shift towards a clearer work/life balance. Research also shows that flexible workers experience lower levels of work-related stress and higher levels of work satisfaction. All these benefits are found in coworking.

Many coworking spaces also offer social networking events and free classes as well, further broadening their value. Yoder has given business talks at her office and says, “Giving back makes it feel like a community.”



COWORKING SPACES

As of 2012, there were over 1,200 coworking spaces worldwide with more opening each day. The basic breakdown of any coworking space is that it provides a work area (either a desk, a cubicle, or a closed office space), electricity for electronic devices, WiFi service, basic business equipment (printer, fax, copier), often a conference room, and almost universally, coffee.

Spaces may try to differentiate themselves by adding additional amenities. Some have lounges with pool tables, televisions, and video games. Others have gym equipment or band instruments for people to jam with. One coworking space aimed for women only has a spa-like décor and offers weekly massages. Each space has its own vibe and those who have done research on them say that you need to try out a few spaces in your local area to find the one that suits you best.

Companies such as [Sharedesk.net](#) and [Deskhero.com](#) can help to connect you to a coworking space. Yoder suggests if possible that you try out the space for a day to see if it is a good match for your needs. She tried out several spaces before finding the one that fit. After a day in the space she said, “Intuitively I knew it would work. This is a space for work, but also for a little play.”

These spaces are a great place to work for many people because most can be accessed 24 hours per day. This means that you can work around the times that you are most productive, not just on a 9-5 schedule. Mark Dixon, CEO of Regus, the world’s largest provider of flexible work spaces, says, “The future of work should not be dictated by space or place, but by the individual and the tasks that he or she has to deliver. Many employees are now measured by output and productivity, and not just 40 hours spent sitting at a desk.” Dixon believes

If You Build It, They Will Come: Creating the Coworking Space

Mary McCarthy, founder of the [Women’s Small Business Accelerator \(WSBA\)](#) in Westerville, Ohio saw the growing trend in coworking spaces. But what she saw were coworking spaces designed mainly for those who worked in the information technology industries. These were great spaces, but catered to a very narrow segment of the working population.

As a business consultant who focused on dealing with start-up and struggling businesses, mainly woman-owned, McCarthy saw a need for a collaborative space designed for women entrepreneurs. Her years of working with local women’s groups in the area also helped to confirm the need for spaces where women could work and find the resources they needed to be successful.

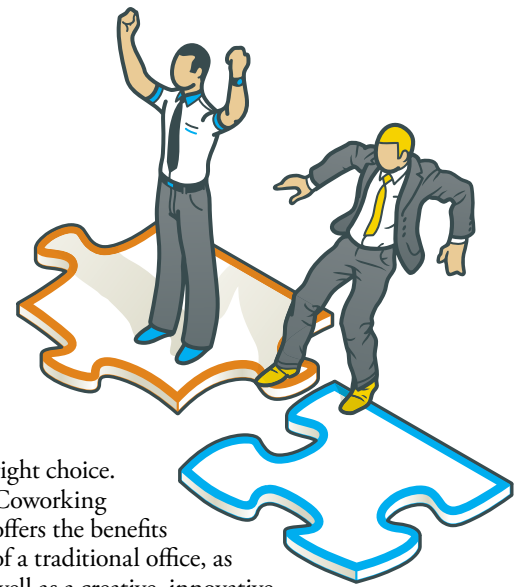
The Women’s Small Business Accelerator is an incubator program for women business owners. Women make up the majority of solo-preneurs, usually working out of their homes. This is often because they are trying to run a business while also running a family and a household. A sad fact of trying to juggle all of this is that woman-owned businesses have a higher failure rate and women earn less compared to their male counterparts. A lot of this has to do with assumptions and attitudes that women just don’t do as well in business.

McCarthy created WSBA to give resources for women who want to be more successful. Launched in October 2012, the coworking space is already at 90 percent capacity. Each member has her own office, a shared conference room, and shared outdoor space. The office is a place where businesswomen can talk to others in a community and feel more connected. There are like-minded people to bounce ideas off of and it also is a place where women can access a greater network of people.

A unique aspect to the WSBA is their intensive mentoring model. Members enjoy the benefit (and hard work) of a six-month educational program to get them on the right path towards success. “We don’t care where you’re at, we’re going to get you to where you need to be,” says McCarthy of the course that includes 66 hours of classroom time. There are also monthly facilitated peer-to-peer roundtable discussions. The WSBA plans to launch a mentor match program in 2014 where successful women who want to give back will share their time and knowledge with members.

The goal of most coworking spaces is to provide a productive, collaborative, creative environment in which to grow businesses. The WSBA fulfills those needs and is a place where women can gain the confidence to go further.

