



# Social Innovation Shared Space Business Plan

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## Advancing London's Social Innovation Agenda

London faces unprecedented economic, environmental, social and cultural challenges. Poverty is a reality for one in four in our community. Mental health issues affect one in five Londoners personally. The city's unemployment rate is among the worst in Canada. And within London's growing immigrant population, more than half live below the low-income cut-off. At the same time, CO2 emissions and depletion of natural resources are affecting our eco-systems, jeopardizing livelihoods for future generations.

To spark  
social  
innovation  
and change

These complex social and environmental problems cannot be solved by government alone, nor by one or more social agencies acting independently. New innovations and cross-sector collaboration are key to turning these challenges into opportunities to enhance our community.

In tandem with local, provincial and national partners, Pillar Nonprofit Network is a strong advocate for cross-sector collaboration, collective impact and social innovation.



### Our Vision

With Pillar Nonprofit Network serving as the backbone, and working together with Emerging Leaders, London Arts Council, and London Heritage Council, a number of community groups are planning to launch a Social Innovation Shared Space in downtown London, bringing together nonprofits, social service agencies, social enterprises, social purpose businesses and

entrepreneurs. A shared space and incubator will create a place for co-location, co-working, nurturing new ideas and fostering social innovation and positive social change.

The shared space will offer much-needed and affordable space for agencies, worker cooperatives and businesses providing employment opportunities for marginalized and vulnerable populations. In addition to significant economic benefits and operational efficiencies through the sharing of resources, we seek to break down silos and promote cross-sector collaboration. The learning, networking and community activism opportunities inherent in a shared space environment will create the conditions for intentional social innovation and reinforce the promise of collective impact – enabling community builders from different sectors to work together to solve complex social problems, advocate for social justice and promote inclusion.

## Objectives

By convening a shared space for London's social innovators we seek to:

- Provide nonprofits, social enterprises, social entrepreneurs and social purpose businesses with greater stability and sustainability
- Create a cluster of talent that models new ways of collaboration, innovation and entrepreneurship to create transformational change for London
- Share organizational assets of partners to get more done with less

## Our Impact

With a view to contributing to long-term prosperity for our community, we have articulated the following goals against which the project's success will be evaluated:

- Create jobs – especially employment opportunities for disadvantaged populations.
- Leverage investment – utilizing social finance and investment vehicles.
- Build beneficial partnerships – promoting new ways of collaboration.
- Benefit key sectors – enriching London's arts and cultural community, environmental sector, and social service programs.
- Stimulate spin-off benefits – rehabilitating and preserving heritage property, and increasing activities and events that contribute to the vibrancy of London's downtown.
- Fuel transformational change – engaging diverse perspectives, fostering creativity, and inspiring social change that will have a lasting impact on London's prosperity.

## Our Model

The Social Innovation Shared Space will offer private offices, desk clusters, private desks, and a variety of flex-desk packages (offering a set number of hours per month). Appendix C provides further details and pricing for our office lease and desk license packages.

Shared services such as printers, wireless Internet connection, event spaces, kitchenettes, boardrooms and recreational spaces will be provided to the members and tenants of the shared space.

According to feedback from our community consultation, part of the value of being a tenant in the shared space will stem from active participation in community socials and collaboratives. A staff member will bring people together, by animating, provoking and supporting activities that build fun, familiarity and social capital into the network through events and initiatives such as group lunches, collaboration forums, change labs and speaker series. These activities will foster connections among tenants, while the shared space serves as a platform for social innovation and change.

Toronto's Centre for Social Innovation (CSI) showed that 92% of its members credited tenancy with increasing their professional networks and that 70% of its members had undertaken at least one joint initiative with other members.

## Feasibility Study and Business Plan

### Concept Feasibility

This venture has been years in the planning, as several community groups have gathered and considered such a space for more than six years.

In 2013, a London Community Foundation grant enabled Pillar and Emerging Leaders to conduct a detailed feasibility study and create a business plan. The grant also allowed London to bring in social innovation experts, Purpose Capital and CSI Toronto, to share significant real life experience to hone our financial plans and operating model.

Throughout 2013, significant efforts by many people contributed to our current plan.

- 1) We hosted three Community Design Jams attended by more than 130 participants, a bus trip to tour similar spaces in Toronto, an online survey and a multitude of phone calls, which provided essential information about occupancy assumptions and design elements. Watch <http://www.youtube.com/watch?v=IyqY9gxZi1U> to witness the Design Jam energy and support for a shared space concept.
- 2) We studied the competitive landscape, including other co-working spaces and innovation centres.
- 3) We researched several venue opportunities, including many leased spaces and three separate potential buildings to purchase.
- 4) We honed the financial projections for this venture, gathering an in-depth understanding of the costs to buy, renovate and operate the building of choice and the innovative change-making programming.
- 5) We consulted with accountants, lawyers, the current owners of the proposed building, Centre for Social Innovation Toronto, Purpose Capital, construction experts, architects, engineers, mechanical and electrical supply companies, the City of London Planning Department, City of London Manager and many more stakeholders.
- 6) We assessed risks and created plans to mitigate them.
- 7) We facilitated several conversations with traditional lenders, alternative community-based lenders and potential investors.
- 8) We presented sponsorship opportunities to several prospective corporate and private donors and granting agencies, and received a significant positive response.

Throughout 2014, we have continued to further refine our understanding of the feasibility of the shared space venture.

## Purchase of 201 King Street

### 1. Purchase Agreement

Pillar and GoodLife Fitness Clubs have entered into a conditional purchase sale agreement.

