MASTER'S THESIS

**CULTURE AND ARTS** 

LEADERSHIP AND SERVICE DESIGN

2017

# CENTRE OF CULTURE AND BUSINESS IN SALO

- TRANSFORMATION OF AN OLD GRANARY AND MILL BUILDING -



MASTER'S THESIS | ABSTRACT

TURKU UNIVERSITY OF APPLIED SCIENCES

Leadership & Service Design 2017 | 91 + Appendices

Eevastiina Rindell

CENTRE OF CULTURE AND BUSINESS IN SALO

- TRANSFORMATION OF AN OLD GRANARY AND MILL BUILDING

The purpose of this thesis was to create a credible plan of how the new activities in Viljavarasto centre can give enough revenue stream. The revenue stream has to cover the costs of renovation loan, up keeping as well as make profit to the owners. This plan will be used to acquire capital from investors. The reasons to attempt this are the desire to save the grand old building in central Salo, offer functional working environments for local microentrepreneurs and help them grow and improve the image of Salo.

The Nokia mobile phone development centre and assembly plant has attracted plenty of educated, talented professionals to the area. The factory was shut department by department during 2009 - 2016 and direct and related redundancies were over 6000 people. On the other hand, there are over 5000 companies in Salo, of which one out of three established within the last five years. A large number of the new companies are run by one or a few people.

Cowork centres are a contemporary trend. Offering workspace with supporting facilitation as a service is one example of businesses that have evolved from the scratch during the last few decades. Currently so many of them are succeeding and there are centres to benchmark from.

Old industrial buildings are renovated into new use all over Finland, their value and functionality has been newly found. The town of Salo is not planning any renovations to the mill building, but it is protected in the city plan drawings.

There is a realistic chance to start a profitable cowork centre in this old granary building and this will also lease new life to the building. Plans and calculations will now be turned into marketing material in order to obtain funding.

KEYWORDS: Service design, design thinking, city design, cowork, co-work, coworking, urban landscape, endogenic activity, soloentrepreur

# Table of contents

	Glossary	5
	List of figures, pictures, references and appendices	6
1.	Introduction	. 10
	1.1 Viljavarasto, an old granary and mill building in centre of Salo	. 11
	1.2 Interiors of the building	. 13
	1.3 Current status of the granary and mill building	. 14
	1.4 Pro Viljavarasto association	. 18
	1.5 The operating environment	. 19
2.	Assignment	. 20
	2.1 The aim	. 21
	2.2 The research question	. 22
	2.3 Problem area	. 23
	2.4 Timetable	. 24
	2.5 Frame of reference	. 27
3.	Research methods	. 28
	3.1 Benchmarking	. 29
	3.2 Research by interviews	. 30
	3.3 Analysis	. 31
4.	Phenomenon	. 32
	4.1 Renovating buildings into different use	. 33
	4.2 Cowork	. 37
	4.3 Cowork centres in Finland	. 39
	4.4 Running cowork centres as a multinational business	. 46
	4.5 Analysis of benchmarking	. 48
	4.6 Interviews	. 52
	4.7 SWOT	. 65
	4.8 Business model canvas	. 66
	4.9 Demand of the service	. 67
5.	Design	. 69
	5.1 Ideation	. 70
	5.2 Personas	73

5.3 Stakeholder map	
5.4 Operating model of Viljavarasto cowork centre	76
5.5 Customer journey map	82
5.6 Service blueprint	
5.7 Prototype	85
5.8 Calculations	86
6. Conclusion	89
6.1 The timely action	90
6.2 Future actions	92
Sources	93
Annendices	

# GLOSSARY

Cowork Coworking is a style of work that involves a shared working environment.

Traditionally those working in an open office are all employed by one company. In coworking space the members are usually not employed by the same organization.

(MotherJones 2017.)

Dedicated desk Desk in cowork centre, which is in private use of the member who rents it. (WeWork

2017.)

ELY "Centre for Economic Development, Transport and the Environment" Finnish

organization, responsible for the regional implementation and development tasks of the

central government. (ELY documents, 2017.)

Facilitation From French word "facil", easy. The facilitator is someone who helps the organization

to do something more easily or find the answer to a problem, by discussing things and

suggesting ways of doing things: (Cambridge dictionary 2017.)

Hot-desk Shared desk for employees of a company or members of cowork community. A worker

can take any vacant seat in hot-desk area of the centre. (WeWork 2017.)

Sharing economy Form of alternative ownership and/or usage by end-consumers, peer-to-peer sharing in

business-to-business relationships and the activities of civil society actors and

government entities. (Heinrichs 2013.)

Solo entrepreneur A professional who chooses to go into business by themselves ("go solo"), collaborate

with others, grow their business without boundaries. Although many solo entrepreneurs do not have employees, some may have up to five employees.

(Zwierzynski, 2007.)

# LIST OF FIGURES, PICTURES, REFERENCES AND APPENDICES

# **Figures**

Figure 1. Frame of reference

Figure 2: Double diamond diagram by Dan Nassler acquired 24th February.2017

Figure 3: Timetable in "Double diamond" graph.

Figure 4, SWOT

Figure 5, Business model canvas

Figure 6: Rough massing of how much space the office rooms takes and how many hot-desks can be fitted in around rooms

Figure 8: Stakeholder map

Figure 9: Customer journey map

Figure 10: Customer journey map 2, evolving membership

Figure 11. The added value the facilitator can give to Viljavarasto cowork centre members

# **Tables**

- Table 1. Frame of reference
- Table 2. The desired services in the survey concerning the future use of Viljavarasto building Q-tutkimus 2016
- Table 3, Analysis of benchmarking
- Table 4, The change in the ways of 15–64-year old workforce working during 2000 and 2010. Tilastokeskus 2011.
- Table 5, Personas
- Table 6, Services to the introduces personas
- Table 7, Service blueprint
- Table 8, Benchmarks for pricing are in the appendices
- Table 9, Cost calculation

#### **Pictures**

- Picture 1: The granary and mill building seen from the railway platform direction.
- Picture 2: The Viljavarasto building and surrounding area seen from above, (Goole earth 3D).
- Picture 3: Sectional view, original architect drawings, architect unknown. Salo town archive.
- Picture 4: The attic of mill building.
- Picture 5: Interior of the mill side building.
- Picture 6: Salo Art museum Veturitalli.
- Picture 7: Map of central Salo with markings of planned cultural corridor distinctive buildings (Salo brochure 2011).
- Picture 8: Detail of interior in the mill side building.
- Picture 9: The windows require thorough repair.
- Picture 10: Inner Harbour -centre with office buildings, hotels, and retail shops, Baltimore USA. Photo: Leonard K. (www.google.fi/maps/).
- Picture 11: The granary of Akron, Ohio in 1979 and in 1990. (Brand 1995).
- Picture 12: Shopping mall Thalia in Hansa quarter. (hansakortteli.fi/).
- Picture 13: Holiday Club Tampere spa, Photo Holiday Club
- Picture 14: El Ateneo, a bookstore in a former opera house, Buenos Aires, Argentina
- Picture 15: Mikko Markkanen presenting the lobby of CrazyTown Jyväskylä centre 21th November 2016
- Picture 16: Werstas "auditorium chairs". One can present one's work in the front and the audience sits on the stairs. 12th February 2017
- Picture 17: Entrance floor with cafeteria in Tehdas 108, 25th January 2017
- Picture 18: Logomo amphitheatre and kitchen. Official web pages of Logomo, http://toimitilatlogomo.fi/toimitilat/byra-ja-konttori, acquired 4<sup>th</sup> March 2017
- Picture 19: Floorplan drawing capture from M.O.W. website, http://mow.fi/spaces accessed 5th March 2017
- Picture 20: The lobby of Keilasatama 5
- Picture 21: WeWork Amsterdam Metropool, https://www.wework.com/buildings/metropool--Amsterdam, Acquired 5<sup>th</sup> March

Picture 22: A cartoon by Hannah Williams, https://www.buzzfeed.com/hannahwilliams Accessed 2<sup>th</sup> February 2017

Picture 23: Sketch of cowork floor for counting how many desks and other seats can be fitted in the space.

Pictures 24 and 25: Prototype event 18th December

# List of appendices

Appendix 1, The news story about Pro Viljavarasto ry on Yle www.yle.fi

Appendix 2, Collection of price lists of benchmark cowork centres

Appendix 3, Local food market -event in Salon Seudun Sanomat 19th December 2016 issue, 6-7

Appendix 4, Kivilaakso, A. 2010 Rakennusperintö suojelun kohteena, pdf

Appendix 5, Q-tutkimus 2016. Copy of the survey report, pdf

Appendix 6, Interview of Jenni Lahtonen, video clip.

Appendix 7, Calculation tables for the business plan of Viljavarasto Oy

# 1. Introduction

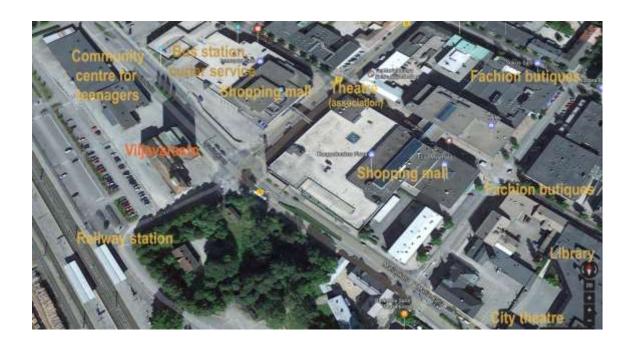
# 1.1 VILJAVARASTO, AN OLD GRANARY AND MILL BUILDING IN CENTRE OF SALO



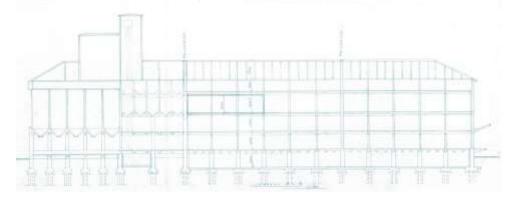
Picture 1, The granary and mill building seen from the railway platform. (The photo is retouched)

A granary and mill building in Salo was built between 1935 and 1946. (*Picture 1*). The building is located in front of a railway underpass walkway. (*Picture 2*). It also catches the eye of those sitting on a train stopping at the Salo station on route from Turku to Helsinki. Altogether 20 trains stop at the site daily. Across the road on the other side of the building there are two shopping malls. Despite that the building has been mainly empty for several years. The high granary tower is still in use as a granary and will be so for the foreseeable future. The owner of the building is the local co-op Suur-Seudun Osuuskauppa (SSO).

The structure of the building is three approximately equal floors, smaller but high attic and basement. (*Pictures 3, 4 and 5*). The outer walls are concrete, inside floors, ceilings and load-bearing structures are wood. Most of the building is currently without heating but there is oil-central heating that can be made operational. The windows are mostly original, 2-glazed and need thorough repair. It is still recommendable to repair the old windows and add the third glass instead of replacing. Renovation is necessary but overall the building structure is in a good shape considering its age and purpose. This is stated in the report of architect Panu Lehtovuori dated 28<sup>th</sup> June 2016. (Lehtovuori 2017.)



Picture 2: The Viljavarasto building and the surrounding area seen from above, (Goole earth 3D, 2017.) (picture is retouched).



Picture 3: Sectional view, original architect drawings, architect unknown. (Salo town archive 2017.)

# 1.2 Interiors of the building



Picture 4: The attic (the photo is retouched).



Picture 5, Interior of the mill side building (the photo is retouched).

#### 1.3 CURRENT STATUS OF THE GRANARY AND MILL BUILDING

The granary and mill buildings in Salo, as well as the plot site, are property of regional co-operative SSO, Suur-Seudun Osuuskauppa. The larger granary is currently in use and will be for the foreseeable future. From the co-op point of view, the mill building has no value. There are remarkable costs of up keeping the building and surroundings. The building needs substantial renovation if taken into commercial use and none of the current SSO operations are suitable to be moved to this kind of building. SSO is willing to demolish the building and construct something new at the valuable site. However, SSO can't do that. The buildings are protected, and therefore the destruction of the buildings is prohibited. (*ELY documents 2017.*)

# The authorities registration on preserving the old granary and mill

In Finland Museovirasto, The National Board of Antiquities, is responsible – together with other authorities and the museum field – for protecting environments with cultural historical value, archaeological culture heritage and architectural heritage, and other cultural property. (ELY documents 2017.)

Museovirasto is the authority which makes decisions on protecting, for example old buildings. If a building is protected, the owner is obliged to keep the building as it is and prevent it from corrupting or damaging in any way. The owner of the property, communities, local people etc. can appeal to the court in order to change the decision. After a high court decision there is also a possibility to appeal to the appropriate ministry. The owner cannot escape the responsibility for example by selling the property cheaply to a buyer that will soon declare bankruptcy and abandon the building. Also if the building suddenly burns down, the owner will most likely prosecuted. Normally the building or other environmental sites are either *protected* or *not protected* and the case is clear. In this case – even though the decision can only be reversed by the ministry – it is something in between, which is unusual. *The article is attached as a pdf in Appendix 4.* (*Kivilaakso 2010.*)

The verdict VAREELY-176-07.01-2 014 declares (translation):

"Demolishing the mill and storage building would change the historical layering and the demolishing would have an effect on the townscape and environment. Even though the mill and storage building has no significant status of a landmark effecting all central area, demolishing would partly destroy the cultural historical value of the railway station area. "The ELY does not order the buildings to be protected. The grounds: the protection of the area should be determined by city planning regulations". Therefor the building is not protected by Museovirasto, but on the other hand, for the time being the owner cannot demolish them. The good news is that the verdict gives free hands to alter the interiors. In Salo town confirmed blueprint "Keskustan osayleiskaava 2016-10-18T13-17-04311" the group of buildings in which Viljavarasto belongs to is currently marked as a regionally valuable cultural property, "Maakunnallisesti arvokas kulttuuriympäristökohde". (ELY documents 2017.)

#### Salo town scenario

For several years already Salo has had an idea of preserving the railway station area as a "Cultural corridor". The Salo Art Museum is renovated in an old steam-engine maintenance hall. (*Picture 6.*)



Picture 6: Salo Art museum Veturitalli

Even though Salo as a municipality has no intention to fund the Viljavarasto building renovation project or invest in it, the authorities have a positive attitude towards the project and, for example, the building department is giving all the support and information they legally can. (Personal communication with Jarmo Heimo, City Architect and Mika Mannervesi, Director, city development services, 2016.)

The granary and mill building would fit well in the Cultural corridor concept, presented in picture 7. Even though the town will not participate, bringing the building into life will be a seamless part of the architectural complex.

# The "Cultural corridor"

Town master plan 2011, development plan for the railway station area. The old mill and granary building in cyan spot. (marked by the thesis writer, no note of it in the original map).

1.	Railway station and waiting	9.	Salo health care center
	area	10.	Veturitalli art museum
2.	Parking area	11.	Salo central library
3.	Bus station	12.	Town hall
4.	Parks	13.	Linjuri mall
5.	River Salo	14.	Plaza mall
6.	Market square	15.	Citymarket
7.	Cultural and sport centre	16.	Fashionstreet Muotikatu
	(former Salora TV factory)	17.	Pedestrian street
8.	Trade school		



Salon keskustan osayleiskaava, asemanseudun kehityssuunnitelma 15.11.2011

Picture 7, Map of central Salo with markings of planned cultural corridor distinctive buildings. (Salo brochure 2011.)

