

# 4 reasons why co-working could be the key to kick-starting small business

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Small business is [fast becoming a big deal in South Africa](#), where small, medium and micro enterprises are responsible for 40% of all business in the country and account for approximately 36% of the GDP.



Image source: Annie Spratt, [Unsplash](#)

While these growing numbers are undeniably impressive, the fact remains that many entrepreneurs lack the appropriate funding and necessary business skills to truly realise their full potential. Impeded by administrative hassles and limited investment opportunities, many business owners are now required to work remotely in an attempt to reduce overheads and maximise cashflow.

The foray into the virtual world is not necessarily a bad thing, but these small business owners run the risk of foregoing important networking opportunities, connecting with like-minded individuals and delivering the types of innovation that only teamwork can produce.

Luckily, cost-effective solutions for entrepreneurs that are unable to invest in increasingly expensive office space are beginning to emerge, with a spate of co-working spaces cropping up countrywide, offering up all the benefits of an office without the associated price tag.

Not only do these collaborative spaces expose entrepreneurs to exciting opportunities, but they also afford them a much needed opportunity to seek assistance in facing the types of challenges commonly faced in the industry. Co-working spaces like The Workspace, which features branches nationwide, enable entrepreneurs to feed off one another's energy, discuss and find solutions to administrative issues and share resources so as to preserve that all-important cash flow.

Given the ongoing absence of any significant SME investment, could this new way of working become the new normal for emerging entrepreneurs? Here are a few key reasons why co-working might be the key to kick-starting new businesses in South Africa:

## **Synchronicity**

Staying tucked away in a makeshift office that doubles up as a living area, might cater to certain personality types, but the fact is that isolation is always bad for business – limiting growth and networking opportunities. Co-working spaces enable entrepreneurs from a wide range of industries to connect and identify potential synergies, furthering growth potential and ultimately exposing business owners to connections that could never be made from the comfort of their living rooms.

## **Shared administration**

Paperwork is perhaps one of the biggest obstacles for any emerging entrepreneur, consuming countless hours and creating significant stress, particularly for those unfamiliar with the plentiful procedural nightmares associated with the set-up of an SME. To combat this, many co-working spaces offer shared administrative centres, reception staff, WiFi and numerous other services included in the price. In the case of more complex tasks like managing compliance issues, there's always someone to turn to in a collaborative environment and perhaps even the potential to split costs in certain cases.

## **Reduced spend**

Office rental does not come cheap, especially in the big cities, where a small space can set a business back many thousands of rands every month. Throw in furniture, décor, internet wiring and the various other hard costs required and you are in the red before you have even started. For entrepreneurs looking for a fully equipped space, but without the resources to invest in owned space, co-working spaces make perfect sense, requiring rental only for the number of desks occupied. Additionally, the majority have multiple meeting rooms, which means entrepreneurs can still gather their teams and entertain their clients without having to make a significant dent in those all-important profit margins.

## **Industry expertise**

Over and above the financial and collaborative benefits of co-working, many shared spaces now offer a curated programme of industry events, many of which are presented and attended by various luminaries from the business world. Not only do these sessions offer further opportunities for networking, but also present the potential for training, education and mentorship – still lacking in the world of SMEs. By connecting with captains of industry, business owners are better positioned to seek out expert advice and to overcome the obstacles that face them on a daily basis.

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