- Purchase price: \$3,600,000
- Conditions lifted: July 15, 2014
- Closing date: September 15, 2014
- Leaseback end: April 30, 2016

GoodLife wishes to build its new headquarters and, as such, has asked for a leaseback of the building at \$9/square foot. It has committed to a lease ending April 30, 2016. If there is an opportunity to leave earlier, it is at Pillar's discretion to agree to an earlier termination of the lease.



### 2. Property Details

- Address: 201 King Street, London Ontario, N6A 1C9
- Zoning: DA1(6)
- Site: 0.30 acres; 79.91 foot frontage
- Year built: Approx. 1890s; restoration in the 1940s; interior renovations 2001
- Size: 32,000 square feet + basement
- It is a well maintained, move-in-ready site with heritage attributes that contribute to an inspiring work environment
- 4-storey building (32,000 square feet) and full basement
- Updated HVAC with four natural gas-fired boilers, air cooled condensers, emergency generators
- 1 elevator; key fob security system
- 2-year-old roof; 15-year warranty

### 3. Building Review

- a) Paul Cocker from phc-advisors, Tom Tillmann and McMichael Ruth from Tillmann Ruth Robinson Architects, and Rick Krygsman from Pro Electric volunteered their time to tour the building and evaluate the condition of the building, the state of the mechanical and electrical, building code enhancements required and estimated cost to renovate. Paul Cocker collected the comments and provided the Renovation Estimates. All advisors provided positive feedback about the building. The estimate is \$330,000, with very little required to meet building code standards. Most of the enhancements are discretionary.
- b) We contracted Otto and Company to perform an appraisal. The value was determined to be higher than the offer.
- c) We contracted Pinchen to perform a Phase II Supplemental. This was required as a follow-up to the Phase II inspection completed in 2011 and is currently underway. The list of

environmental reports and assessments provided by the building owner are listed in Appendix H.

## Financing

### a) Financing required to purchase the building

#### Summary

#### Confirmed Sources of Funds:

✓ Pillar Surplus	\$100,000
✓ Ontario Trillium Foundation (capital grant)	\$186,000
✓ Lina Bowden (unsecured loan)	\$200,000
✓ Sisters of St. Joseph – 3 <sup>rd</sup> position	\$500,000
✓ CAIC – 2 <sup>nd</sup> mortgage	\$500,000
✓ Libro – 1st mortgage	\$2,500,000
	<b>\$3,986,000</b>

#### Uses of Funds:

✓ Purchase	\$3,600,000
✓ Legal costs	\$10,000
✓ Closing costs (land transfer tax, title insurance, reg fees)	\$55,000
✓ Contingency	\$50,000
✓ Inspections	\$13,000
Hypothecation <sup>1</sup>	<b>\$253,000</b>
	<b>\$3,981,000</b>

<sup>1</sup> Pillar is requesting that Libro lift the hypothecation requirement when we obtain 12,000 sq.ft. of committed tenants or reduce the Libro loan to \$2 million. If lifted, these funds can be directed to the renovations.

#### Libro Credit Union

We propose that the Libro loan take the following structure:

- 1) \$2,000,000 fixed 5-year mortgage, 20-year amortization at 4.5%.
- 2) \$500,000 floating rate 5-year mortgage, 20-year amortization, with flexible repayment terms. We fully expect to raise additional capital through grants and sponsorships. We are awaiting a response in the fall from the Ursuline Sisters for a \$500,000 request in addition to other corporate naming opportunities. We would like the flexibility to pay off as much as \$500,000 in principle without restrictions.

Libro will retain security position over the collateral at the \$2.5 million level, even if the loan is reduced to \$2 million.

2 <sup>nd</sup> Mortgage - CAIC	CAIC will lend in the second position behind Libro's \$2.5 million.  This open loan will be for \$500,000 at 4.5%, 5-year term, 15-year amortization, flexible repayment terms, principal payments can be deferred for 5 years on \$250,000.
3 <sup>rd</sup> Position – Sisters of St. Joseph	Sisters of St. Joseph agree to lend \$500,000 at 3%, 5-year term, 15-year amortization.  The Sisters of St. Joseph will be the lead investor in a community bond structure.
Lina Bowden	Lina Bowden will lend \$200,000 at 3% for a 5-year term, 15-year amortization. The loan will be unsecured or form part of the community bond.

#### b) Financing of renovations

Financing of the renovations will not be required until March 2016. We will have 18 months to raise these funds, either as grants or through a community bond.



## Risk Assessment

In the analysis below, we take a close look at key risks and how we will mitigate these risks. For these models, we focus on the year 2017, as a normalized year, rather than showing the full 5-year plan.

### RISK #1: We fail to garner the required demand.

#### RISK #1A: Not enough interest in leased space.

The budget assumes 85% occupancy by 2017. To assess the risks, we modeled a scenario that assumes that instead of 19,000 square feet lease, only 13,500 sq. ft. are occupied by the start of 2017 (61% occupancy). The cash flow statement below shows the change to the results for the 2017 year.

The venture still produces a profit, but we would be short by \$85,703 to cover the principal and capital items. There are a number of ways that we can cover this short fall.

- We are applying to the City for a \$100,000 grant for each year over 4 years starting in 2015. This is not in our projections. While there is no guarantee that our proposal will be approved, the shared space fits well with the City's requirements. If we are unsuccessful, we will have all of 2015 to seek other granting opportunities to finance a situation such as a low level of tenants.
- We could reduce the program operating costs, by reducing the incremental Pillar staff, if needed.
- If a full floor were vacant, we would also be reducing the utilities and other building operating costs for that floor.
- CAIC has given us the opportunity to defer principle payments on \$250,000 of the loan. We could also defer principle payments on the loans from the Sisters of St. Joseph and Lina Bowden.