#### 1.4 PRO VILJAVARASTO ASSOCIATION

A group of active people in Salo has started an association to save a landmark in the heart of Salo. The association's name is Pro Viljavarasto ry and it is located in Salo. The purpose of the association is to take supportive actions to preserve and develop the co-op SSO's old granary and mill house in the centre of Salo town. The aim is to turn it into a cultural and business centre to be a part of vital Salo. According to the memorandum of the association: The association participates in planning the renovation and planning of new purposes after renovation. The association researches and calculates possible business model opportunities, it takes initiatives and statements, arranges meetings, arranges discussion forums and events and it gives information and education. The association acts in cooperation with other associations and organizations. In order to support the activities, the association may accept donations, grants and bequests and it may arrange – with regulatory permissions – lotteries, money collections, bazaars and events. On the webpage www.proviljavarasto.com there is more information about the association and the project. In this thesis the following steps are taken: specification of the need, definition of the project, research, design and prototyping. The actual production and launch will – if applicable – happen in 2019 or 2020 and evaluation will be an ongoing project after that. (*The memorandum of Association 2016*.)

# **Endogenic activity**

Citizens, companies and the authorities can affect their own environment and destiny. This kind of development from within the communities is called endogenic development. The key element is interaction among people. In genuine companionship, different kind of experiences of the world meet and have real interaction. A good areal development is a sum of companies, nongovernmental organizations, regional authorities and ideas of different individuals. When matters are seen from many different points of view in an endogenic way, the society can take best advantage of the desire to improve the areas. The best-known definitions of social capital are those of Pierre Bourdieu, France and Robert Putnam, USA. In Bourdieu's interpretation, social capital is about the networks of which an individual is a member and which one knows. Putnam's theory is adding local community and trust among each other. (Keinänen 2015, 15.)

# The gain that Viljavarasto centre can give for areal development

In the book "Innovaatiohöttö hemmettiin" (2015) — which is a collection of viewpoints — Hannu Katajamäki writes in his column: "The principles of evolution are applied in areal development. Positive things must have maximal opportunity to occur". The unexpected combinations must have space. It is enough to create conditions of success: somewhere just right people meet each other and things fall into place. Realizations emerge, they create new jobs and new herostories. One has to give up on set and fixed point of view that success would only be possible in big cities. A variety of places maximizes the likelihood of positive chance occurrences." (Keinänen 2015.)

# 1.5 THE OPERATING ENVIRONMENT

Recently Salo town has experienced a major loss of jobs. The Nokia mobile phone development centre and assembly plant have been gradually closed down during the last five years. Direct and related redundancies were over 6000 people in the town. This means over 10% of the citizens, since Salo has approximately 54 000 inhabitants. Salo is among the first towns in Finland, alongside former "paper mill" towns, which also have lost their single big employing factory to experience the third industrial revolution. (Öster 2015.)

Over the years, though, Nokia attracted plenty of highly educated and creative product- and IT - developers, many of which still live in this municipality. The Nokia Salo factory was a product development centre rather than merely an assembly line plant. As Nokia was cutting down the staff, it offered generous "packages" of money to many of those leaving the company. Nokia also donated patents that it was not going to use itself for anyone who wanted to take advantage of them. It is a fact that many former Nokia experts have started their own businesses. Salon Seudun Sanomat, the local newspaper writes on July 9, 2015: "In Salo there are over 5000 companies and one out of three has been established during the last five years. Every month more companies are established than go out of business". Most of the new companies are micro entrepreneurs or at least small companies. (Salon Seudun Sanomat 2015.)

# 2. Assignment

#### 2.1 THE AIM

The aim of this thesis is to build a bridge between ambiguous plans and the beginning of the activities. The association has gathered plenty of ideas and developed them on its own. The idea of how the business will be running in the future is clear to the active members. The funding for the renovation is still missing. As a result of the service design project there will be a reliable business plan. With the plan the association will approach the real-estate investors for funding and banks in order to apply for a renovation loan.

The association has gathered plenty of ideas and wishes from the public. A large part of the collected research material is from a survey by *Q-tutkimus* which gathered over 400 replies between July 1 and August 8, 2016. Copy of the survey results in *Appendix 5*. The results indicated that local citizens wanted boutiques, cafeterias, restaurants, "indoor market and local associations. From the start some members of Pro Viljavarasto association considered setting up their own offices in the renovated Viljavarasto premises. The old granary and mill building is considered to be a landmark and a piece of local history. Some of the citizens say the milieu is historical and must be preserved, others say the site would be in better use if the mill would be torn down and something new was built instead. (*Q-tutkimus 2016*.)

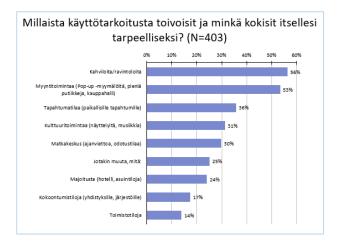


Table 2. The desired services in the survey concerning future use of Viljavarasto building (Q-tutkimus 2016.)

# 2.2 THE RESEARCH QUESTION

The association has a chance to have a ownership of the granary and mill building and they have a vision of what they want to have in the building and what the atmosphere should be like. (*Picture 8*). The challenge is to provide a business plan that shows enough revenue to keep up the running the building and bring modest profit to the owners. The renovation requires money from outside. A loan alone is not an option, since the bank requires guarantees. Currently the building as such does not cover any guarantee. There has to be trustworthy calculations on what functions will bring enough revenue to show profit even when the occupancy is not 100%.

The research question is: What kind of business model will make the venture profitable enough to acquire funding for the renovation of the building?



Picture 8, Detail of interior in the mill side building. (The photo is retouched).

# 2.3 PROBLEM AREA

It is no surprise the the problem comes down to money. The estimated costs for making the building safe for active use will be 5-8 million euros according to the first estimations. (*Picture 9*). The sum is stated on the Yle website, but the article does not tell how this estimation is calculated. A copy of the article can be found in the appendices. (*YLE 2016*.).

The original belief of the members of the association was that the building would be  $8000\text{m}^2$  of usable floor square meters. Once the floor plans with scale were acquired, it turned out that the actual size of the building was 2000 floor square meters (*Salo town archive 2016*). The smaller size was confirmed when the thesis writer had the chance to go inside and take measurements. This means smaller costs in renovation but alarmingly fewer square meters to rent out.

The ideas could still come true and the businesses may very well succeed, once the cultural and business centre is ready and active. Currently, though, the premises are in a state that is unthinkable for an entrepreneur to rent. At the moment there are no contracts with paying tenants or letters of intent. The location would need to be ready and just right for each business model to make the entrepreneur interested. Some other associations have expressed their interest to move their activities to the premises but they have limited ability to pay. They also expect the premises to be renovated before they move in. (*Pro Viljavarasto Association 2016*).

It is clear that even if all 2000 m<sup>2</sup> is rented out for the local market price of office space the revenue stream does not cover fixed costs, minimized variable costs and loan payments. So the association does not even know, if it is possible to make the property profitable. A new, more profitable plan with strong credibility is required in order to make the investors interested in funding. The option that the thesis writer decided to take was develop a cowork office concept. In that concept the income per floor area square meter would be presumably higher.



Picture 9: The windows require thorough repair.

# 2.4 TIMETABLE

# The "Double diamond" approach

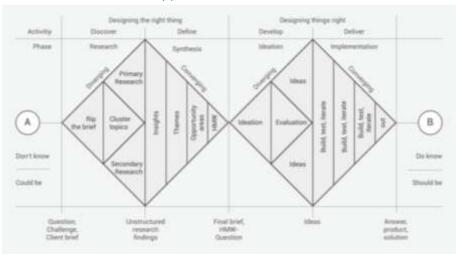


Figure 2: Double diamond diagram (Nassler 2017)

The final timetable formed as follows:

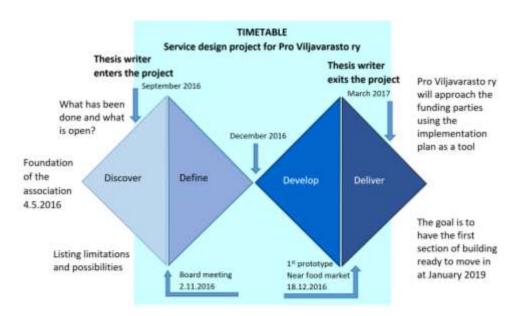


Figure 3: The thesis writer's timetable graph, based on Nassler's Double diamond diagram

# "Discover / Research

Dan Nassler urges to rip the brief and question the given starting point. Questioning the brief was relatively challenging since there was plenty of research and ideation work already completed before the thesis writer entered the project. In fact, the thesis work started when the process was already at the point

of clustering the topics (see Figure 2 and Figure 3). The new ideas kept bursting from the creative people in the association, especially the board members. The time for the project was rather short and the ideation part had to be stopped at some point. By the request of the thesis writer the "Discover" phase was agreed to officially stop in October board meeting and "Defining" started from that date on.

# Define / Synthesis

During the defining period the research continued, now concentrating on the chosen targets. The final brief was agreed on in December.

#### "Develop / Ideation

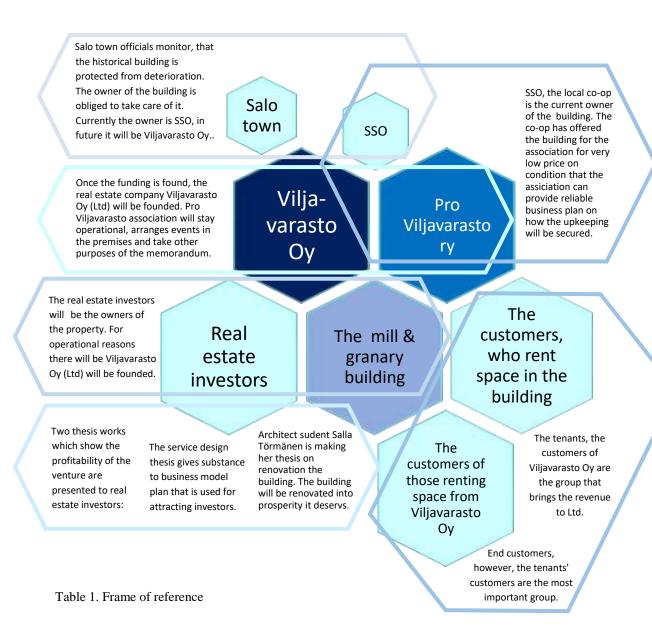
The "ideation" and "evaluation" phases overlapped in this project. The thesis writer and Pro Viljavarasto association board members were conducting this in close connection and constantly exchanging ideas and criticism. The members were busy with their own work and still wanted to be informed and have their say in the design. Structured matrixes transformed constantly, arranging dot-voting meetings were unthinkable and in the meetings the participants varied a lot. Some common interests were found, though, and the goal could be narrowed down in the end.

# "Deliver / Implementation

The thesis will be used as a tool for gathering funding from the investors. There has been one event and will be another event in the Viljavarasto premises. With these events the association tests how much interest the building arouses in citizens and how appealing the entrepreneurs find the place for doing business in. The thesis project will end before the "Out" phase, having completed some iteration rounds. The thesis writer will continue work as a member of the Pro Viljavarasto association. After the thesis is ready, the association will approach local real estate investors, banks, the EU, state and town institutions and the third sector. (*Nassler 2017*)

The original timetable was discussed with the Pro Viljavarasto board members during the fall 2016. The owner SSO has promised to sell the building to the association for 1 euro under the condition that the association has a firm plan on how to maintain the building and cover the costs it causes. The deadline of the plan is the end of 2016. If the association fails to do that, the offer lapses completely. On December 18 the association is planning a local food market event. The event will be a prototype for the cultural and business centre Viljavarasto. To organise the original deadline for business plan was December 31, 2016 which would have made the timetable very challenging. In November 2016 the chairman of the association Tiina Vainio negotiated extension to the deadline and currently it is in June 2017. (proviljavarasto 2016.)

# 2.5 Frame of Reference



# 3. Research methods

#### 3.1 BENCHMARKING

The core drivers for benchmarking are:

- 1. Need to improve the process. The organization researches its own processes to find gaps or bottlenecks and then try to see how others have solved this.
- 2. Organizations need to compare themselves to the competitors to see what their position on the market is and where and how they can gain market share.
- 3. Strategic benchmarking. It "is used to describe when a firm is interested in comparing its performance versus the best-in-class or what as deemed as world class performance. This process often involves looking beyond the firm's core industry to firms that are known for their success with a particular function or process". (*The Balance magazine 2017.*)

The benefits of benchmarking can be for example be taking advantage of the good practises how other operators and avoiding mistakes the others have made. Business logic of the other fields of businesses can be applied on one's own operations. Knowing the other operators help in choosing one's own strategic choices. Even the "rules of the game" can be changed once the general logic of the industry are known. This is a way to stand out in the competition. (*Tuulaniemi 2016, page 139*)

In this case the organization, the Pro Viljavarasto association, only has a building and intention to start activities in it. It is essential to benchmark other companies and other organizations that are running similar activities the association is planning to start. Inventing a wheel another time is not an option in this financially critical case.

For benchmarking, three centres were visited: two cowork centres that operate in modern office buildings and one old factory building which local artists, artisans and craftsmen have turned into an active work and event centre. Three cowork centres' websites were also researched: two of which the thesis writer has visited earlier and one international cowork centre chain, which the chairman of the association is interested in. In addition, appropriate Service Design Thesis works were benchmarked.

#### 3.2 RESEARCH BY INTERVIEWS

#### Unstructured interviews

For qualitative research, useful methods are: structured interviews, semi-Structured interviews, unstructured interviews, informal interviews and focus groups. The chosen method for the research is unstructured interviews. Unstructured interviews are a form discovery interviews. They are flexible as questions can be adapted and changed depending on the respondents' answers. Unstructured interviews also have increased validity because that form of research gives the interviewer the opportunity to probe for a deeper understanding. He can ask for clarification and allow the interviewee to steer the direction of the interview. The method is appropriate when the researcher has developed sufficiently an understanding of the topic to have a clear agenda for the discussion. There is still a need to hear the respondents' views on the field and take advantage of their deeper understanding. Questions should be open-ended and express little control over the informants' responses. At the same time the interviewer must have a clear plan in mind regarding the focus and the goal of the interview. The interviewer can ask for clarification and allow the interviewee to steer the direction of the interview for a deeper understanding "Unstructured interviews are an extremely useful method for developing an understanding of an as-of-yet not fully understood or appreciated culture, experience, or setting." (Robert Wood Johnson foundation 2014.; McLeod S. 2014.)

Unstructured interviewing involves direct interaction between the researcher and a respondent or group. Although the researcher may have some initial guiding questions or core concepts to ask about, there is no formal structured instrument or protocol. The interviewer is free to move the conversation in any direction of interest that may come up. (Trochim 2014. 63.)

The thesis writer chose this method, because she wanted to find out what she does not know. With unstructured interview one gets a change to have valuable tacit knowledge of the interviewed people. To avoid leading the interviewed people's thoughts, rather let them point out what they find important. The opening of conversation was "tell about". Further on the asked questions were of the type "what", "how" and "why". The discussion was conducted with as few presumptions as possible. The interviewer aimed to speak as little as possible.