Coworking offers the benefits of a traditional office, as well as a creative, innovative atmosphere in which new business ideas can thrive.



that there is a different expectation of when and where work should happen and that these coworking spaces fill those expectations.

Most coworking spaces have a daily, weekly, or monthly fee. At first this may seem like a burdensome expense, since your home office is “free.” But is it really? A home office requires additional electricity, water, heat/air conditioning, and office equipment. If you work from a coffee shop, there is the “coffee and

sandwich” rent, the obligatory purchases required to keep café owners happy while you work there. Deskmag calculated the cost of buying several cups of coffee every day, and found that membership in a coworking space is usually a less expensive option.

For individuals who need a more professional environment in which to meet clients, to get into the “work” mode, or to network with like-minded entrepreneurs, coworking may be the

right choice.

Coworking offers the benefits of a traditional office, as well as a creative, innovative atmosphere in which new business ideas can thrive. With so many different spaces available, there is sure to be one that fits your needs. ■

Sallie Hyman writes on small business issues and owns and operates her own small business in Purcellville, Virginia.



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Ask The Experts

Q: *I am in the process of setting up an LLC. I live in New York City and my business partner lives in Virginia. Our business is media content—essentially developing, packaging and selling television, web and book content to publishers and studios. We are not selling retail goods, but rather offering intellectual property to companies that need content and we will take a percentage of the deals, be it a percentage of the advance and/or the royalties. Is this the most advantageous approach?*

A: Filing as an LLC versus a corporation is not simple to answer without additional information. My first comment is that with very few exceptions, I would not operate any business as a bare sole proprietor or general partnership. I would want to set up either an LLC or a corporation. Which of these entities might be best for you comes down to a tax question and some number crunching.

The most common reason business owners want a legal structure is to protect themselves in case the business has financial or legal problems. But, a legal structure by itself may not protect from personal liability. Misconception #1 is that a legal structure builds a separate protective entity from the principals, unlike a partnership. The problem with this misconception is that you cannot circumvent liability for your personal actions.

To explain this a little more, consider a landscaping business that has three employees. If an employee injures or causes damages to a customer it's almost assured the business will get sued. If the employee who was responsible happens to also be an owner of the business (even if it is an LLC or a corporation) it is likely that the individual will be named in the suit and be liable for their actions. However, if the damages were caused by a non-owner employee or contractor, the business might have liability, but the owners would not likely have personal liability for damages.

A reason to consider a corporation is to take advantage of tax benefits afforded a corporation. I only mention the corporation here because an LLC is not a tax entity. While in most situations businesses can decrease their taxes by incorporating, the question

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is, “will the tax dollars saved be greater than the costs of a corporation?” It's important to consider the ongoing expenses for a corporation such as higher accounting fees, state income or franchise taxes, legal expenses, and administrative demands. These ongoing costs could wipe out any tax savings from incorporating.

When considering the best option for a legal and tax structure, there is no way anyone can say the “s” or the regular “c” corporation or an LLC is the best option without having an intimate understanding of the business finances. In simple terms, anyone suggesting you choose a legal structure without knowing your finances, either doesn't know what they're talking about or has been gazing into a crystal ball. In either case, taking their advice is a mistake!

As a general rule—and I do emphasize general—if the taxable profits in a business is over \$25,000 there is the possibility that a corporation might have some tax-saving advantages. Under \$25,000 and the LLC would likely be a better option. However, I want to emphasize again, nobody can make a credible suggestion without doing the number crunching first.

Gene Fairbrother, Business Strategy Expert ■

Member Spotlight

Collective Success

Julie Yoder has forged a path to collaborative success with her company, The English Teacher Collective.

Tell us about your business.

We provide customized English language courses for international professionals and families living, working, or studying in the Washington, D.C. metro area. We specialize in private tutorials for adults, young adults and children in need of extra support and an individualized approach to language learning.

How did you get started?

I started developing the concept for the service in 2006 when I was working in the public school system. I had already been teaching English as a Second Language since 1996. I had a long-standing hunch that self-employment was the best fit for me and was forced into finding a way to support myself after suffering burnout.

“Perhaps the biggest challenge was learning how the business cycle would play out and using the cyclical down times to focus on other parts of the business.”

What’s your favorite thing about your business?

Our close relationships with our clients. Since we work primarily with people one-on-one, we get to know them really well, which helps us tremendously when creating a specialized language improvement plan for them.

What’s the best thing about owning your own business?

The flexibility, by far. When I was teaching public school I had some degree of autonomy and flexibility in how I performed my job, but it doesn’t even approach the flexibility I have now.



Member Spotlight

How do you market your business?