	2017
<b>Revenues</b>	
Grants	30,000
Lease Revenue	270,000
Private Desks	153,600
Flex Desks	210,000
Events	90,932
<b>Total Revenue</b>	<b>754,532</b>
<b>Operating Expenses</b>	
Program Operating Costs	193,098
Building Operating (CAM)	224,400
Shared Services	40,932
Debt - Interest	141,418
<b>Total Operating Expenses</b>	<b>599,848</b>
<b>Net Surplus / (Loss)</b>	<b>154,684</b>
<b>Capital Expenses</b>	
Debt - Principal	175,387
Annual Capital Purch. + Reserves	65,000
	-85,703

To help mitigate this risk, Pillar Nonprofit Network will expend significant effort to secure multi-year lease commitments prior to our 2016 opening. We feel that the 18+ month lead time will give us ample time to secure leases.

**RISK #1B: Not enough interest in private and flex desks.**

The target projections assume that in 2017 we will have 32 private desks rented and 100 flex desk licenses. The target projections do not include any revenues from memberships, even though we are expecting to promote a means for non-tenant organizations and individuals to participate in the space for a fee. Instead, the flex desk revenue line item includes both the flex desk revenue and a form of membership that organizations and individuals pay to participate in the activities of the shared space. For this reason, we believe that the revenue assumptions for desks are conservative.

To test the sensitivity, we ran a scenario that assumed 20 private desks instead of 32 and 50 flex desks instead of 100. In this scenario, we assume that the targeted 85% occupancy is achieved for the office space leases. The results to the right show that a profit is still possible, but we are not able to completely cover the principal repayment and the expected capital budget. We would be \$128,000 short.

	2017
<b>Revenues</b>	
Grants	30,000
Lease Revenue	390,000
Private Desks	96,000
Flex Desks	105,000
Events	90,932
<b>Total Revenue</b>	<b>710,932</b>
<b>Operating Expenses</b>	
Program Operating Costs	193,098
Building Operating (CAM)	224,400
Shared Services	40,932
Debt - Interest	141,418
<b>Total Operating Expenses</b>	<b>599,848</b>
<b>Net Surplus / (Loss)</b>	<b>112,084</b>
<b>Capital Expenses</b>	
Debt - Principal	175,387
Annual Capital Purch + Reserves	65,000
	-128,303

The various means of covering the short fall identified in Risk #1A can also be applied to this risk.

## RISK #1C: Worst Case Scenario.

The following sensitivity analysis shows a combination of the variables in the revenue generation model. Here, we assume all the worst possible outcomes:

### WORST CASE SCENARIO ASSUMPTIONS:

#### REVENUES:

- a) assume only 12,000 sq. ft. of leases (55% occupancy rate)
- b) assume only 20 private desk takers (note: this is very reasonable based on expressed interest and also some might be clusters - at \$300 instead of \$400)
- c) assume only 30 people for flex desks at \$150/month (note: based on interest, this level is considered a minimum, as we know organizations will take on a flex desk to engage in what we are doing)
- d) lower event revenues to \$20,000
- e) assume funding from the City of London (we are requesting a \$100,00 grant per year but feel a \$50,000 grant is viable, if not from the City then from another source)

#### EXPENSES:

- a) Reduce the staff to a \$35k person, reduce programming, lower marketing expenses
- b) CAM reduced because of 2 empty floors - so we have lower utility costs and we would expect taxes to be reduced by half (note: our target model includes full property taxes to be conservative, however, we are confident that we will get a reduction; in the event of vacancies, the City will reduce taxes)

#### CAPITAL:

- a) assume that all lenders defer principal repayments
- b) reduce capital expenditures and reserve by \$20,000

	2017
<b>Revenues</b>	
Lease Revenue	240,000
Private Desks	72,000
Flex Desks	54,000
Events	20,000
Shared Service Recovery	40,932
City Funding	50,000
<b>Total Revenue</b>	<b>426,932</b>
<b>Operating Expenses</b>	
Program Operating Costs	80,000
Building Operating (CAM)	120,400
Shared Services	40,932
Debt - Interest	141,418
<b>Total Operating Expenses</b>	<b>382,750</b>
<b>Net Surplus / (Loss)</b>	<b>44,182</b>
<b>Capital Expenses</b>	
Debt - Principal	-
Capex (furniture/equipment)	-
Annual Capital Purch. + Reserves	40,000
<b>Net cash flow</b>	<b>4,182</b>

WORST CASE SCENARIO FINANCIAL PROJECTION: The chart to the right shows that with the above worst case assumptions, that we could cover the expenditures.

### **RISK #1D: Closure required**

If we assume that we fail and have to close our doors, we could paint this Closure Required picture: we have no tenants, no activities, we are basically 'out of business.' The building lies empty - even Pillar moves out to another rented space.

Based on this scenario, property taxes would be deeply reduced and we would only have a small utility bill if the building were abandoned. In this very dark scenario, we would have to cover about \$200,000 of annual costs (interest expense at \$140,000 and nominal CAM estimated at about \$60,000) until we could sell the building. Since we will have earned some revenues from GoodLife and have paid down some of the loans, we would expect to have equity to cover this off. We also understand there is other interest in the building, so it would not likely be difficult to sell it. We know it is a very salable, solid property where the appraised value exceeds our purchase price.

### **RISK #2: Operational Inexperience**

The co-working model demands a different form of coordination that is part property management, part community animation. Striking this balance will be key to delivering on the full vision of the product experience. Management inexperience may also lead to a less than efficient use of funds and to complaints from tenants.