# 3.3 ANALYSIS

#### **SWOT**

The SWOT-analysis helps in understanding one's business better. It addresses weaknesses and threats. It also points out the opportunities and the advantages of the strengths. This helps in developing the business goals and the strategies for achieving them. "It is important, though, to remember the limitations of the method. The SWOT analysis does not prioritise the issues, give solutions or offer alternative decisions. It has to be seen as a tool for generating ideas and source of information. The SWOT is a starting point of decision making process but there is lot of work to do to in prioritizing and decision making". (Business Queensland 2017)

#### Business model canvas

Business model canvas is primarily a tool for brainstorming. The canvas template can be printed on large paper and the participants can use post-it -notes to insert their ideas on each section. A business model canvas with thought-thru aspects can be used when communicating with the stakeholders.

#### Stakeholder map

Stakeholder map shows the interacting parties and their relationships to the operator. "If you manage your stakeholders well they will actively support you. If you ignore your stakeholders, they will sabotage your project" (Stakeholder Mapping 2016)

# 4. Phenomenon

# 4.1 RENOVATING BUILDINGS INTO DIFFERENT USE

#### Early prestige regeneration projects

Since early 20<sup>th</sup> Century some large buildings have been transformed into apartments. This happened in larger scale in soviet countries where religious buildings were taken into apartments. The first transformations of industrial buildings into shopping malls were done in 1950's. The trend started when the historic harbours of America's coastal cities had been in decline. The larger ships had got access in deep water channels and harbours were not that necessary anymore. The grand historical buildings were still worth preserving. This aspired new construction to give public access in the historic core. Boston was the first American port to go into decline. Redevelopment Authority was founded as early as 1957. In Baltimore the renovation of Inner Harbour -centre with office buildings, hotels, and retail shops was started in 1958. (*Stratton 2000.*) (*Picture 10*).

Since then the trend has grown exponentially. In the 21th Century all cities in western countries have several factories, banks, churches and similar sites transformed into shopping malls, office buildings, loft apartments, restaurants and so on.



Picture 10: Inner Harbour -centre with office buildings, hotels, and retail shops, Baltimore USA. (Leonard, 2013.)

#### A granary in Akron, Ohio

In Akron, Ohio an old granary has seen a major transformation. (*Picture 11*). The granary was considered to be a historical landmark and it wasn't permitted to demolish. Instead the building was transformed into a hotel called Quaker Hilton. The conversion was started in 1980. (*Brand, 1995.*)



Picture 11: The granary of Akron, Ohio in 1979 and in 1990. (Brand, 1995.) page 105

# Hansa shopping mall centre, Turku

A large shopping mall in the heart of city is a creation of architectural office Casagrande. (*Picture 12*). The project transformed a courtyard of historical buildings into a modern shopping mall. The isles under glass roof surrounded by old walls create almost a surreal atmosphere of stroll outdoors in an old town. First part of the centre, section called Thalia, was completed around theatre Åbo Svenska Teater, which was originally built 1839. (*Latvakangas*, 2005.)



Picture 12: Shopping mall Thalia in Hansa quarter. (Hansa, 2017.)

# Lapinniemi, Tampere

Lapinniemi kehräämö used to be a cotton spinning mill in Tampere. (*Picture 13*). The building was renovated to be apartments in the year 1990. This was one of the first factory building, that was renovated into loft apartments in Europe. (Personal communication 23th March 2017) professor Ulla Seppälä-Kavén has attended the Tampere Housing fair 1990 where the apartments were first displayed. The newspaper Helsingin Sanomat wrote about the Lapinniemi -apartments with the topic title "Feeling of a factory was decorated out of the factory-apartments". (*Uusitalo 1990.*) The apartments were not as appealing as was anticipated. This may have been due to new, unknown concept or the high prices resulted from the high renovation costs. The building was transformed into a spa in early 1990's. (*Holiday Club 2017*) There are lessions to learn from the result. Firstly, it is essential to research ahead if there are need for the planned functions. Secondly, there may be another use in which the building is well suited.



Picture 13: Holiday Club Tampere spa. (Holiday Club, 2017)

# El Ateneo, Buenos Aires

In Buenos Aires, Argentina, a former Opera house has been transformed into a bookstore. (*Picture 14*). The information is acquired from a tour guide in Buenos Aires 14<sup>th</sup> February 2014. The interior gives the bookstore elevated imago. It is easy to imagine that the books will have higher status when they are sold in such a fine environment.



Picture 14: El Ateneo, a bookstore in a former opera house, Buenos Aires, Argentina

#### 4.2 COWORK

## Origins of coworking

A professor of management in Florida state university business school, Steven Humphrey, has found a strong correlation between the level of social interaction at work and job satisfaction and productivity. He found that people working in isolation miss socializing and need it. (Butler 2008.) In 2005, Brad Neuberg, a software programmer in San Francisco, found solution: He rented a space and office technology with some friends who were in similar life situation. Neuberg named his creation "coworking" and branded it. This is a way that an individual can have both: community and independence. He invited new members to the community in his blog: "Do you work for yourself from home? Do you miss community and structure? Join Spiral Muse and Brad Neuberg in creating a new kind of work environment for free spirits!" Word of Neuberg's San Francisco Coworking Space spread, and various kind of entrepreneurs began interested. (Butler 2008.) In Europe the first coworking space was opened in France in 2007. (Butler 2008.)

In London, a student of anthropology, Jonathan Robinson, started a similar concept at the same time. He had conducted several social projects and wanted better working conditions for those who fought the world's problems. He posed the question "What if these people could come together in the same physical space and have a place to connect?" The centre called "The Hub" was started 2005, it was the first workspace that was dedicated to social innovation. (Baderman, 2009; Impact Hub 2017.)

The artists and those working on other creative fields have also adapted this way of working. A pioneer is Camden collective, started 2009 in London. Collective is "a registered charity offering workspace, courses and collaboration for a growing community of creatives in Camden. Collective is migratory and builds on a legacy of successfully acquiring and re-purposing vacant and underused spaces. Collective is run by CTU Community Project, the charitable arm of Camden Town Unlimited, the business improvement district for Camden Town." (Camdencollective 2017.)

Cowork centres are a form of sharing economy. The solo entrepreneurs have access to high quality office technology and representative negotiation spaces once they are part of this kind of community. During last decade, this type of cowork centres have spread in all developed countries. Currently terms "cowork centre" and "hub" are often used as synonyms. The franchising chain that Jonathan Robinson founded, *Impact Hub* is now a global network of over 17,000 members. It is a chain of cowork centres with certain criteria. For example, the business operating in *Impact Hub* has to be social entrepreneurship and the company focus on creating an impact. (*Hytônen 2009.*) However, the word "hub" can refer to various types of centres, including airports specialized to transit flights and many other centres. The word "cowork" is

referring to a more specific kind of working centre. For this reason, the thesis writer is using word "cowork".

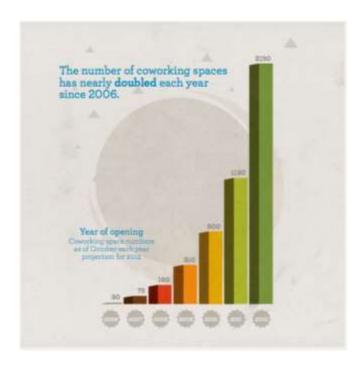


Table 2. The statistics of number of cowork centres in the world during years 2006 to 2012 (Pasquier, 2015.)

Since 2006 the number of coworking spaces and available seats have roughly doubled each year. These are the commercial centres. The communities that individual entrepreneurs and freelancers have formed among friends and former colleagues are not shown in statistics, so the number of growth is even higher. (*Pasquier*, 2015.)

There are two different motivations to start a cowork centre:

- The community powered model: Individual entrepreneurs are primarily seeking a network amongst each other. They do not seek profit of the cowork centre, they only need a space to fulfil collaboration. (*Pasquier*, 2015.)
- 2. The real estate business model: Real estate investors are selling desk space as a business. It is only an additional positive consequence if a community is emerged. Those centres are targeted to professionals who work on their own and telecommuters of large companies. Also, these centres can give the members benefit of community, getting consultation from each other and peer support. The costs are also reduced for the members once the space is partly shared and office technology is more efficiently used when the number of users is larger. (*Pasquier*, 2015.)

## 4.3 COWORK CENTRES IN FINLAND

Crazy Town, Jyväskylä



Picture 15: Mikko Markkanen presenting the lobby of the CrazyTown Jyväskylä centre 21.11.2016. On background a schedule of the upcoming lectures and seminares at the site.

CrazyTown-chain, currently operating in Jyväskylä and Hämeenlinna is looking to expand to various locations in Finland. CrazyTown Oy is established 2003 and has hatched over 150 companies into growing. CrazyTown is the oldest still-functioning entrepreneur community in Finland. At 2007 it was one of the first in the world to adapt co-working (CrazyTown, 2014.). The thesis writer took an excursion to Jyväskylä Crazy Town hub in November 2016 and was fortunate to meet the founder of Crazy Town Mikko Markkanen. (*Picture 15*). The centre is in the Innova2-building of Jyväskylä Technopolis centre. Crazy Town has 600 m2 space where over 100 experts are working within over 30 organizations. Entrepreneurs, freelancers, telecommuters, associations and public organizations are invited to join.

Markkanen explained that the business idea of CrazyTown has since the beginning been peer support and peer learning. Solo entrepreneurs are not alone, they have workmates and a work community. By collecting networks of members into ad-hoc teams the groups of small firms have won much bigger competitors on the markets. Markkanen sketched on a paper a drawing of how the Viljavarasto centre should be run based on his experiences on CrazyTown. The consultation he gave was very valuable. In CrazyTown Jyväskylä half of the 600m2 office floorplan are common areas, another 50% is private rooms. Well balanced structure in membership is, that approximately 50% of members have only

membership. Those with membership only have access to the lounge area and the kitchen. They can participate the lectures, events and seminars, which CrazyTown arranges weekly. They have the active facilitation encounters with other members with mutual interests, help in building professional networks and communal ways of working. The other 50% have all the benefits of membership and private rooms. Rooms are  $8m^2$  to  $20m^2$ . In the most common room,  $11m^2$ , there are tables for 4, but CrazyTown does not count how many of the members uses the rented room. In all, one can count that  $5m^2$  for each member is right amount of space. Even though the rent of premises, the "walls", are by far the most of the costs, the value of the membership is more in the community and the services CrazyTown offers. In the end of meeting Markkanen recommends, that Viljavarasto will have

- two floors for lounge and private offices
- one meeting and event floor
- one floor for restaurant and other completely different activities which the members might be interested in

Markkanen's point of view is, that the front desk is not needed and it would be an unnecessary cost.

#### Werstas, Turku



Picture 16: Werstas "auditorium chairs". One can present one's work in front and the audience sit on stairs. 12th February 2017

Werstas cowork centre is relatively new. (Picture 16). Sonja Hyrynsalmi, the community facilitator of SparkUp gave the thesis writer a tour in the centre. It is located in Turku SciencePark connected with SparkUp centre. The owner is Turku town and it is non-profit organization hoping to grow new business in the area. The prices for membership and dedicated desks are remarkably lower than average cowork centre. When the centre was opened, there were plenty of applicants, much more than the centre could take in. Still there is constant queue. The premises are renovated in former office building, which was built in "private room for each" -ideology. It is renovated to serve the new kind of use, but the structure is not optimal. SparkUp and the roof organization SciencePark are both arranging plenty of events which are open for the members. The Werstas community itself has no facilitator, though. The SpakUp staff is facilitating aside of their own work tasks. (Personal communication 12th February 2017.)

In the Werstas centre available to the members are: mail address, 24/7 access, coffee and tea, lobby services, print and scanning services, mail services, showers and sauna, hobby room, catering to meetings, car park, lectures and other events.

#### Tehdas 108, Nokia

Tehdas 108 started as a project of artists and micro entrepreneurs 2012. They rented an abandoned factory building for their own work space and for organizing events like art exhibitions. The group has done a lot of renovation, but it is an ongoing project. (*Picture 17*). In the beginning the Nokia town was wary of the activist's group and their building saving project. This happened even though the group had not occupied the building, it was legally rented. An example of this was, when they had their first international art exhibition: the authorities announced, that their operation was illegal, since the building was still an industrial building. So they should have known, that they have to apply for a change into the town plans in the section "purpose of the building". The authorities closed the building while there was the popular exhibition and kept it closed for two weeks during the paperwork was done by town buildings department! Currently Nokia town appreciates the Tehdas 108 association highly and rents the premises for many of town events. Currently a project called "Sata vuotta nuoruutta Nokialla", one hundred years of youth in Nokia, is going on in Tehdas 108. The project is a series of courses given for municipal trainers of "youth activities" on handicrafts. Also Nokia town arranges the official 100 year independency of Finland party in Tehdas 108. (Video clip of the interview of the chairman of Tehdas 108 association, Ms. Lahtonen, , 25th January 2017 in Appendix 6) (Personal communicaton, Latonen, 2017.)



Picture 17: The entrance floor with the cafeteria in Tehdas 10, 25th January 2017

## Logomo byrå, Turku

The Thesis writer attended on a guided tour in Logomo, including Logomo Byro 2013 arranged by Suomen valotekninen seura. Therefor the thesis writer has an impression of the way the centre works.

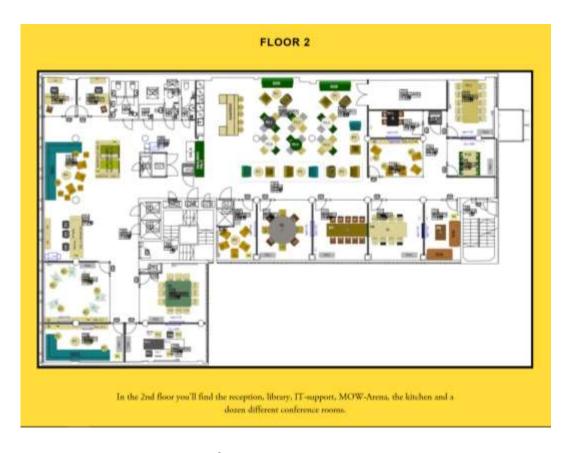
In Logomo one can rent a small office, an artist's atelier, a "dedicated desk" in office landscape or only a cowork membership. The premises offer a shared kitchen and in front of it a kind of an amphitheatre, where one can sit and have unformal discussions. (*Picture 18*). The kitchen is on the lowest level and the members can present their products and services to other members. The tour guide stated that these events have proven to be very popular.



Picture 18: Logomo amphitheatre and kitchen (Logomo 2017.)

#### M.O.W. (Mothership of work) Helsinki

M.O.W., Mothership of Work, is a coworking space and creative hub in Helsinki. The Thesis writer has attended on a guided tour in M.O.W. 2016. The tour was arranged by Illuminating Engineering Society of Finland, which held it's annual meeting there. M.O.W. is located near the centre of Helsinki. The floor plan is  $2200\text{m}^2$  and can house 300 members. It is in a relatively ordinary office building of six floors, but the interior design is cosy, relaxed and personal. The hot-desks are densely arranged and the corridors are narrow, but the building is renovated to have the latest building technology and advisedly lighted. (*Picture 19*). These were the reasons Illuminating Engineering Society of Finland chose this site for excursion. M.O.W. offers large range of services with even snacks and yoga-lessons. There are different sizes private rooms, dedicated desks, hot-desk -memberships and one can also purchase one-day-pass. (M.O.W. 2017.)