We have been around long enough to generate business from referrals, but we also pay close attention to our web presence. We have a blog on our web site that we update periodically to drive web traffic, and the web site is linked to the company Facebook page, which is updated daily. I'd say almost all of the non-referral clients we get come through the contact form on our web site, although we have occasionally gained clients from putting up flyers in coffee shops near universities.

What advice would you offer to your fellow NASE Members?

Listen carefully to your intuition and let it guide you. Some outside advice is helpful, particularly things like the technical steps of setting up a business. But in terms of your personal vision, most of the time the "experts" don't fully understand your unique situation or motivation for working for yourself. In our case, we want to maintain our close relationships with clients and preserve our flexibility while pursuing smart and sustainable growth. Moreover, we hold work-life balance as a high priority, so we don't want to jump into any new ventures that will take up all of our time.

What NASE benefits have you used?

Having dental and vision insurance again was very exciting! I've also had success with the prescription drug discount card. We are still exploring the NASE benefits for businesses, but we plan to utilize LegalZoom to update our contracts and other documents, and the printing services for our next round of promotional materials.

What challenges have you faced in your business?

Perhaps the biggest challenge was learning how the business cycle would play out and using the cyclical down times to focus on other parts of the business. We now know that our slow months are January and August and we can plan accordingly, going on vacation while our clients are also away, but saving for it in advance. But in the beginning it was nerve wracking and we spent a lot of energy worrying about whether or not the work would come again, and that was energy we could have put into other areas. Another challenge is how to set both fair and profitable pricing. Now that we are established, we no longer allow ourselves to be negotiated down in price, but it took a few instances of working for far too low a price to get there.

What's the coolest thing about your business?

The collaborative, collective nature of it. I believe in bringing in quality people and giving them the freedom to make decisions and influence the shaping of the business. I would much rather have this structure than to be the boss all the time.

What's the best thing about being self-employed?

Choosing the people you work with. I hear horror stories from so many friends who work in organizations about office politics and people they have to work with who cause a lot of stress. If we get a sense that someone is going to be a stressful client or just not a good fit, we can choose not to work with them. I feel very fortunate that so many interesting and accomplished people are attracted to our service, and it is a joy to work with them. ■

GET PUBLICITY FOR YOUR BUSINESS!

Your business could be featured in the *SelfInformed* Member Spotlight or another NASE publication. Let us know you'd like to be featured and tell us more about your business on our [Publicity Form](#).



NASE SUPPORTS DELAY IN THE INDIVIDUAL HEALTH INSURANCE MANDATE

By Katie Vlietstra

In July 2012, the National Association for the Self-Employed supported health care legislation that would delay the individual mandate for one calendar year. This delay would mirror the decision by the Obama Administration to delay the penalty for businesses with 50 or more employees, announced on July 2, 2012, offering parity for all of America's businesses, big and small.

The NASE for many months has been critical of the readiness of Exchanges, both state-operated and federally-facilitated. The reality is there is little information that would inform America's smallest businesses and their employees that purchase coverage in the individual health insurance market as to how they would comply with the coverage requirements within the new health care marketplaces.

As it stands, there is little to no information regarding participating insurance carriers and premium costs in Exchanges, further fueling the sentiment that the marketplaces will have significant challenges in educating and attracting consumers during the open enrollment process.

For the self-employed and micro-business community, the cost of health coverage is the deciding factor in whether they choose to purchase health insurance for themselves and their families, as well as provide a financial contribution to their employees for health costs. At present, our members find themselves in the unfortunate situation of being unable to plan for the expense of health insurance in 2014 due to the lack of information on health insurance premiums.

The NASE believes that a one-year delay of the individual coverage requirement would allow for a more thoughtful and robust education on the new requirements and options brought on by the implementation of the health reform law as well as the new enrollment process.

Health insurance coverage is one of the largest expenditures of America's smallest businesses and an economic decision for many that should be made based on accurate and timely information. We estimate that nearly 6.2 million self-employed business owners are currently without coverage, and their successful integration into the exchange marketplace is key to the overall success of ensuring all Americans can access affordable and comprehensive health insurance.

The Administration's efforts to rush the launch of the Exchanges and require coverage in 2014 is short-sighted and will ultimately lead to the failure of the key tenants of the Affordable Care Act, negatively impacting small business and our nation's economy.

We believe that a delay of the individual coverage requirement would provide much-needed time for the Department of Health and Human Services, the Department of Treasury, and state governments to launch their Exchange marketplaces effectively, allowing America's smallest businesses and their employees the time to make the right decision for them, without penalty. ■

We estimate that nearly 6.2 million self-employed business owners are currently without coverage.

Katie Vlietstra is the NASE Director of Government Affairs and provides critical insight to policymakers on issues affecting our nation's self-employed. You can contact her at advocacy@NASE.org.