To mitigate this, Pillar Nonprofit Network will aim to hire founding management with some level of experience in both property management and community animation. Additionally, the founding management may retain the consulting services of the Centre for Social Innovation, a world leader in co-working, with over 10 years of experience and 100,000 sq. ft. under its management. The management will also communicate transparently with tenants and engage them in implementing fitting solutions to problems that arise.

### **RISK #3: Tenant Cash Flow Volatility**

A large proportion of target tenants are organizations for whom cash flow may be unpredictable year to year, and who may be dependent on the decisions of funders. This may require tenants to break their leases or choose not to renew them for purely economic reasons.

While a considerable proportion of consumers may be subject to cash flow volatility, the lion's share of floor space (and, by extension, the lion's share of the revenue) will be leased to large organizations with more stable framework. This stability will help contain the economic risk. We will also aim to maintain a waiting list of interested applicants who can be signed to leases quickly.

## Financial Projections (Target Scenario)

While grants are needed to launch this exciting initiative and provide a solid equity ownership, our Social Innovation Shared Space will ultimately be a sustainable social enterprise run by Pillar Nonprofit Network. Since Pillar is a Canadian Registered Charity, the building will be a community asset indefinitely. Future surpluses will contribute to the community's well being by providing funding for more programming, as the shared space stabilizes.

	<b>Pillar NonProfit Network Cashflow</b>						
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Revenues</b>							
Lease Revenue	120,000	288,000	294,500	390,000	390,000	390,000	409,500
Private Desks	0	0	54,000	153,600	158,400	172,800	182,400
Flex Desks	0	0	101,250	210,000	231,000	252,000	252,000
Events	0	0	68,199	90,932	100,932	110,932	115,932
<b>Total Revenue</b>	<b>120,000</b>	<b>288,000</b>	<b>517,949</b>	<b>844,532</b>	<b>880,332</b>	<b>925,732</b>	<b>959,832</b>
<b>Operating Expenses</b>							
Start Up	128,125	0	0	0	0	0	0
Program Operating Costs	0	44,178	187,019	193,098	198,891	204,858	211,003
Building Operating (CAM)	0	0	168,300	224,400	231,132	238,066	245,208
Shared Services	0	0	30,699	40,932	40,932	40,932	40,932
Debt - Interest	64,684	151,955	147,143	141,418	134,296	126,820	119,027
<b>Total Operating Expenses</b>	<b>192,809</b>	<b>196,133</b>	<b>533,161</b>	<b>599,848</b>	<b>605,251</b>	<b>610,676</b>	<b>616,171</b>
<b>Net Surplus / (Loss)</b>	<b>(72,809)</b>	<b>91,867</b>	<b>(15,212)</b>	<b>244,684</b>	<b>275,081</b>	<b>315,056</b>	<b>343,661</b>
<b>Capital Expenses</b>							
Debt - Principal	42,272	104,739	109,551	175,387	182,510	189,985	197,778
Capex (furn/Equip)	0	250,000	0	0	0	0	0
Annual Capital Purch + Reserves	0	0	65,000	65,000	65,000	65,000	65,000
Purchase of Building	3,600,000	0	0	0	0	0	0
Renovations	0	400,000	0	0	0	0	0
<b>Total Capital Expenses</b>	<b>3,642,272</b>	<b>754,739</b>	<b>174,551</b>	<b>240,387</b>	<b>247,510</b>	<b>254,985</b>	<b>262,778</b>
Funding	4,040,000	545,000	30,000	30,000	30,000	0	0
Hypothecation							
<b>Annual Cashflow</b>	<b>324,919</b>	<b>(117,872)</b>	<b>(159,763)</b>	<b>34,297</b>	<b>57,572</b>	<b>60,071</b>	<b>80,883</b>
<b>Cummulative Cashflow</b>	<b>324,919</b>	<b>207,047</b>	<b>47,283</b>	<b>81,580</b>	<b>139,152</b>	<b>199,223</b>	<b>280,106</b>
avg sf leased sf	Goodlife	Goodlife	12,000	19,500	19,500	19,500	19,500
occupancy			55%	89%	89%	89%	89%

Surpluses will be directed towards bonus principle payments, capital contingencies or new programming based on needs.

The assumptions embedded in the above financial projections are as follows:

#### Assumptions

##### Lease Revenue

	Square Footage	Gross Lease rate	Annual Rent	Start Date
leased on move-in	7,500	20	150,000	31-Mar-16
	9,000	20	180,000	01-Jun-16
	6,000	20	120,000	01-Dec-16
Leases	19,500	\$ -	\$ -	
Total leasable space	22,000			
Occupancy Rate	89%			

5% Rent increase every 5 years.

##### Desk Rental

	Private Desks	Flex Desks	Annual Revenue
2014	0	0	\$ -
2015	0	0	\$ -
2016	15	75	\$ 207,000
2017	32	100	\$ 363,600
2018	33	110	\$ 389,400
2019	36	120	\$ 424,800
2020	38	120	\$ 434,400
Price Per Month - 2016	\$400	\$150	
Price Per Month - 2017+	\$400	\$175	

##### Other Revenue

Event revenue includes meeting room rentals, event registrations, workshops, speakers, and recovery of shared service pay-for-use costs

##### Financing Breakdown

	Principal	Interest Rate	Life of Loan - years
1st Mortgage	\$ 2,500,000	4.50%	20
2nd Mortgage	\$ 500,000	4.50%	15
Sisters of St. Joseph	\$ 500,000	3.00%	15
Community Bond	\$ -	4.00%	10
Lina Bowden	\$ 200,000	3.00%	15
Total Financing	<u>\$ 3,700,000</u>		

##### Grants/ Sponsorships:

Yr 1	240,000	LL, OTF
Yr 2	645,000	LL, OTF, Mc, Naming or Grant
Yr 3	30,000	LL,
Yr 4	30,000	LL,
Yr 5	30,000	LL,
	<u>975,000</u>	

Total Financing + Grants 4,675,000

Expenses increase by 3% each year.