Picture 19: Floorplan drawing of 2<sup>nd</sup> floor (M.O.W. 2017.)

#### Keilasatama 5, Espoo

Keilasatama 5 is not a cowork centre, but it leases office rooms and several services are included in the rent: lobby service, security and safety, catering and cleaning. The premises also have common conference rooms, rest rooms, a fitness centre and showers which the lodgers have access. The Keilasatama 5 property building outsources different facility management services like property service and waste maintenance, cleaning and restaurant and catering services. (*Picture 20*).

What comes to the hired personnel, lobby service has the main responsibility of safety and security. The personnel receive guests, inform the arrivals, pass feedback, coordinate and guide. (Sivatharsika 2016.)



Picture 20: The lobby of Keilasatama 5 office hotel (Keilasatama 5 2017.)

## 4.4 RUNNING COWORK CENTRES AS A MULTINATIONAL BUSINESS

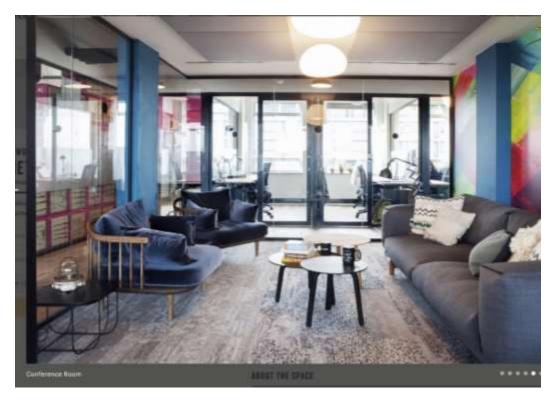
#### WeWork

The chain of cowork centres called WeWork started in 2010 and is now operating in most large cities in USA, Canada, South America, Australia, Europe, Israel and eastern Asia. The chain has a mission to build a community. The members have access to other centres' lounge area when they are travelling. (*Picture 21*). The organizers arrange lectures for professional education, meetings with venture capitalists, sporting events and casual hanging out together -nights for the members. WeWork has negotiated lower cost contracts for members with companies like healthcare providers and delivery services. The members can use the professional level office technology, reliable internet connection, and similar benefits, which would be obvious in a large corporate, but out of reach for a micro entrepreneur. (*WeWork 2017*.)

For example, cowork site WeWork Amsterdam membership offers

- Weekly Events
- · Networking, happy hours, classes & workshops
- Stay caffeinated throughout the day with an infinite stream of freshly roasted coffee.
- High Speed Internet
- Hard-wired (Ethernet) connections as well as access to Wi-Fi
- Each WeWork floor has at least one multi-function copier/scanner/printer.
- Each WeWork floor has conference rooms
- Each WeWork has beautifully designed common areas for meeting and socializing
- Our team is cleaning around the clock to keep the location tidy and presentable
- Phone, soundproof booths are available on all floors for private calls.
- Refreshing fruit water to keep you and your guests hydrated throughout the day.
- Onsite Staff

(WeWork, 2017.)



Picture 21: WeWork Amsterdam Metropool, (WeWork, 2017.)

## 4.5 ANALYSIS OF BENCHMARKING

	Business model	Observations		
CrazyTown	CrazyTown aims to expand all over Finland. Currently it has operation in Jyväskylä and Hämeenlinna.  Offers facilitation to members of CrazyTown in the cowork centre. The primary goal is to match entrepreneurs with mutual interests, help companies grow and organize event that develop skills of the members.	In this business model facilitator has the key role in the service. The physical offices has low relevance compared to the service. Since the business model is immaterial, it is easily expandable.  When the facilitation is successful the companies can form teams that are competitive. Alliances of small companies have made large business deals, which normally only large companies can make.		
Werstas	Werstas centre is situated in high technology district Turku Science park. The location has immediate access to railway station and highway and busses to the city centre. The representative premises offer hot-desks, private dedicated rooms and negotiation rooms.  The centre does not have nominated facilitator, but the parent organisation SparkUp does facilitating. Among other activities SparkUP organizes events, that are open for the members.	The centre gives the members comfort of large company facilities with excellent location. Solo entrepreneur can have with affordable price spacious premises and high quality office technology that normally only large company has. Image of the centre gives the member an edge. These features make the centre very popular.  Networking among the members is not as high as aimed and actions are planned to improve that situation.		
Tehdas 108	Originally group of artists and craftsmen formed a co-op and rented the premises. Tehdas 108 was established to create shared working space for the members. During the time the centre has been open the operations have expanded. Nowadays the co-op organizes events, rents out spaces for meetings, yoga classes, dance classes and many other activities. Even the municipal officials order lectures from the co-op for their staff on the skills the members can pass on. The activities are getting more business-like.	Key lession is, that good relationship to governing bodies are essential to run the centre without interruption.  The purposive developing of the activities can grow business even without strong management. This requires that members have will to work together, that they have synergy from each other and peer support. These things are only possible when the members are committed and understand that everyone's contribution is needed in this business model.		
	Business model	Observations		

#### WeWork

WeWork is international chain of cowork centres. The business model is global community in addition to beautiful working environments. The chain also provides services to members to grow their business.

Membership fee entitles using other centres lounges around the world. WeWork has tailored mobile app for the members to enhance exchange of information. This gives possibilities to network personally with over 80 000 other members.

WeWork claims, that their mission is to create a world where people work to make a life, not just a living.

Large community is a benefit as such. 80 000 people around the world sharing information on what their line of business is huge opportunity.

When the company has clear simple values, it makes committing easy to the customers, the members. Being part of WeWork also gives members a status of being part of multinational organization brand.

The premises are architecturally good for cowork purposes. The company has plenty of experience on the needs of members. The wishes of the members also can be taken account when a large building is renovated properly to serve member's needs.

#### MOW

MOW is owned by a large real estate investment corporation. It has 2200m2 office space in central Helsinki and it offers space for 300 members. Currently MOW is expanding into other locations as a chain.

The range of options is wide. In MOW an entrepreneur can buy even one day pass. The aim is to commit the customers as long term members and build community.

The facilitator in MOW is called "the mood director". The centre also provides several services like in-house IT support person.

The interior is designed to be cosy and distinctive. The premises clearly aim to be unique and make members to feel like they belong into community.

	Business model	Observations
Logomo byrå	Logomo is a large centre of creative industries that has several activities. The centre's owners are city of Turku and a large corporation. The cowork unit is one of sections and over 70 companies have their premises there. Logomo is basically real estate company whose main business is the rental of premises. The identity of the company is strongly the building, former train repair plant.  In cowork area, the interior design is done so, that it supports networking and teamwork. Logomo Byrå does not offer facilitating.	When the financing is not restrictive recourse in establishment the centre can be built to be optimal for the purpose. This will ensure revenue for the owners, since the occupancy will be high if the price quality ratio is on the right level.  When the first target group is determined to be one business branch, it is likely there are companies that have synergy. Also, they can give peer support to each other. This attract again more entrepreneurs. It is a self-strengthening development.
Keilasatama 5	Keilasatama 5 business park is an office hotel. The owner is a large real estate investor, which has several similar centres.  Keilasatama 5 has a front desk personnel to serve the ledgers. The security services and cleaning are also included in the rent. There are other services in the building offered by independent service providers, like restaurant, which find customers from the other lodgers in the building. This kind of synergy possibly happens among office lodgers, but there is no research made on that.	In an office hotel a company can come to all-inclusive premises. There all everyday problems are taken care for. No cleaning, no security arrangements, no making coffee for customer meetings and there is even someone at the door to greet the visitors. This choice of location is easy for the entrepreneur. The location also gives the company a prestigious status. The building where the company is situated is part of the company image.  A centre that has plenty of people working in attracts also entrepreneurs that have them as customers and the centre becomes even better for the lodgers.

Table 3, Analysis of benchmarking

## Coclusions of benchmarking

- The actual service the centre provides may be the acceleration of networking and forming short term or long term companionships. As a result, small firms and solo entrepreneurs can work together like a big company. Only the resources that are actually needed are included the costs.
- The facilitator has to be active to make networking and forming companionships happen.
- The bigger the community is, the easier there is to find right companions.
- A solo entrepreneur can have facilities equal to large company when the walls, furniture, technology and maintenance costs are shared.
- Working together in a volunteering manner takes the benefits of the cowork centre for individual
  even bigger. This requires everyone to understand that each input is needed. This model only
  suits to few communities and Viljavarasto centre may or may not be this kind of a community.
- Also to the surrounding community like municipality has to communicate well. The authorities can turn from restrictors into customers.
- The interiors and atmosphere create a feeling of belonging (of not belonging) to the community.
   The interiors should not be common, cheap or boring. The building with character appeals to commit and build one's identity as being part of a community.
- Being a member should make everyday life easy to the members. All routines will be done for them and charged in membership fee and rent.

#### 4.6 Interviews

#### Competition

#### Osaamiskeskus (nowadays called Salo IoT)

Naturally there are several cowork centres in Southwest Finland. One cowork centre, though, is especially noteworthy. In Salo there is a new technology cowork centre just about to open. It is called Osaamiskeskus (now Salo IoT) and it is established in former premises of Microsoft mobile phone development plant. Also some of the technology devices are included in the purchase of the real estate. The purchase is a joint venture among private real estate investors and town budget funds. This centre aims to collect local entrepreneurs under the same roof – or roofs, since the centre consists nine buildings, total of 134 000 m2 of floorage. This clearly is attracting to the local IT-entrepreneurs who are looking for premises to settle in. Salo introduction and tourism web-page writes about Salo IoT as following: "Now the Nokia and Microsoft jobs are gone but the skills and global experience stay within people in Salo. Nokia and Microsoft engineers are beginning their second career which is a huge possibility to any company wishing to create a new development team or build LEAN production of smart technology." (www.saloon.fi/en/saloiot/default.aspx)

The members of ProViljavarasto association are convinced, that no competition settlement exists, since they are in a such different field business. In order to check the actual settlement of competition, an interview of best-informed person was appropriate. *Ms. Liipola* was the designer of *the model of operation in Osaamiskeskus –centre and* in charge of project 1.3.2016-30.9.2016.

Ms Liipola describes that the centre is standing on three different legs,

- Renting office and production space
- Action that will be created, like business acceleration by Yrityssalo
- Collaboration with academies, for example Turku University of Applied Sciences, Turku University and Aalto University

The main target groups are companies related to the IoT, "internet of things". Also companies that have know-how on productises are wanted. The IoT centre sets no limitations; the IoT companies are rather a preference. All companies in Salo are welcome. Compared to entrepreneurs in other towns in Finland, entrepreneurs in Salo have plenty of connections in the technology industry abroad.

Start-up companies can benefit the closeness of other companies and also larger companies can benefit of the collaboration with agile start-up companies. Giving good terms to small start-up companies will attract them in. When there are plenty of start-ups in the centre, also big companies will want to join. The collaboration with the start-ups will benefit the big companies. To start and get the first companies is based on research what companies already are operating in Salo. Big companies are attracted also from abroad. Invest-in activities are attempted to acquire. One target is to have large companies to hire Finnish

employees for tele commute positions with desks in Osaamiskeskus. Also companies from other parts of Finland could have tele commuters in Salo for productises purposes.

The services provided by Osaamiskeskus can be following

- Reception, mailing services,
- Cafeteria, negotiation rooms
- Access control systems, security services
- Organization of courses, business acceleration
- Gym
- Synergy from other companies, for example accounting firm
- Platform services
- "Osaamiskeskus" -brand for address, website, and other marketing features
- Services to universities, like arranging internships and thesis commissioners

Ms Liipola's view on Viljavarasto is positive. She sees Viljavarasto as a social project with a soul since it is done by volunteer bases.

As cowork premises her view is, that a facilitator is essential for keeping the companies in. The values need to be consider carefully; not any company can be taken in, there must be some criteria. Also in the public floor, the ground floor should have tables, where a random entrepreneur could come with one's computer to work or meet other entrepreneurs. This could happen in the restaurant.

Close connections among Viljavarasto and Osaamiskeskus would benefit both parties. For example in technological company on Osaamiskeskus and creative companies like advertising agencies located in Viljavarasto may be customers to each other. The cowork communities should know plenty of each other to have immediate help when required. In some flex-spaces this has failed and since there have not been synergy spaces have turned empty. If there is not a facilitator nothing will happen.

Ms Liipola is suggesting a passport with an opportunity to a joined membership to both cowork -premises. The price must be right, people must be encouraged to move. Also monthly meetings open to the members of both centres and also for those who do not have the double pass should be possible. Another benefit for both parties could be found in co-operation in organizing events and seminars.

## Auringonsalo

Another new cowork site, Auringonsalo, is starting during winter-spring 2017 in central Salo. The centre is concentrating on welfare companies. Their customer segment and business line are so different compared to Viljavarasto, that at this point it does not look like a relevant partner. Auringonsalo offers also negotiation rooms for outsiders to rent, so it has to be noted as a competitor. (*Auringonsalo brochure 2017*)

#### Customer point of view

The thesis writer had a rare opportunity to interview a person, who was disappointed of the services of two different cowork centres. This is valuable, since the centres naturally want to point out their positive sides and success stories. Even the disappointed customers themselves are often not willing to tell about their negative experiences openly. The negative sides are valuable learning opportunities and give even more to the design process than knowledge of the positive features. When the possible defects are pointed out the same mistakes can be avoided. Due to integrity of the matter the person is interviewed anonymously. Also the names and locations of the centres are left anonymous to keep this conversation confidential. The interview took place over internet by Appear-service at 19<sup>th</sup> January 2017.

The person interviewed is an entrepreneur in the field of well-being: workplace teams coaching, crisis work and other similar tasks. The work requires spaces that are calm and create confidential feeling. She has tried coworking in two different locations and decided to resign from both places.

The entrepreneur has started the firm in a shared premise with several other welfare companies. The reason or the choice of location was based on expectations of synergy and peer support. The entrepreneur's business sector was new at the time, in the 1990's. It turned out that since this entrepreneur was on BtoB sector and the others were on BtoC, there was no peer support. Also synergy was minimal. The entrepreneur felt, that she was the giving part: she advised her customers to use the services of the other firms but the others did not have the same field of customers to whom they could have recommended this entrepreneur. In addition, the other entrepreneurs had established the customer basis, so they had no need to advertise in large scale. One big problem was the uneasiness of the premises: sometimes the customers of the other firms opened the door of her consulting room by mistake. These were the reasons this entrepreneur decided to change the location.

A chain, which offers cowork spaces expanded into the town. This was a tested concept, which was already working in another town. The customers of the cowork firm were not regular lodgers, they were "Members". Since the firm was only starting in the new premises the interviewed entrepreneur had a chance to affect to the interior design. The centre was located in an appealing old factory, built on the 19'th century. The entrepreneur found out about the new premises from a colleague, she did not notice any public advertising.

The offices were regular cubicles. The entrepreneur was pleased with the structure, regular meetings and the negotiation room which was suitable for her work with flap-board, sofa and easy chairs. There was another negotiation room with AV-devices. There were clear rules, that unformal discussions were only allowed in the bar kitchen and normally the cubicle open office was silent. It was allowed to come and talk to other cubicles about business. The etiquette however was that if the interruption was unwanted, it

was ok to signal "Not now" and no-one was supposed to be insulted from that. It is important to have that in the rules: otherwise there might be awkward situations. If someone has no time to talk, but is too polite to show it and the situation happens few times it may built irritation and bad relationships. In the bar kitchen, random meetings happed all the time and sometimes it led to business companion. In bar kitchen there was also a bell, which members ringed whenever they made a deal or some other success. This was a nice mood booster.

There rose some problems though, when the values of leaders did not meet the values of members. The leaders of the organization did not understand, that the members were their clients. The members hoped answers to their questions and wishes – even if the answers would be "No". It was unclear who is making decisions of each things. Also there was one or few members, who did not fit in the group, there was no commitment. In the end the chain had to stop working at that town. It easily happens, that the lessor thinks the lodgers are happy and liking the premises, until the vision of lessor is realized. But there is always a reason behind the customer's behaviour, the customers need to be listened actively.

The entrepreneur, that was interviewed rented a private office for her business already before the cowork company was closed. In addition to the reasons mentioned earlier, she left because she felt she was asked too much "help from a friend" during the coffee breaks, since she was in welfare consult. She did not gain anything in return from the other members. She felt that she was carrying the others mentally.

Now the entrepreneur has unintentionally become a leader of her own cowork community. She did not mean to, but the other entrepreneurs asked if she would lease an office room. She is renting rooms of her office to four other entrepreneurs. Now she has had to face the lessor's challenges: one of the lodgers has left the office. At first he had found it difficult to tell her the thoughts of leaving. The entrepreneur that is interviewed has now a vision, that she has to create an atmosphere, where also negative things can be said aloud. There was a case of leaving entrepreneur: he had come to the office hotel thinking that being physically close to other similar businesses will bring him customers. This case brought up, that the expectations must be discussed thoroughly when a new lodger or member is entering: What is gained from being along, what is possible gained, but that cannot be promised, what the lease does not bring along at all.

A discussion with leaving lodger is very valuable, because of feedback and because of relationships. The former lodger may become the best promotor. A lesser of office spaces must also consider how to act, if he or she needs to terminate a tenancy. The reason may be clear like not paying the rent. But the reason may also be non-functional social relationship which poisons the atmosphere. Working in cowork space is not suitable for everyone and expectations may be wrong. A form of regular development discussion might be useful.

With experiences of three different kind of cowork spaces, the entrepreneur describes the dream cowork office like this:

#### When starting the cowork spaces:

- All interested candidates are invited to the spaces together
- The candidates are encouraged to know each other and speak out their feelings
- The values and rules, that are expected to be followed are clearly informed

## During operation:

- There must be a peace for working.
- A culture, that all the members are expected to follow is said in clear words so that everyone
  understands it the same way.
- Common meetings regularly and often
- The members of community should have rotating turns of being in responsible roles. In lead, at least two people at the time.
- Everyone needs to feel that their efforts matter. Everyone must have a chance to grow.

#### When new leases are made:

- · All the members of community are invited to the meeting where the newcomer is interviewed
- Common decision whether the new member fits in the community. What expectations does he have, what can he give?
- The new member gets instructions how to act in the community, he has to be social
- · Business should be a priority

#### Physical environment:

- Possibility to work in a quiet space, room with a door is not a necessity
- Separate negotiation room for confidential discussions with a client, a soundproof phone booth
- Cosy common spaces, (like the bar kitchen which the interviewed had good experiences from).
- Restroom for "15-minute doze-off" with couch and no disturbance

## An interview of a possible applicant to managing director / facilitator's post

The thesis writer interviewed a person, who is considering to apply for the position of managing director of the Viljavarasto. This person is currently working for another employer and does not want to remain anonymous. Because of this reason the person is interviewed anonymously. The interview took place in 13<sup>th</sup> January 2017. In the basic scenario the managing director will also act as the facilitator of the cowork community.

The interviewed sees the task being very wide: acquiring new members, arranging events, facilitating, marketing, billing, property managing and other routines. He/she must constantly follow up the activities in the building and keep the premises suitable for the right purposes. The arranging events must serve the members and generate new revenue.

The role of the property manager he/she has to monitor also needs of future repair and renovation needs. The relationships and regulatory affairs with authorities are on managing director's responsibility. In addition, in the managing director's role the interviewed would take action on assembling solar panels, make sure the recycling is on the highest level and take a social angle in high priority.

As a facilitator the interviewed person would put the creating team spirit into community as the most important task. The team spirit building methods of large companies would be introduced into the cowork community like so called "TYKY-days" where members are invited to join in a sporting event among each other.

In running the centre, the managing director has to balance on how many members should be the right target. How many are needed to keep the revenue stream over break-even point? On the other hand how many will make the premises too crowded? Marketing for getting new members is important, but essential is to provide well enough premises, interiors and services, that the members are willing to commit. The managing director / facilitator needs at least to know every member by name and what is his/her business.

## Interviews of entrepreneurs

Summary of a brainstorming sessions at HUBSALO about what their dream office (or workplace in general) would provide. Since it is extremely difficult to get busy start-up entrepreneurs to come to interview on something other than their core business, the thesis writer had to use the snowball sampling method in gathering the research group. The attendants were HUBSALO tenants: the entrepreneurs and theis staff. The lease of current premises of HUBSALO quarters will end in the end of 2018, so these companies will probably have to move and they are one potential target group for Viljavarasto cowork members.

The sessions were held on HUBSALO at the 17<sup>th</sup> and the 24<sup>th</sup> October 2016, some ideas were received afterwards by e-mail. The entrepreneurs were eager to participate despite their busy schedule.

As a result of the brainstorming sessions a following list of hopes and desires was obtained:

#### SERVICES IN THEIR OFFICE BUILDING

- Front desk in the lobby:
  - o Welcoming the guests, announcing to the host company about the arrival
  - o Monitor the Mass, watching what is happening on the whole house
  - o Taking care of the house on general affairs
  - o Taking calls?
- Contract with Post, bringing in the parcels and packages to the front desk. (Current package mailboxes at malls are too small).
- Most guests come with their own car, how are the parking spaces? Could there be a walking bridge from the parking house over Mariankatu street?
- Constantly manned taxi service at taxi station in front of railway station to serve the guests of the centre.
- Contract with VR the railway company to have available stopover tickets □ Helsinki Salo Turku, stop for couple of hours in Salo in the way
- Open Wi-Fi for guests, encrypted Wi-Fi for the companies based on the premises
- Show-room, where companies can put their products on display
- Test lab: rfid, nse, iot, for those who produce plenty of software, possibly combines to virtual reality glasses, Holo-lence. Maybe Microsoft would join in?
- Umbrellas in the lobby to borrow

- Photo Studio for product photography, profile pictures and so on. Possibly located in public floor
  and available for any citizen to rent for their own photos. "Human size" "Possibility to use natural light,
  background fabric", "Need a person, who will look after devices like light to keep them safe".
- Audio/radio station facilities
- Rental of HowerBoard, Airwheel and similar devices. "An employee benefit?"," Local Payment?"
- Small shop in the lobby, International and local newspapers, flowers, hygiene products and so on", "handmade and original Salo souvenirs"
- Mini car race track, rally simulators, virtual reality -tests spots, game event premises, sim-racing
- Lunch restaurant "fast-food", "Salad bar", "also traditional Finnish food and local hunted meat, those are
  exotic for foreign guests" "vegan", "Asian", and so on. "Several desks for different types of food and common dining
  area.
- The restaurant must also have
  - o Clearly separated pub, "extremely important!"
  - o A terrace restaurant "Absolute must-have!"
- A screen in the lobby, where
  - o Each company can put greetings to their guests
  - o Info on what is happening in the building
  - o Train and bus schedules Introduction of Salo town: map, events on town
- Assistant service, monthly payment for companies in building
  - O Vaijerit-association(handicapped) is ok to run the business, nice to be able to support socially this way
  - O Tasks could be bringing parses from front desk, bringing coffee, milk, sugar, so on from shop to staff café, setting coffee table, keeping saff café tidy, setting coffee table
- Virtual office
  - o web- and e-mail addresses @viljavarasto.fi or something like that
  - o Shared among several small companies
  - o IT-support
  - o Printers
- Massager, massaging chairs
- Storage hotel

#### PROPERTIES OF THE SHARED SPACES IN OFFICE (2. AND 3.) FLOORS

- All cleaning must be included in monthly rent
- Miniature workspaces with good chair, laptop desk, soundproof booths
- Separately phone booths
- Wall of visitors cards of those visited in the building => networking along all companies.
- Shared copy machine, charge by usage
- Recycling spots
- Office supply kiosk? Monthly payment? Automate?
- "Graphics design office in my neighbour" meaning matching right companies near each other to have synergy
- In open spaces and some negotiation rooms: "peaceful music or sounds of Finnish forest, birds singing and other natures sounds"
- In coffee room
- Coffee machine, which makes good coffee
  - Café tables with comfortable sofas
  - AV-devices
  - Good lighting design
  - Snack automate, payments with company's pin-coden "Some people spend sometimes all day in coffee room, other days they come for only 15 minutes while there is no-one else, depending on the day."
  - Separate coffee rooms for calm resting and working sitting area and another for networking and chit-chatting.
  - Coffee/sitting rooms only as big as a must, one for each floor? "More mixing up and networking, if only one, on the other hand changing floor can cause not even taking coffee break"
- Resting place like a big couch or hammock for "15 min doze-off", "yoga", "meditation"
- Greenroom, winter garden
- Someone massaging solders or massage chairs
- Bar-negotiation room to take the customer in, "interior with old brick wall or similar:
  - homey, pleasant, log beams in sight"
- Kitchen, where one can warm up one's own luncheon
- Gym "Multi purpose device for arms and legs", "exercise bike", "running matt", a rail where one can hang to get shoulders relaxed"
- Sauna "Separate sauna for taking customers in and another for going at any time after gym in the end of the day"

• Dressing room for men and for women in both office floors "I want to have a shower opportunity in the floor I work in".

"If I only need to go to work in the morning, everything is there, gym and all and then I only go home"

#### THE PROPERTIES OF THE WORKING SPACES

- Company A: Design and consultation company, now 4 people, needs approximately 60 m2
- Company B: 3 people, needs 15 m<sup>2</sup> +
  - Access to large lounge and shared kitchen For our own group "doors closed" soundproof space (does not need to be absolutely soundproof).
  - Good air conditioning and windows to south, sun absorbing glass, "we do not want to sweat".
  - Lunch benefit option for companies to offer their employees. This is to say the company pays monthly fee for daily lunch buffet for each their employees in the restaurant of the centre.
- Company C: Product developer of electronic devices, including lab research. Number of
  employees now 8, near future 11. Needs for the premises: 150 200 m2, needs a room that is
  free of dust and stabile, does not shake for the lab.
- Company D: The staff now 6 people, the company grows and size will be 10 in a few years. Work is mostly done in the field. Those 10 people should be able to gather together sometimes, but it will be rare. Sometimes there will be additional people like interns and business partners. Needs own private space where no-one will interrupt min 3 m² max 10 m², preferably option to expand the preemies.

#### Flex space!

- Cabins with locks, not necessarily whole room/rooms.
- Plenty of natural light, view and, chance to sometimes look far.
- Big enough table to have elbows on table in addition to space for papers.
- Electrical height adjustment in tables.
- No other people can see my display
- Good acoustics, no disturbing noises but not totally quiet either
- Company E: 60 80 m2 in north or northwest side, right to use common facilities.
- Company F: Now 4 employees, own room about 50 60 m2. Divine open air office but also chance to have private conversation with customers. In common area phone booths with table and secure Wi-Fi for totally private working.
- Company G: Needs 50 m<sup>2</sup> that includes archive and private booths for each employee.

## THE ASSISTANT SERVICE

An interest to assistant service rose up in brainstorming sessions October 17 and 24, 2016. Some of the entrepreneurs had knowledge of an association, Vaijerit ry, that possibly is interested to start a company doing this kind of service. The assistants would carry parcels from the lobby to company's room, make sure there is always coffee and sugar in office kitchen cabinet and run other errands like that. For this service the companies would pay low monthly fee. Basis to this idea is Vaijerit ry, which is an association of handicapped and disabled people in Salo. Currently Vaijerit ry runs a cafeteria in centre of Salo, but that business may end. They want to have a part in society and earn their own money. Many of them have professional education, but they do not have jobs in this economic situation. The Vaijerit association has applied EU-funding for starting a "social company", a firm that is publicly supported under certain, social criteria. Very early discussions have taken place about their interest on running this kind of assistant service. The spokesman was ready to think about it. The assistant service should be independent company which sells the services to Viljavarasto Oy. ProViljavarasto would apply allowances to help the company financially from EU or RAY or similar party on grounds of employing disabled people. The idea is to help disabled people to have jobs and offer affordable service for companies. (Personal communication with Tiina Vainio, chairman of Pro Viljavarasto association 2016.)

#### Conclusion

Most important things the centre is expected to offer for the members are synergy are peer support. To have that, the line of business should be determined so that same sector businesses would seek to be members. This does not mean that all companies should be in the same business, on the contrary: companies should not compete of the same customers. Different businesses that can create companionships and benefit each other. Start-up companies can benefit from the closeness of the other companies and larger companies can benefit from the collaboration with agile start-up companies. The two types may attract each other. This lead to a conclusion that there must be some criteria of who can become a member.

Active facilitator is essential for building community, that is keeping the companies in. Facilitator should create team spirit into community and encourage to get to know each other. Community building includes that the customers need to be listened actively and encouraged to speak out their feelings. The community has to have regular meetings where all are welcome to participate and have their opinion heard. The centre should have a culture, that all the members are expected to follow what is said in clear word and everyone understands it the same way. Members need to know who is making decisions of each things, get answers when they have questions and need to have a feeling that their opinion matters.

The physical environment is expected to have peace for the work and another place to exchange of ideas and have informal conversations. In general, variable spaces like negotiation spaces with high quality AV in some of them, some with cosy sofas. Soundproof phone booths but other vice open spaces. Manned desk is required in ground floor lobby. Need of a relaxing booth for doze-off, yoga or general resting was pointed out in many interviews. One remarkable advantage for solo entrepreneur will be Viljavarasto brand: graphic guidelines, e-mail address @viljavarasto. and equivalent. Also IT-support and the high quality office technology will be big benefit.

## **4.7 SWOT**

## **STRENGTHS** WEAKNESSES Desirable premises in a historical building Expensive renovation before any income are gained. Central location in front of railway station No knowledge of hidden faults in the and shopping centre and high street on the other side structures of the building 4 km to Helsinki-Turku highway, two Chance of miscalculation of the costs and international airports in under 2-hour expenses of running the centre travel range, trains to Helsinki and Turku 10 times a day, 50 meters to bus station, 20 busses to Helsinki and Turku daily **OPPORTUNITIES THREATS** Attracting entrepreneurs also from Other cowork offices, which are opening other cities up at the same time take over the market Good site for arranging seminars Low economy in the area. Synergy from co-operating with New depression in world economy other cowork centres Failure in keeping up the community Attracting seminar organizers from team spirit other cities EXTERNAL

Figure 4, SWOT

## 4.8 Business model canvas

The business model canvas for Viljavarasto Oy might look like this. It is not created in a specific brainstorming session, the ideas have been picked from conversations along the process which started when the association was founded lasting until the end of 2016.