## Tenant Recruitment

Over the past year, we have held a number of information sessions for our prospective tenants.

The confirmed organizations below have each signed a letter of intent indicating their commitment for an office lease or desk license. The list of expressions of interest are those organizations and individuals who are in the process of exploring a commitment.

With the delay in the move-in date, we are aware that we will need to revisit the commitments below. However, we feel that the strong commitment at an early stage is a positive sign of the demand and interest in the shared space model.



## Confirmed

- |  |  |
|--|--|
| 1. Pillar Nonprofit Network                      | 18. Tamarack - An Institute for Community Engagement |
| 2. London Arts Council / London Heritage Council | 19. London Youth Advisory Council                    |
| 3. Kovacs Group Inc.                             | 20. Social Finance London                            |
| 4. London LINK Magazine                          | 21. The Social Beehive                               |
| 5. Brain Injury Association of London & Region   | 22. mindyourmind                                     |
| 6. London Fringe Theatre Festival                | 23. Growing Chefs                                    |
| 7. Daya Counselling Centre                       | 24. Techalliance of Southwestern Ontario             |
| 8. McLeod Network Media                          | 25. Connect for Mental Health                        |
| 9. Glen Farms Herbs & Preserves Inc.             | 26. UnLondon   |
| 10. Goodwill / Vintage for-profit partner        | 27. Redtape Legal Services Professional Corporation  |
| 11. Emerging Leaders                             | 28. Johnny Fansher & Ten Star Financial (SRI)        |
| 12. Fanshawe College                             | 29. rtraction  |
| 13. Research Centre for Health Equity & Poverty  | 30. Mischievous Cat Productions                      |
| 14. Western Community Legal Services             | 31. Big Game Road Trips                              |
| 15. Advanced Studies in Arts & Humanities        |  |
| 16. Goodwill Industries, Ontario Great Lakes     |  |
| 17. Horizon Leadership Institute Inc.            |  |



## Expressions of Interest

- |  |   |
|--|---|
| 1. Kandied/Ladies Learning Code/Startup London | 15. siTechnologygroup                                 |
| 2. Community Living London                     | 16. Sage Comm   |
| 3. Dasein Dance Theatre                        | 17. Tractor and Palm Inc.                             |
| 4. Scientific Mystical Organization            | 18. Campus Swaps                                      |
| 5. Downtown Yoga Holistic Centre               | 19. Project Management Institute - SW Ontario Chapter |
| 6. Theatre for social change                   | 20. Aboriginal Human Resource Council                 |
| 7. Recovery Canada                             | 21. Utility Media Group                               |
| 8. London Celebrates Canada                    | 22. King's University College                         |
| 9. Nurse Next Door                             | 23. Brescia University College                        |
| 10. Fearless Advocacy                          | 24. The Writer's Eye View                             |
| 11. FostertheCitizens                          | 25. United Way London & Middlesex                     |
| 12. EcoPlace Organics                          | 26. Autism Ontario London Chapter                     |
| 13. Seniors Access Inc.                        | 27. Davis Martindale Accountants                      |
| 14. Earth to Business Management               | 28. Good Buy Services                                 |

## Integrated with a Growing Social Economy

### In London

Our dream for a social innovation shared space is one foundational element of a growing eco-system providing needed support to social enterprises and change makers.

#### 1) Pillar Nonprofit Network, Social Enterprise Program

Pillar Nonprofit Network provides social enterprise supports, including coaching and advisory services. An initiative is currently underway to build a business advisors pool in collaboration with other entrepreneurial support programs in our city. The model wraps around the new enterprise and its leaders to provide business planning, financial review, legal advice, market research, and other needed business supports.

#### 2) Social Finance London - VERGE

In 2013, a number of community organizations began working together as a collaborative to explore how to create a social finance framework for London and region. Lina Bowden is coordinating the efforts of this collaborative called VERGE, formally known as Social Finance London. The group works to increase opportunities for social finance by engaging socially-minded investors and social entrepreneurs.



### 3) Entrepreneurial Support Programs

We value our connections with the growing number of entrepreneurial supports in our community, including:

- Small Business Centre
- Youth Opportunities Unlimited
- LEDC
- London Chamber of Commerce
- Emerging Leaders
- Hacker Studios
- Techalliance
- Start up London
- The Business Help Centre (CFDC in Middlesex)
- Unlab/Unlondon
- Social Spark
- BizInc (Western and Fanshawe)
- Nspire (Western)
- Enactus (Western)
- Ivey Entrepreneurs (HBA & MBA)
- Business Development Bank of Canada (BDC)

#### Across Ontario

As active members of the Ontario Social Economy Roundtable, we are part of a network of best practice sharing across the province. We have also learned a great deal from existing centres such as Centre for Social Innovation in Toronto, Hub Waterloo and Hub Halifax.

Building on this strength, we will continue to leverage new shared learning opportunities by proactively connecting with similar centres doing similar work.

## Appendices

### Appendix A: About Pillar Nonprofit Network

Pillar Nonprofit Network supports nonprofit organizations in fulfilling their missions in our community. We provide leadership, advocacy, and support to the nonprofit sector through the promotion of volunteerism, professional development and networking opportunities, and information sharing.

To assist our members, our core priorities include:

- Strengthening our community through increased awareness and advocacy of the nonprofit sector
- Supporting nonprofits to develop an equitable workplace that is diverse, inclusive and accessible to the community
- Promoting best practices and policies for an effective nonprofit sector
- Facilitating collaboration and connecting nonprofit organizations to each other and to the public and private sectors

#### **Mission**

To strengthen the impact of the nonprofit sector.

#### **Vision**

A stronger nonprofit sector for an engaged, inclusive and vibrant community.

#### **Social Innovation Shared Space Core Team**

Co-leads:

Michelle Baldwin, Executive Director, Pillar

Lina Bowden, Volunteer, Consultant

Team:

Paul Cocker, Volunteer, phc advisors

Greg Playford, Volunteer, President, Devonshire Financial

Sister Margo Ritchie, Sisters of St. Joseph

Albert Brulé, Director Resource & Business Development, Pillar

Maureen Spencer Golovchenko, Community Collaboration Program Manager, Pillar

Lore Wainwright, Social Enterprise Program Manager, Pillar

Sean Quigley, Executive Director, Emerging Leaders

Andrea Halwa, Executive Director, London Arts Council

Andrea McNaughton, Executive Director, London Heritage Council

## Board of Directors

David Billson - Chair  
President, rtraction Canada Inc.

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Ericka Ayala Ronson - Director  
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Technology Training Coordinator, Organizational Development & Learning, Fanshawe College

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Maria Luisa Contursi - Director  
Program Manager & Co-Founder, mindyourmind

Brian Meehan - Director  
Executive Director, Museum London

Russell Monteith - Director  
Lawyer

Michelle Quintyn - Director  
CEO, Goodwill Industries - Ontario Great Lakes

Yvette Scrivener – Director  
TD Community Relations & TD Friends of the Environment Foundation

## Appendix B: Market Research

### An International Trend

There is a strong and growing demand for a co-working space for social innovation in London, Ontario. This is consistent with international trends that show an explosion of co-working, with 1320 hubs globally in 2012, up 88% from the year before. Domestically, the success of the Centre for Social Innovation (CSI) in scaling up from an initial 5000 square feet in 2005 to 100,000 square feet today also sets an encouraging precedent and provides detailed insights for this initiative.

Specifically, our market research focused on the models of the CSI, the Hub, Artscape and 10 Carden. Together, these groups point to leading edge best practices and a diversity of growth strategies, from organic (CSI), to franchising (Hub), to single building entities.

### Demand in London

Over the past 5 years, there have been three major efforts organized by consortia of leading groups to research and gauge the feasibility of a shared space within London's city limits. There has been a steady expansion of interest amongst the city's nonprofits, social enterprises, social purpose businesses and entrepreneurs, and artistic communities. These organizations and groups tend to be scattered across the city, with no clear geographic clustering occurring organically. This historic pattern shows the resilience of demand for this opportunity over a prolonged time period.

This demand was on display in early 2013, during which time Pillar Nonprofit Network and Emerging Leaders hosted three design jams whose purpose was to gather input on a collective vision for a potential London shared space from many cross-sector stakeholders. In all, more than 130 people attended, representing nonprofit, social enterprise, public sector, social purpose business, start-up entrepreneurs, cooperatives and individuals.

In order to further validate demand for a shared space, an online pre-application survey was issued, and is still available, to the London community, inviting individuals and organizations to submit notice of interest in either becoming a tenant in a space or being an associate to access workshops and events held in a space. More than 100 responses have been received, with approximately 50% verifying an interest in securing specific space. Of those interested in tenancy, 40% requested dedicated or enclosed office space, while the remainder requested open concept "flex desk" space. More specifically, 30 organizations/entities advised on floor space needs ranging from 200 square feet to 3500 square feet. In total, this select group represents approximately 20,000 square feet of interest.

Against the backdrop of both international tailwinds and local traction, these facts build an encouraging case for a calculated investment into the development of a co-working space for social innovation in London.

## Consumer Segments

Based on feedback from an extensive community consultation program, as well as pre-applications and ongoing lease negotiations with potential tenants, we have made significant strides in identifying precisely who the primary consumer segments are for this shared space. It is also noteworthy that a wide variety of stakeholders expressed interest in green options for the space (bike racks, photovoltaic installations, rooftop gardens, energy efficient windows, etc.) as a reflection of their social values.

**Mid-size and Large Organizations:** A significant portion of the leasable space will be targeted toward large, London-based organizations with 5 to 20 staff. These groups are typically charities or nonprofit, but may be for-profit as well, with consistent and predictable cash flows, and interest in multi-year leases. Many organizations have already expressed interest in securing a space for either a main office or satellite office. These expressions of interest range from 500 to 3500 square feet. This type of consumer is pivotal to the launch of the shared space, since securing these tenants prior to opening will significantly ease the risk. As such, we are embracing an emerging cohort of about 20 interested organizations, as launch partners, rather than merely tenants.

**Small Organizations:** These organizations tend to be nonprofits and young businesses with annual revenues of \$100,000 to \$200,000 and one to three staff. We expect these types of organizations to secure permanent desks or clusters of desks, which are more affordable than private offices and whose arrangements can scale up or down along with the organization's growth.

**Entrepreneurs & Freelancers:** The space will provide fitting accommodation for single individuals and idea phase start-ups seeking to work in an energizing environment. These individuals often lack many other options for work settings (home, cafes, libraries, etc.). In the experience of the Centre for Social Innovation, they tend to be some of the most committed and active members of co-working communities because of their need for growing social capital. As such, they will be most drawn to flex desk packages, which are low-cost and easily tailored to unconventional and sporadic work schedules.