Figure 5, Business model canvas

Key partners	Key activities			Customer relationships		Customer segments	
Suurseudun Osuuskauppa SSO the local co-op Loan providers EU funding organizations Salo Town	Renting premises, accelerating interaction among entrepreneurs, Livingroom of the citizens  **Key resources**  Historical building with soul, central location and facilitated synergy among tenants/members	Comfortable, inspiring workspace.  Representative location with affordable price.  Advantages a big company premises for all small companies.  Colleagues and clients near, option for synergy, networking and contacting customers.		Business hatchery Synergy provider Event organizer  Channels  Web, media Nearness of railway station, highway and centre of the town. Front desk service Leaflets in restaurant		Micro entrepreneurs as members  Profitable small companies as lodgers  Companies providing services for local citizens	
Cost structure	related costs  - Maintenance o building  - Electricity  - Cleaning  - Security servic	<ul><li>Maintenance of the building</li><li>Electricity</li></ul>		Revenue streams		Rents from  - Office tenants - Negotiation rooms - Restaurant - Other 1st floor tenants - Cellar storages Membership fees from the cowork area users Events	

## 4.9 DEMAND OF THE SERVICE

# The change of work in 21<sup>th</sup> century

Worklife is changing and a constantly growing number of people are micro entrepreneurs. The statistics below show the situation in Finland in the first decade of this millennium. Note the change in solo entrepreneurs and freelancers.

The change in the ways of 15–64-year old workforce working during 2000 ja 2010.	2000	2010	% 2000	% 2010
Continuous full-time paid work	1 516 400	1 576 300	65,4	65,4
Short term full-time paid work	254 100	241 600	10,9	10,0
Continuous part-time paid work	162 900	201 300	7,0	8,4
Short term part-time paid work	74 200	80 700	3,2	3,3
Other paid work	4 900	5 800	0,2	0,2
Agricultural work	87 500	61 200	3,8	2,5
The employer entrepreneurs	86 500	90 300	3,7	3,7
Solo entrepreneurs	100 200	112 400	4,3	4,7
Freelancers	19 900	31 000	0,9	1,3
Unpaid on a family business	11 800	9 500	0,5	0,4
Total workforce	2 318 400	2 410 100	100	100

Table 4. The change in the ways of "15–64-year old workforce" working during 2000 and 2010. (Tilastokeskus 2011.).

#### Customer need

The number one target customer will be a future cowork member who currently works at home. (Picture 22).



Picture 22: A cartoon by Hannah Williams,

The obvious first choice of solo entrepreneur is to work from home. There are downsides, though. People working alone often slip out of regular day rhythm, the working positions often are not ergonomic, they lack colleagues and therefor are not taking care of their appearances and their lack of social contacts is harmful for both to business and wellbeing. Next step is to start working partly at cafeterias. A big problem is that it lacks privacy when the work is confidential. Also often working position is still not ergonomic and lack of colleagues still follows.

The challenge is to offer the freelancer of micro-entrepreneur added value so much, that he/she is motivated to pay for reason to dress up and go out of house to do things that can be done at home. For synergy and networking reasons a work community helps entrepreneurs in doing business. A bigger community will also enable to have shared high quality office technology. A real office desk and in general going to actual working place would invigorate and give rhythm to the working days. In bigger towns in Finland, the amount of cowork office rooms is limited and they are apparently wanted. When one of the centres the thesis writer visited, Werstas in Turku, was opened, there was a long list of entrepreneurs wanting to join as a member and the queue is continual. (Personal communication with Sonja Hyrynsalmi, the community facilitator of SparkUp Turku 2017.)

# 5. DESIGN

#### 5.1 IDEATION

The limitations which the building itself set and the challenges of funding causes are putting the bar high. Currently is known, that the floors and indoor ceilings must be taken off and built new. The roof needs thorough renovation. All electricity, waterpipes and drains need to be replaces, all windows and doors need restauration.

The board members find essential, that big part of the building has regular committed tenants in office rooms to have reliable revenue stream. On the other hand, if the whole building consists only of office rooms, the revenue stream is not high enough to cover the costs.

Having listed the biggest challenges, one has to point out the optimism and perseverance of the members of the association. The mood has been high all the way and everyone has believed in the solution that will be found. A solution is sought from many directions, for example EU funding for renovation or EU funding for ongoing special project conducted in premises. Also solar power production on the roof of building and selling electricity has been ideated. On the ground floor lobby, ideas have been for example city culture visibly present to invoke people actively entering. The space has to have a "Wow element" to give a good first impression to the visitors. Something that tells the story about how the building has been rescued by individual citizens and used the power of cooperation in doing that. The building should be a model example of the latest technology. There are hopes, that the public part of the building would turn into display arena and experimenting site for the local building technology companies. Then the construction companies might reduce prices when they get publicity. In the interior, some rough original surfaces like brick walls is wanted to be left on sight as a contrast of modern interiors.

Many people bring up that the spaces should be flexible, a possibility to have really small negotiation spaces isolated from the large ones or in the working area. The general appearance is wanted to be spacious and the negotiation spaces are with glass walls.

The services ideated for the real estate company that manages the building could have services like event, recreational activities and seminar arranging and advertising agency. Bror Salmelin writes in column collection "Innovaatiohöttö hemmettiin" "Majority of great ideas are born in borderlines or traditional sciences, when they collide each other and other areas of expertees" (Keinänen 2015. 43.)

This also applies on different lines on businesses and entrepreneurship. That is the reason why the members of different centres, the entrepreneurs of different lines of business, should be encouraged to meet each other.

The double membership came up in Humak's add about the Coworking Travel Pass -add, *Appendix 2*, last of the price benchmarks examples). Also Ms Liipola brought it up in the interview of Osaamiskeskus

(currently named IoT centre) model. The Salo town is a co-owner of the centre. The thesis writer had a brief meeting considering possible co-operation of the cowork -centres with the responsible officer of the city administration. The town is in principle open to all ideas of co-operations among the centres, but both centres are in so early stage that it is not possible to discuss any contracts yet.

The co-operation is ideated to be

- Weekly meetings with all interested members of both centres, every other week at each centre
- Event arranging together for the members of both centres
- Double memberships, which would allow the members to use the other centre lounge areas
  for a small extra charge. This would accelerate networking, synergy with randomly met
  entrepreneurs, exchange of information, understanding of each other and also open new
  business opportunities.

Many people have plenty of ideas for the restaurant services, but since this is in the hands of the restaurant entrepreneur, these are not listed here. One idea worth mentioning is, that the idea of the tenants/members having regular "after work" evenings together.

## First phase ideas

Unlike anticipated, the area is not really large. The area suitable to rent out is little less than  $400 \text{ m}^2$  on three floors and  $300\text{m}^2$  in the attic, which makes  $1500 \text{ m}^2$  all together.



Figure 6: Rough massing of how much space the office rooms takes and how many hot-desks can be fitted in around rooms, only for calculation purposes.

To illustrate the options and amount of the office space, fig 6, a sketch of the 3<sup>rd</sup> floor and reserved spaces for four of the interviewed companies. This is not an actual design of a plan, the drawing is made solely to research how many desks and how much office space are possible to fit in the premises in addition to corridors, staircases, kitchen and negotiation spaces. The actual lay-out will be designed later once the service design project is finished and decision of business model is set. The amount or possible working space can be counted from the drawing in order to calculate revenue streams for the business plan. In addition there are "hot desks" (Martela 145x100 tables) and cabins (80x40). Kitchen locates in the west side and there is also a small negotiation room for 6. The drawing is only for figuring how much there is room for activities. The architect and interior designer will determine the actual lay-out later.

Eastern end of the building is more difficult: there are the thick concrete silos and next to them open space all the way from ground level to the roof (and currently occupied by pigeons). A wall climbing company is interested in the silos. Most of the silos of course would be demolished and this is why the climbing centre might just be the best use this space.

#### 5.2 Personas

The customer groups are divided into two:

- The customers who rent space in the premises, the direct customers
- Customers who use the services the lodgers provide, consumers of BtoB or BtoC

Main target group of customers are micro entrepreneurs, who may rent desk space or an office room.

Another space renting target group, the service providers like the restaurant entrepreneur and assistant service are important to entrepreneurs which are invited to rent space in premises. Those services were required by several entrepreneurs during brainstorming sessions mentioned earlier. The target customers of Viljavarasto Oy gain synergy from each other. One group is not as interested to come without the other group, so the two are essential to have in balance.

Last but not least also local citizens are invited to use the premises and there must be services to them in order to make the building a "Livingroom of people in Salo". In the survey of *Q-tutkimus* between 1<sup>st</sup> July and 8<sup>th</sup> August 2016 gave results that local people are very interested to restaurant and many other services if Viljavarasto premises had those available. As a service provider Viljavarasto Oy has to look after the needs of the direct customer and the customer of direct customer.

## **PERSONAS**

Personas are examples of possible customers. They are created based on research during this service design process.

Personas are examples of possible customers. They are created based on research during this service design process.					
Freelancer	Freelancer works at home and meets customer in a nearby café.  The business is not regular, sometimes there is plenty of orders, sometimes more quiet.  The resources for advertising and investing on office technology are limited.	more networking, synergy and peer support     professional image     access to proper office technology			
Micro- entrepreneur	Works regularly as a full-time entrepreneur, has a stabilized customer bases, wants to have a "real office".	Needs  Private space to feel "one's own" place Be settled in at the site Being part of community			
Firm, service provider	Restaurant, photo studio, wall climbing, e.g. entrepreneur. Clear consumer-orientated field of business.	Looking to locate in a site where many potential customers already move about.			
Event organizer	Bigger organization looking for a site for arranging an event. The desire may be that the site is  - representative - personal - easy to reach - near the headquarters or deliberately further away	Rents the negotiation or seminar spaces for one or for a few days at the time.  No permanent commitment to location.			
Consumer	Customers of restaurants, wall climbing athletes, private renting proto studio or similar <b>or</b> customer of freelancer or microentrepreneur who is located in the site.	Looking for easily accessible location and high quality services. Wants to be served friendly and be welcomed. Appreciates fine historical interiors.			

Table 5, Personas

#### 5.3 STAKEHOLDER MAP

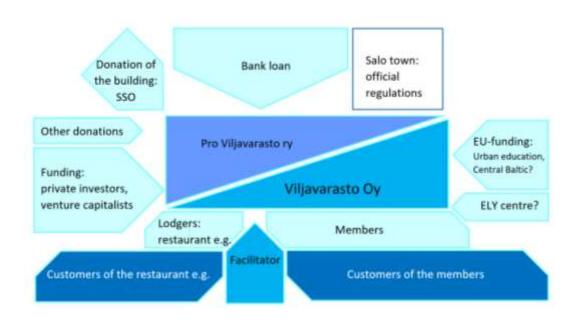


Figure 8: Stakeholder map

"If you manage your stakeholders well they will actively support you. If you ignore your stakeholders, they will sabotage your project"

(Stakeholder Mapping 2017.)

On Stakeholder map for Pro Viljavarasto ry and Viljavarasto Oy, which are in the centre, the turquoise around are possible funding sources. The whole plan is based on the assumption, that there are enough customers for the members of cowork centre and additional lodgers. Those are the corner-stones. The facilitator is needed to support the members and keep the combination together. Successful support from the facilitator will help the Viljavarasto Oy's customers to have customers of their own. In practical terms this can be attracting tourists and offering education to members. This is how the Viljavarasto Oy is getting the basic funding for the operation. Other funding sources must still be attended all the time also. One partner is Salo town, which will demand fulfilling various official regulations. Good co-operation with the town authorities assures, that there will not be any surprises.

When funding round starts and the loan is applied, Pro Viljavarasto ry will establish real estate company Viljavarasto Oy. This Viljavarasto Oy will apply for loan, equal amount as the collected stock capital is. Other sources of funding have and will continuously be tried to acquire, but they are not to be relied on.

#### 5.4 OPERATING MODEL OF VILJAVARASTO COWORK CENTRE

According to service design principles, the services should be

- Useful the service corresponds to the needs of the users
- Usable the service is easily understandable, easy to use and accessible
- Consistent the use of service is consistent and seamless throughout the whole experience
- Desirable the service appeals to the emotions and values of the target group
- Differentiated the customer experience differs from the competitors in positive way
- Efficient the services are produced as efficiently as the resources available ever allow
- Successful the service produces the results that were planned

(VTT 2012.)

The core team of designers of the model, in addition of the thesis writer, consists the chairman of the association Tiina Vainio, who also is founder and managing director of HubSalo cowork centre, interior designer, one of the founders of the association Janni Areva and Salla Törmänen, architect student, who is doing the renovation plan of the Viljavarasto granary and mill building. Many other members of the association have participated the ideation and the thesis writer has been supported by many other experts and consultants.

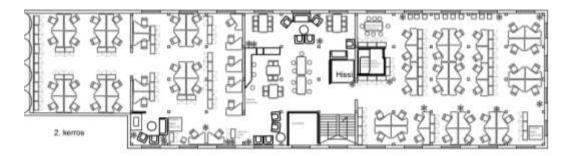
## The "hardware" of Viljavarasto

The current timetable for renovation of the Viljavarasto building is that it is renovated earliest in the end of 2019. The research of necessary measures to have the building ready to move in are on process. The association is hoping to have the final price estimation and timetable by the end of July 2017.

Physically the building will be structured – in the current plan – as following: The ground floor will be "The living room of town". This means that preferably there will be a restaurant with affordable lunch, after work -bar, terrace on sunny side of building and night time restaurant with good food from the menu and spending late night socializing. These can be provided by one or two restaurants. Many other activities have been ideated and some entrepreneurs have expressed their interest to start their business there, but those are only ideas and preliminary plans so far. The cowork centre will take three upper floors. The first office floor will be open spaces for members and dedicated desks. Since each floor is divided into three sections by firewalls, there can be three different ambiences.

In the mid-section is the staircase and lift. This is the most uneasy and casual space, since there is plenty of passing-thru. This space is comfortable easy-chair and coffee table area. There will be the bar-kitchen for coffeemakers, warming lunch and most importantly: chit-chat and getting to know each other. This space is open for all members, also for the double-members from other cowork centres. On one side will

be another kind of lounge: cowork area with desks available for all members and dedicated cabins for those, who have basic membership of Viljavarasto or a double membership primarily in Viljavarasto. Desks are also available for double-members primarily from other contract centres. In this space it will be preferably quiet. For the phone calls and private conversations there are sound-proof, comfortable booths. On the other side is open office only for dedicated desk -members. Selling 35 dedicated desk is maximum. Hot-desk memberships maximum is around 50-80 memberships, Time shows in practice how many is the appropriate number. The second office floor will be private offices. The private office members are allowed to use the lounge areas. Top floor is flexible seminar area, which can be divided into different sized negotiation rooms. (Picture 23).



Picture 23: Sketch of cowork floor for counting how many desks and other seats can be fitted in the space. On the left dedicated-desk/hot-desk area, 35 desks and a phone booth. In the middle kitchen and lounge area with seats for 40 people. On the right hot-desk area, 38 desks and a high desk for working standing up or on bar chair, phone booth and resting room for short doze-off. With smaller desks there could be more places, but it might be less appealing interior.

This is not the actual interior design plan: the architect and the interior designer will be published the interior design later.