"Shared workspaces are themselves a social innovation... the nature of work is changing – and with it the workplace. These changes offer incredible potential for economic, social, cultural, and environmental progress in the coming years."

*PROOF: How Shared Spaces are Changing the World, Centre for Social*

## Appendix C: Tenant Package

### Tenants Receive

#### Shared amenities:

- Wireless and high speed internet
- Photocopier, AV equipment and other pay-for use services
- Mail boxes
- Welcome reception services
- Bike racks
- Security fob to access secure spaces
- Listing on internal signage in building
- Cleaning services and waste removal
- Meeting rooms and event spaces
- Kitchen and lounge facilities
- Open conversation spaces
- Private phone / conversation spaces
- Table and chair for Flex Desks
- Desk, chair and locking file cabinet for Permanent Desk and Clusters

#### Profile Promotion

- Connections to local partners, advisors and resources
- Connections to global social innovation community
- Website listing with live link
- Promotion of events, jobs and volunteer opportunities on Pillar website and in bi-weekly e-newsletter

#### Shared Programming:

- Organized tenant events such as Six Degrees of Social Innovation & Salad Club
- Opportunities to host tenant events highlighting your expertise and skills
- Exclusive programming to accelerate your idea or venture
- Discounts on events, professional development and consulting services

### Tenants Give

- Ideas and a desire to change the world and have some fun while doing it
- Potential to be an Agent of Change volunteer at SISS reception desk in exchange for Flex Desk space
- Own furnishing for Private Offices (possible group buying if interested)
- Telephones, computers, office supplies
- Desk lighting
- Accessories to make private space your own
- Own parking arrangements
- Ideas and a desire to change the world and have some fun while doing it

## Space Packages



Tenants will self select into a tiered leasing model that accommodates different organizational sizes and allows organizations to scale up without having to move out.

This type of co-habitation is also expected to increase the quality of the work environment – allowing young organizations to access networks of established operators, and exposing large organizations to innovation from start-ups.

All packages will include a combination of designated space and access to shared facilities.

Package Type	Monthly Cost	Private Amenities	Shared Amenities
Flex Desk 20	\$125	20 hours of desk space monthly	3 hours of board room time + access to kitchen facilities, printers, board room supplies, and events
Flex Desk 60	\$200	60 hours of desk space monthly	6 hours of board room time + access to kitchen facilities, printers, board room supplies, and events
Flex Desk 100	\$250	100 hours of desk space monthly	8 hours of board room time + access to kitchen facilities, printers, board room supplies, and events
Permanent Desk (not enclosed)	\$400	Private desk, cabinet and chair	10 hours of board room time + access to kitchen facilities, printers, board room supplies, and events



Package Type	Monthly Cost		Private Amenities	Shared Amenities
<b>Cluster of Desks (not enclosed)</b>	2 desks	\$600/month	2-4 private desks, as required. Each comes with cabinet and chair	Variable board room time + access to kitchen facilities, printers, board room supplies, and events
	3 desks	\$800/month		
	4 desks	\$1,000/month		
<b>Private Office</b>	600sqft	\$1,000/month	An enclosed office space.	Variable board room time + access to kitchen facilities, printers, board room supplies, and events
	1,000sqft	\$1,660/month		
	1,500sqft	\$2,500/month		
	2,000sqft	\$3,300/month		
	3,000sqft	\$5,000/month		
	4,000sqft	\$6,660/month		

*Note: the above prices are the best estimates we can provide at this time. We will make all best efforts to honour this pricing, however, it is subject to change, once designs are prepared for the space and more information is known about common area maintenance costs.*

## Package Types

### Flex Desks

Catering to freelancers and start-ups, flexible desk options allow individuals to secure monthly packages, which accommodate varying cash flows. Flex desks are common tables, which can seat four to six individuals at one time. Their primary value is to connect individuals to a co-working environment at low cost and without long term commitment.

### Permanent Desks

For small organizations with only one full-time staff and consistent cash flow, permanent desks are a fitting solution. Permanent desks are outfitted with additional furniture, such as a comfortable office chair and a lockable cabinet. They provide a relatively low cost base from which to run an organization, while also delivering a basic level of privacy and ownership.

### Desk Clusters

As organizations grow, they require additional permanent desks and a spatial cluster. By combining two to four permanent desks, we can easily create a grouping. Clusters cost less than private office space, while preserving the look and feel of a team-oriented environment.

### Private Offices

Larger organizations (4+ staff) with predictable cash flows will likely opt for a private, enclosed office space. These will vary in size, as required by the first cohort of tenants, but can be adjusted by erecting light drywall for new layout options. Furnishings will be the responsibility of the tenant. Private offices will be constructed for noise reduction, and will employ glass and other elements to ensure good light flow across the larger floor spaces.





## Appendix D: Competitive Research and Analysis

### Competitive Landscape

Our feasibility study and business plan, led by Purpose Capital in 2013, included a robust review of the competitive landscape.

There are a number of alternative options for London-based organizations. The table below covers four of the most directly competitive locations. However, none of these options includes the full complement of tiered space, intentional community animation, and downtown real estate.

We expect the greatest threat will emerge from competitors who may offer specially discounted rates to nonprofits, such as those offered by Western Research Park. However, historical data from the Centre for Social Innovation suggests that, while the target consumers are sensitive to price, they place a premium on the value of a co-working environment that provides opportunity to build their social capital.