## The "software" of Viljavarasto

Currently number one aim is to have one floor of office rooms with higher charge of square meter than elsewhere in town but to offer tenants added value in the benefits that are offered to the hot-desk and dedicated desk members.

That added values have been ideated to be

- Comfortable large lounge with comfortable easy chairs, kitchen and free coffee. This
  space is exceedingly good for networking and peer support.
- Facilitators services in matching entrepreneurs and organizing events according to members' wishes
- High quality office technology on which the entrepreneurs will then have no need to invest in their own
- Option to use representative large negotiation spaces with AV technology and excellent interior design
- Viljavarasto brand: graphic guidelines, mail address, domain and postal address under Viljavarasto name
- Free access to Viljavarasto ry seminaries
- Front desk services
- Mailing and package receiving service
- IT help desk service
- · Cleaning service
- · Security service

Despite higher rent, the "closed door" office rooms in one floor, the hot-desk and dedicated-desk offering floor has to be more profitable to cover all costs. This is achievable if the amount of members exceed 100. Just as in social media like LinkedIn or Facebook, the members make the value of the service. The critical mass of members attract more members as such. It is only guessing how many is the critical mass, but it could be 40 members. Option for double memberships will help achieving the critical mass, when some of the other centre members are sometimes working in Viljavarasto.

The facilitator has to be up to the managing director's level of abilities and at the same time eager to serve the members, listening carefully the wishes said out loud and also try to notice those that are only hinted. In order to succeed in matching members the facilitator has to become familiar with each member by name and orientate to their business. The personality of the facilitator should be extrovert and the facilitator should be easy to approach even with negative issues.

The lobby personnel do not need any specific education. They are required to be eager to serve. They are expected to be flexible, curios of the needs of the members and other customers. The employees are expected to be extrovert and social. The community has to have clear rules about behaviour in the shared premises. The rules should be determined mostly by the community itself. The facilitator can give the real estate owners guidelines and some suggestions, but the detailed ways of working should come from the customers, the members themselves. The members could choose two or three representatives and then rotate the turns of being in that role, and have regular ongoing dialogue with the facilitator on ways of running the centre.

Weekly meeting which wold be open for all members would give everyone a chance to speak out. Which areas should be quiet and no disturbing allowed. When spending free time together, there could be a rule that asking work related free advice of a fellow member would not be allowed. Rules in everyday live should be agreed together, spoken out so that everyone knows them and also print them out in a leaflet that would be given to a new member when invited in.

When a newcomer wants to join the community, the representatives and facilitator should interview him/her and tell about the rules and what is expected of the new member. Also they should try to find out what are his/her expectations of the membership. What is gained from being along, what can possibly be gained, but that cannot be promised, what the lease does not bring along at all. It has to be accepted, that working in a community is not suitable for all. Also the facilitator has to understand, that even though the centre is not full, not just anyone can be taken in.

#### The best case scenario

The cowork community of one-man-firms and micro-enterprises can form an organization including all recourses of a large company but being more agile. In the community, there can be an accounting firm, advertising office, IT-developing company and so on, all finding required services from each other. They know "who can do what". None of the "departments" has to sit rolling their thumbs: unlike in a department of a corporation, they will sell their knowledge elsewhere. This minimizes the idle times and therefor reduces the costs.

When there are enough members in the community, the centre can meet suppliers as one large company. That way the members of the community can have better discounts of different commodities and services that many of them use. They also can make contract for healthcare services and insurances like a big company could offer for their employees.

#### The worst case scenario

If the low economy in the area continues it might happen, that the centre does not gain members enough to make the self-increasing amount that would make joining the cowork community tempting and profitable. This will cause short term memberships and the revenue may stay below the break-even point. This causes, that the centre can't benefit the economics of the scale. Strong actions should be made to break this negative spiral early enough.

#### INVOICING CRITERION SERVICES TO THE INTRODUCED PERSONAS **MEMBER** Hot-desk or dedicated desk Membership including hot-desk or dedicated-desk space, private cabin, e-mail address, domain and monthly membership fee postal address in Viljavarasto name, free access to Viljavarasto ry seminaries, limited rights to use the meeting rooms of the Viljavarasto premises. Front desk services, mailing and package receiving service, IT help desk services, unlimited use of kitchen and lounge areas, copy, scan and printer option, free coffee/tea, cleaning service, security services, electricity, water, lighting, air condition, options to join e.g. healthcare contract. RESIDENT Own room in chosen size with lockable door. E-mail Rent by m<sup>2</sup> and address, domain and postal address with Viljavarasto membership fee per each name, free access to Viljavarasto ry seminaries, entrepreneur/employed limited rights to use the meeting rooms more than personnel in reduced prize only membership offers in the Viljavarasto premises. Use of lounge and all services that include in membership. LODGER Area according to lease contract, appointment Rent by area á 1m<sup>2</sup> booking service on lobby desk, security, Viljavarasto brand, option to join marketing cooperation, option to buy services that are included in the membership package. **VISITOR** Negotiation or seminar space according to requests, One day rent according to lobby services, guidance of the attendants, catering premises and extras. arrangements, services according to requests in competitive pricing. **CONSUMER** Customer of services provided by the real estate Customers of restaurants, company OR services of some company operating in wall climbing athletes, the building. private person renting proto studio and so on.

Table 6, Services to the introduces personas

#### 5.5 CUSTOMER JOURNEY MAP

#### Customer journey of a new member

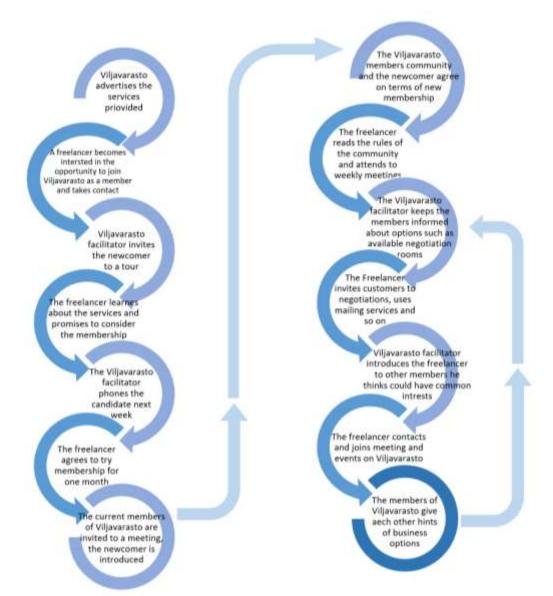


Figure 9: Customer journey map

Customer journey of dedicated desk -member and private room -member are similar to hot desk -member. The differences are, that they have physically private area in the building. The services that are provied are basically similar, though the dedicated desk membership includes more negotiation room hours and private room -member even more. In the facilitators' point of view, though, the service is provided in similar way.

It is likely, that membership evolves from hot desk -membership to more private space when the members settlesdown in the building. Once the advantages of membership have proven to be profitable, the desire to reserve own space in the building increases.

For many customers this will only be possible after some time of hot desk membership, once the business has grown enough to have money to spend on better work station.



Figure 10: Customer journey map 2, evolving membership

## The customer group "Visitor"

The Viljavarasto Oy may rent out the negotiation rooms to outsiders. Currently it is not known what kind of spaces there will be, since the architect and the interior designer are only starting their work. Also it is not known how much the members use the negotiation rooms, the vacant hours can be minimal or plenty. These factors will affect the services that will or will not be provided.

## The customer group "Lodger" and the customer group "Consumer"

The ground floor will be a public floor. The aim is to make it a living room of the citizens. To achieve this, the Viljavarasto Oy will approach various service providing companies. They can be restaurants, cafeterias, sporting centres, event organizers and other companies that may be interested. The customer journey will be different depending on what kind of lodgers are attracted. Therefore also their consumer customers customer' journey will vary. The customer journeys and service blueprints need to be tailored for each when the leases are signed.

## 5.6 SERVICE BLUEPRINT

Customer journey is created in advance only for the customer of member. Each member have different needs, even though they would represent same persona type. The service provided their customer, though, is described. It is part of the value proposition that Viljavarasto Oy gives to the members and lodgers.

Physical evidence	The customer of Viljavarasto member receives invitation e- mail from the Viljavarasto member	The member has written in advance a welcome note on the electric bulletin board of the lobby in front of main entrance	The host member arrives to the lobby, greets the guest and invites to the lift	There is coffee and small snack to the negotiation room, which the member has ordered. The room is freshly cleaned.
Customer action	The customer reads the invitation and finds in the signature field arriving instructions	The customer arrives and sees the front desk assistant and the personalized welcoming message	The customer is guided to the top floor negotiation room by host member	The customer is feeling comfortable and has good impression of the business the member offers
Front stage interaction	The e-mail template has standard arriving instruction field with info of parking place, site of main door etc. with simplified map.	The front desk assistant welcomes the guest, directs him/her to seats and phones to the host member.	The big lobby, new lift and representative negotiation floor makes good impression of the member's business	
Back stage interaction	The members of Viljavarasto have e- mail address @viljavarasto.com with pre-designed template			When the member books the negotiation room, the app suggests catering and other additional services
Support	Technical support, graphic designer, domain service	Lobby personnel, maintenance, technical support	Maintenance	Restaurant, maintenance

Table 7, Service blueprint

## 5.7 PROTOTYPE

#### Near food market -fair

On 18<sup>th</sup> December 2016 Pro Viljavarasto ry -association arranged an event titled "Near food market". The aim was to see how the citizens find their way to the site and their reactions to the renovating venture. Strategically on Sunday before Christmas local farmers, bakeries and sausage makers came with their stands, some outside, some inside. At first the association had hard time to make the target group interested. The event was new, there was no prediction how well the clientele would find their way to the fair. Once few of the farmers got interested they told each other and in the end, there were difficulties to find enough room for all the willing sellers. (Pictures 24 and 25).





Pictures 24 and 25: Prototype event 18th December

The near food market exceeded expectations and many of the participating stallholders told that in the event they had the best selling-day of all Christmas events. Also the citizens were keen to get to know the premises and the "Round tours of the building" had constant queue. The guides took signatures of the round tour participants and they were well over 300. The local newspaper Salon Seudun Sanomat wrote two-page story of the event. Picture of the news story in *Appendix 3*. (*Salon Seudun Sanomat 2016*.) The prototype indicates, that the location is appealing to customers. The next prototype fair will be held in mid-April 2017 and within the event there will be a briefing for investors.

#### 5.8 CALCULATIONS

#### Revenue streams

The price level will be set considering the competitive situation on the other hand, on the other hand the limits set by the required margin. The preliminary prices are calculated based on following facts: Memberships, that do not include dedicated desk, can be sold more than the amount of desks, since they are not all at the site at the same time. Also all do not prefer desks, but rather choose kitchen table or an easy-chair. Current estimation, based on benchmarking, is that memberships can be sold roughly double the amount of free desks. On the other hand, too many desks can't be sold as dedicated desks, since the membership only -members must have the opportunity to use ergonomic desk if they choose to. If there are 70 desks, maximum 40 can be dedicated desks and the remaining 30 desks will be shared among maximum 60 only membership -customers including double members. It must be prepared to a situation when all the members are in at the same time, so there must be enough seats for all the paying customers, including in the kitchen-lounge tables and easy-chairs.

Private rooms are sold by demand, but maximum total amount is 350 m2, since there must be a room for negotiation rooms and one larger seminar space. The office room lodgers can use the lounge as an extended working space, so they are encouraged to choose small rooms. The high price per square meter is compensated with open lobby and representative negotiation spaces. Even with a small room they still have a change to close the door and enjoy privacy and quiet environment when needed. The future costs are calculated by the members of the board of ProViljavarasto association. With the numbers the association used in calculations, the margin is approximately 20%. That could be acceptable, since the project is primarily about saving the fine old building and to make central Salo more alive.

In this thesis the actual prices and other revenue streams are shown only in magnitude: private rooms: xx,- $\epsilon$ /m2 + Membership fee xx,- $\epsilon$ /month/person. This will give the reader a rough idea of the prise range. The actual prices, once the building is ready to move, has to be adjusted accordingly to the competition at the area and according to the actual costs of running the operations and maintaining the building.

## Preliminary plan for memberships

Visitor	Viljavarasto i	nembership	Dedicated de	sk	Private room
User of negotiation /conference space	Access to lounge area, free use of any unoccupied desk.		Dedicated desk, private lockable cabinet.  All benefits of membership.		Private lockable room, furnished, if desired. All benefits of membership.
Extra services for extra charge	Limited access to copy machine: X number of printouts, extra charge for more copies and prints, unlimited scanning		2 x X number of printouts, extra charge for more copies and prints, unlimited scanning		5 x X number of printouts, extra charge for more copies and prints, unlimited scanning
Lounge service included,	X hours use of negotiation room per month, extra charge for more time.		2 x X hours use of negotiation room per month, extra charge for more time.		5 x X hours use of negotiation room per month, extra charge for more time.
Extra services like catering, according to price list and/or by negotiation	Access to events and seminars that Viljavarasto Oy or Pro Viljavarasto ry organizes.  Not necessarily to those arranged by an outsider.		Privilege to bring in guests of one's firm and allow them to use the lounge X days per month.  This only applies guests that have direct link to firm's business: customers of subcontractors.		Privilege to bring in guests of one's firm and allow them to use the lounge X days per month. Only guests that have direct link to firm's business: customers of subcontractors.
	Unlimited use of kitchen, coffee and tea.		Unlimited use of kitchen, coffee and tea.		Unlimited use of kitchen, coffee and tea.
Pricelist	Price (preliminary)		Price (preliminary)		Price (preliminary)
To be calculated, once the facilities are ready	Viljavarasto membership xx,-€/month	Double membership Viljavarasto + Osaamiskeskus xxx,- €/ month	Vilja- varasto 1xx,- €/month	Double membership 1xx,- €/ month (Desk in only one location)	Viljavarasto room + Viljavarasto and Osaamiskeskus lounges xx,- €/m2 + Membership fee xx,- €/month/person

Table 8, Draft of membership classes and price list

The preliminary prices for calculation are classified for the time being and the calculations are attached confidential part of thesis. Benchmarks for pricing are in the appendices. Basic rule is, that the more the member pays, the better membership he/she gets in all categories.

Calculation of the renovation cost is still, in Mach 2017, in working progress. The Yle news 10th May 2016 stated that the estimation is that the costs would be between 5 million and 8 million. In the light of the current knowledge of Pro Viljavarasto association the total costs will not be that much. The costs will be counted in millions however.

Originally the ProViljavarasto association board members had thought, that the building is turned to office building with 50m2 – 100m2 office rooms and 100m2 – 200m2 lobby on three floors that are above the ground floor. The price per square meter was planned to be only barely higher than the regular office room square meter rent in Salo town. In the calculation with all offices booked, the income with this pricing barely exceeded the break-even point. It was obvious, that the business idea had to be changed. The exact numbers are confidential, but the calculation shows the scale of costs and income.

Cost calculation				
Capital, fixed and variable costs +	Renovation: loan 50% of expenses, payback time 8 years	Annual cost estimation during first 8 years  XXX 000,- € /year		
	Charge	Yearly income total 100% occupancy	Yearly income total 80% occupancy	
Original plan, 3 office floors+ ground flood lodgers <b>total</b>	All in fixed 1x,- €/m², competitive market price	XXX xxx,- €	XXX 000,- €  = same as estimated annual costs	
Plan with  1 office floor as cowork lounge  + 1 floor offices with higher prize with lounge use included  + ground flood lodgers total	Membership fee $xx, - \epsilon/month + 1.65 \times 1x, - \epsilon/m^2$ for private office space.  Ground floor according to original plan in market price per m <sup>2</sup> .	1.5 × XXX xxx,- €  Normally people stay in one place a period of time and move to another place. Before new members and lodgers are found, the spaces are vacant. During those times the membership fees and rents are not 100%.	1.2 × XXX 000,- €  With higher prices the income stays above break-even point even though the centre is not fully booked 100% of the time.	

Table 9, Cost calculation

# 6. Conclusion

#### 6.1 THE TIMELY ACTION

The renovation of old industrial buildings has been a constantly growing trend in the recent decades. Cowork centres are a more recent trend, originating in 2005. Already there are worldwide chains of cowork centres. Countless numbers of independent cowork centres operate all over developed countries. This is in some sense related to the sharing economy trend. Salo town is recovering from hard impact of a big employer leaving the locality. New start-ups are emerging but they are still small.

The research question was: What kind of business model will make the venture profitable enough to have funding for the renovation of the building?

It is possible to build a business plan that will cover the costs and make profit for the owners. This requires, though, functions that bring higher revenue per square meter than a regular office or other commercial property space would bring. The business model this thesis is exploring is a cowork centre. In a cowork centre the physical floor and the walls are merely a state where the service takes place, not the intrinsic value. This makes it possible to obtain higher total revenue from the premises. Both the members and their business should prosper in the community. To ensure that, the community has to have a facilitator. The facilitator is aware of each of the member's businesses and introduces the members strategically to each other. He/she organizes lectures, seminars and similar events to enhance the expertise of the members. He/she also keeps the mood and community spirit up by arranging common optional leisure activities.

#### The added value an entrepreneur receives from joining cowork centre

A solo entrepreneur has several reasons to join the cowork community designed in this business plan. Compared to working at home by the kitchen table the centre offers ergonomic desks and chairs. This will keep the working positions healthier. The entrepreneur does not have to buy all office technology to his/her home and the quality of the technology will be high and the maintenance is outsourced. The home of the entrepreneur has less work-related devices and material so the entrepreneur can separate work from the private life more easily.

The Viljavarasto building is confidence-inspiring. It is a place where the entrepreneur can proudly invite customers or other associates. The visitor may come from abroad to airport and arrive Salo by train, conveniently just in front of the Viljavarasto building. The visitor enters the lobby where a receptionist invites him in and informs the host entrepreneur. The entrepreneur comes to meet the guest and takes him/her by the elevator to the top floor into a representative negotiation room. The image of the entrepreneur is different than if the meeting had been held in a spare bedroom of a flat.

The entrepreneur also receives the e-mail and mail address of Viljavarasto. The larger brand receives a better-known image and when the customer first hears about the company the name "Viljavarasto" brings some idea into mind. The entrepreneur can also present his/her company in the Viljavarasto webpage and have random customers there.

Even more important is the community the entrepreneur joins in. The entrepreneurs in similar businesses and in the same life situation receive peer support and synergy from each other. The facilitator of the centre will actively introduce the members to each other. The facilitator also organizes free time events to offer in-depth acquaintance into a work community. The feeling of belonging into the same fellowship will ease communication also on business affairs. The members can have customers from each other or tell about business opportunities they know. The facilitator has to actively encourage this.

When the community knows each other's businesses well they can form alliances. The alliances can be for single business affair at the time. This way the capacity is 100% in use when the offer is given and fulfilled. This gives the small entrepreneurs an edge, since large companies must take into account large amount of fixed costs that the small, agile solo entrepreneurs do not have. For this, the facilitator must work actively towards encouraging the companionships and helping to find opportunities.

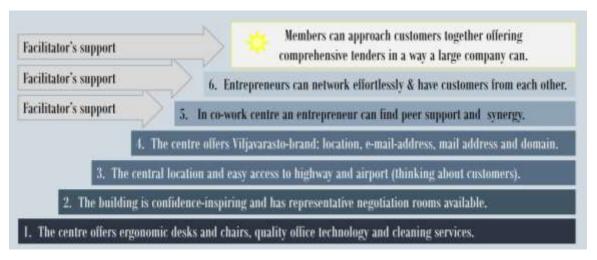


Figure 11. The added value the facilitator can give to Viljavarasto cowork centre members

There will also be traditional office space available. The private rooms for residents will be more expensive by square meter than in other office buildings in the town. The sums are not comparable, though. In the Viljavarasto the room's rent includes negotiation space limited hours per month. It also offers the same benefits as the other members are entitled to. This means that the rent is not only for the square meters but for several benefits.

## 6.2 FUTURE ACTIONS

Before approaching the investors, a market research must be conducted. This is needed to confirm that there is a basis of entrepreneurs that are interested in joining the Viljavarasto cowork centre. Also, exact calculation on the renovation costs must be obtained. This requires further investigation on the building repair needs. Separate calculations will be made two phases: the essential repairs and additional constructions that will increase the revenue, for example, a VIP-sauna.

The beautiful attic will be renovated into negotiation rooms in various sizes which can be combined flexibly. The negotiation rooms are primarily for the members needs. The negotiation space can also be rented out to outsiders in case there are vacant rooms.

The ground floor will be rented out for market square meter price. Approximately half of the floor will be rented to a restaurant entrepreneur, who is expected to have both lunch and night time restaurant. There can be one or two restaurant entrepreneurs, Pro Viljavarasto association only expects to have these different functions. This will have synergy with the cowork centre. The rest of the ground floor and basement are available to rent out to whichever entrepreneur is interested. The aim is that the lodgers offer services that attract citizens to the centre making it a place they visit often. The hope is, that the citizens find Viljavarasto as their living room in downtown. Another aim is that there are services the cowork centre members can benefit in their business.

## Sources

Auringonsalo 2017. Advertising leaflet

Architectural drawings, Salo town documents (architectural blueprints, architect unknown)

Arora K., Donnelly J.P & Trochim W. 2014, The Essential Knowledge Base, Cengage learning

Baderman J. & Law J. Hub inventor - Jonathan Robinson Slideshare 2009. Available in electric form: www.slideshare.net/hubpraha/profile-of-hub-concept-inventor-jonathan-robinson referred 31th March 2017

Brand S. 1995. How buildings learn, Penguin books USA

Business Queensland, 2017. Queensland government, available in electric form, https://www.business.qld.gov.au/starting-business/planning/market-customer-research/swot-analysis/benefits-limitations referred 7th March 2017

Butler, K. 2008, Practical Values: Works Well With Others, MotherJones web-magazine, . Available in electric form: http://www.motherjones.com/politics/2008/01/practical-values-works-well-others referred 31th March 2017

Cambridge dictionary, 2017. Available in electric form http://dictionary.cambridge.org/dictionary/english/facilitator Referred 23th March 2017.

Camden collective, 2017. Available in electric form, http://camdencollective.co.uk/about Referred 23th March 2017.

CrazyTown Slide Share 2014. available in electric form, https://www.slideshare.net/businessarena/crazy-town-40960563 referred 31th March 2017

ELY documents, 2017. Available in electric form http://www.ely-keskus.fi/en/web/ely-en/ Referred 23th March 2017.

Ervasti M. 2012. Value in experience: Design and evaluation framework based on case studies of novel mobile services, VTT Available in electronic form: /www.vtt.fi/inf/pdf/science/2012/S18.pdf Referred 24<sup>th</sup> March 2017.

Heinrichs, H. 2013 Sharing Economy: A Potential New Pathway to Sustainability, page 229. Available in electric form: http://search.proquest.com/docview/1471962034?pq-origsite=gscholar referred 29th March 2017

Holiday Club, 2017, Tampere spa Available in electric form http://www.holidayclubresorts.com/fi/Kohteet/Tampereen-Kylpyla/?\_ga=1.199299048.732866523.1490350382 Referred 24<sup>th</sup> March 2017.

Hytönen, J., HUB JYVÄSKYLÄ LIIKETOIMINTASUUNNITELMA, Koulutusohjelma Liiketalouden koulutusohjelma 2009, Available in electric form: https://www.theseus.fi/bitstream/handle/10024/2537/Hytonen\_Johanna\_Kaariainen\_Henna1.pdf?sequence=3 Referred 29th March 2017

Impact Hub, 2017. Available in electric form: http://islington.impacthub.net/our-story/ referred 31th March 2017

Keilasatama, Available in electric form, acquired 5th March 2017 http://keilasatama.fi/wpontent/uploads/2016/02/Keilasatama5\_aulapalvelu.jpg.

Keinänen M. 2015. Innovaatiohöttö hemmettiin Business Arena Oy pages 14-15 (see Social Capital, Field J.)

Kivilaakso, A. 2010 Rakennusperintö suojelun kohteena, Suomen rakennustaiteen museo

Lehtovuori, P. Report 28th June 2016

.Latvakangas, E.: Olutravintoloiden ja leipäjonojen aika. Turun Sanomat, 23.10.2005

McLeod S. 2014. Simply Psychology, Psychology Articles for Students. Available in electric form http://www.simplypsychology.org/interviews.html Referred 16th March 2017.

Nassler D. available in electric form https://www.hyperisland.com/community/news/how-to-apply-a-design-thinking-hcd-ux-or-any-

Pasquier M. The Future of Coworking: coworking visas, corporate partnerships and real-estate specialists, available in electric form: http://www.innovationiseverywhere.com/future-coworking-coworking-visas-corporate-partnerships-real-estate-specialists/ Referred 31th march 2017

ProViljavarasto Association 2016. The memorandum

ProViljavarasto Association, proviljavarasto.com web-page 2016, Column written 19th April 2016. Available in electric form, https://proviljavarasto.com/2016/04/19/pro-viljavarasto-projekti-starttaa-kannatusyhdistys-perusteilla/)creative-process-from-scratch referred 24th February 2017

Q-tutkimus 2016, Pro Viljavarasto association document 2016

Robert Wood Johnson foundation 2008. Qualitative research guidelines project. Available in electric form http://www.qualres.org/HomeInte-3595.html referred 16th March 2017.

Salo town archive

Salon Seudun Sanomat 2015. Issue 9th July 2015

Salon Seudun Sanomat 2016. Issue 19th December 2016

Saloon -Salo town travel promotion association 2017. Available in electric form, http://www.saloon.fi/en/saloiot/default.aspx referenced 7th March 2017

Sivatharsika G. 2016. Thesis "The user experience of facility services in business parks: a case study of Keilasatama 5 "Laurea University of Applied Sciences

Stakeholdermap.com 2015. available in electric form, https://www.stakeholdermap.com/ referred 7th March 2017

Stratton M. 2000. Industrial Buildings: Conservation and Regeneration E&FN Spon

The Balance magazine 2017. Available in electric form, https://www.thebalance.com/overview-and-examples-of-benchmarking-in-business-2275114 Referred 18th March 2017.

Tilastokeskus.2011. Labour force survey data 2000 and 2010. Available in electric form, http://www.stat.fi/artikkelit/2011/art\_2011-12-12\_002.html?s=0 Referred 16th March 2017.

Tuulaniemi, J. 2016. Palvelumuotoilu 3.rd edition, Talentum media.

Uusitalo S., 1990. Helsingin Sanomat 15.7.1990

WeWork 2017. Available in electric form https://www.wework.com/buildings/metropool--amsterdam Referred 5th March 2017.

 $\textit{Yle news 2016. Available in electric form, yle. \textit{fi/uutiset/3-8869629 referred 4th March 2017, Copy of the article Appendix 1-2017} \\$ 

Zwierzynski T. 2007. Solo-Entrepreneur.com, available in electric form http://www.evancarmichael.com/library/terri-zwierzynski/what-is-a-solo-entrepreneur.html referred 4th March 2017

Åbo Svenska Teater, Available in electric form: www.abosvenskateater.fi Referred 24th March 2017.

Öster H. 2015 Kovia kokenut Salo on edelleen toipilaana, Suomen tiedetoimittajain liitto. Available in electric form, , http://www.tiedetoimittajat.fi/tiedetoimittaja/kovia-kokenut-salo-on-edelleen-toipilaana/ Referred February 20th2017

## **Appendices**

Appendix 1, the news story 10th May 2016 about Pro Viljavarasto ry in Yle website







Appendix 2, Collection of prize lists of benchmark cowork centres

## The prize list of CrazyTown Jyväskylä in January 2017

	Moving base	Expert	Mini team	Expanding team
Monthly fee	€195	€320	€590	€790
Offering	Full membership	Full membership	Full membership	Full membership
	service package	service package	service package	service package
	No fixed	Shared office,	Private small	Private average
	workstation,	fixed private	office room for 1	size office room
	private stowage.	desk	to 3 people	for 2 to 4 people
	Access to	Access to	Access to	Access to
	common lounge	common lounge	common lounge	common lounge
	and kitchen, in	and kitchen, in	and kitchen, in	and kitchen, in
	all 250m <sup>2</sup>	all 250m <sup>2</sup>	all 250m <sup>2</sup>	all 250m <sup>2</sup>





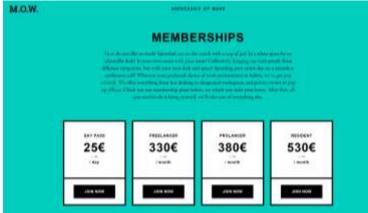
## The prize list of Werstas, Turku

	Mobile	Work station	Office	Available:
Monthly fee	€100	€190	€280	Wi-Fi Mail address 24/7 access
Offering	Access to common spaces Quiet room 4 hour/month Negotiation room 2 hour/month	Private desk Access to common spaces Quiet room 4 hour/month Negotiation room 3 hour/month	Private room, cleaning included Access to common spaces Quiet room 4 hour/month Negotiation room 4 hour/month AV cable 100/100 M	Coffee and tea Lobby services Print and scanning services Mail services Showers and sauna Hobby room Catering to meetings Car park Lectures, events

Logomo cowork desk

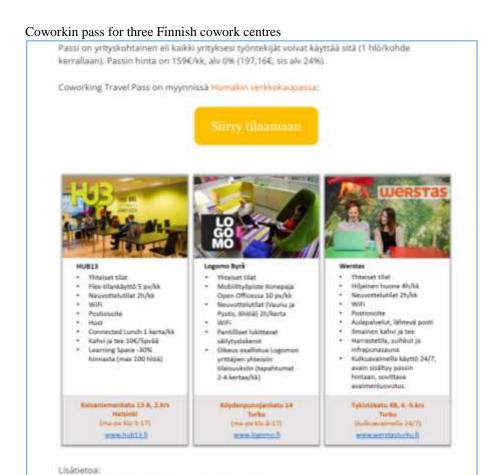
The charge is currently 150,- € month plus VAT.





## We-Work, prizes vary in different countries





Screenshot of prize list of joint cowork membership pass for HUB13, LOGOMO and Werstas <a href="https://www.creve.fi/hautomo/coworking-travel-pass/">www.creve.fi/hautomo/coworking-travel-pass/</a> acquired 9th February 2017

p. 020 7621 397 / Leena tai leena janhila@humak.fi

Appendix 3, Salon Seudun Sanomat made a two-page positive story of the Near food market -event in 19.12.2016 issue