Company	Monthly Rent	Amenities	Other costs
<b>Kowork</b>	\$19 daily	Kitchenette	Common event space
	- use of desk by the day	- no extra fee	- used only after regular business hours
Contact:	- wireless internet	\$249 monthly has additional	- no extra charge if key holder (desk) is present at the event
Johann Kinting	- coffee, tea, soda & snacks	amenities they may add	- may include clean up charge
519-433-3366	- discounted business services (15% off printing)	- Mail sorting \$10	
519-518-2346	- member & networking events	- Use as address	
	\$199 monthly	15% off all printing service (only black and white)	
	- use of desk Monday to Friday during regular business hours	Conference room	
	- wireless internet	- \$9 hourly	
	community workspace	- wireless Internet included	
	- conference room access	- multi-media equipment: \$5/hr. extra (for daily users)	
	- coffee, tea, soda & snacks	Presentation space	
	- member & networking events	- must be staffed	
	- discounted business services (15% off printing)	- \$90/hour	
	\$249 monthly	- includes use of AV equipment	
	- 24/7 access	- laptop	
	wireless internet	- touch screen smart board	
	- dedicated workstation	- PA system	
	- locker storage (1desk space)	- seats 40	
	- unlimited local faxing	Parking self serve	
	- 250 prints/month		
	- conference room access		
	- coffee, tea, soda & snacks		
	- discounted business services		
	- member & networking guests		

Company	Monthly Rent	Amenities	Other Costs
<b>London Social Innovation Centre</b>  Contact: Chris Kirwin 519-438-8945	<ul style="list-style-type: none"> <li>- Office space ranges from 2000 sq ft to 30,000 sq ft</li> <li>- Smaller offices vary from \$150-\$500/month</li> <li>- Larger office spaces are cost per sq ft and range based on the following criteria:               <ul style="list-style-type: none"> <li>o How financially- strong is the tenant?</li> <li>o How long is their lease?</li> <li>o How much change to existing office space is required?</li> </ul> </li> </ul>	Includes: <ul style="list-style-type: none"> <li>- Heat</li> <li>- Hydro</li> <li>- Air conditioning</li> <li>- Internet</li> <li>- Computers</li> <li>- Reception</li> <li>- Use of kitchen</li> <li>- Board room</li> </ul> Parking self serve	<ul style="list-style-type: none"> <li>- Printing \$0.10/page</li> </ul>
<b>Western Research Park</b>  Contact: Paul Paolatto 519-858-5198	Based on these criteria: <ul style="list-style-type: none"> <li>- 5 people</li> <li>- office space or general common area</li> <li>- nonprofit organization</li> <li>- cost = \$19 per sq ft</li> </ul> Types of spaces: <ul style="list-style-type: none"> <li>- Morgenson (1989) - 50,000 sq ft; general purpose office space</li> <li>- Stiller Centre (2002) - 45,000 sq ft; general purpose office and lab space</li> <li>- Convergence Centre (2010) - 55,000 sq ft; general purpose office space</li> <li>- National Research Council (1999) - 78,000 sq ft; general purpose office, lab space, industrial grade space</li> <li>- Windermere Manor (1991) - full service restaurant, conference centre and 48-room hotel</li> </ul>	<ul style="list-style-type: none"> <li>- Municipal Services: Sanitary and storm sewers, hydro, water, natural gas</li> <li>- HVAC: Forced air conditioning units</li> <li>- Security System: Full card lock entry through the Park</li> <li>- Grounds: Mix of professionally landscaped and natural habitat</li> <li>- Board room included</li> <li>- Free Parking</li> </ul>	<ul style="list-style-type: none"> <li>- Cabling: Full Wi-Fi and cable systems throughout, on-site subscription service available</li> <li>- Cost at \$100/month</li> </ul>
<b>Regus Business Centre</b>  Contact: Lorraine Landgren 519-964-2700	<ul style="list-style-type: none"> <li>- 13,000 sq ft, 6 floors, 62 office spaces</li> <li>- Offices start at \$300/month; smallest office starts at 60 sq ft</li> <li>- Largest office estimated price \$2000/month; 200 sq ft</li> <li>- Includes housekeeping, property taxes, insurance and reception</li> </ul>	<ul style="list-style-type: none"> <li>- Phone and internet package \$189/ month</li> <li>- Use of kitchen is \$35/month; includes fridge, microwave, water, tea and coffee</li> </ul> Meeting Rooms: <ul style="list-style-type: none"> <li>- Small \$30/hour (6 people)</li> <li>- Large \$50/hour (12 people)</li> <li>- Includes use of projector, screen, internet</li> <li>- Includes water tea and coffee</li> </ul>	

## Competitive Advantage

### How are we different?

When compared with alternatives noted in the table above, the Social Innovation Shared Space is different with respect to two important factors. First, the shared space will be intentionally geared toward convening social change organizations and serving as a platform for social innovation. This distinction entails a unique tenant composition, brand position and marketing plan. Second, the shared space will animate the culture of the building, fostering connections among tenants and hosting events and campaigns suited to its community.

In its view of the market, CSI has repeatedly noted that community animation is an important value-added feature and has proven to be an important contributor to overall business performance of co-working locations.

### Competitive Strength

Ultimately, the greatest competitive advantage to the shared space will be its network effect, whereby each additional tenant in the network increases the value of the network to all tenants.

Deep knowledge of the target consumers suggests that tenancy decisions will not be merely economic in nature. Additionally, these stakeholders will place a high value on being in the “right place” amongst peers and groups with whom relationships have significant social capital value.

In its report, *Proof*, the Centre for Social Innovation showed that 92% of its members credited tenancy with increasing their professional networks. The report also demonstrated that 70% of CSI members had undertaken at least one joint initiative with other members. This level of collaboration and social investment will be a powerful mechanism, not just for recruitment, but also for retention of tenants, which may lead to lower turnover than conventional office properties.

In summary, given the history of the shared space concept within the London community, there is growing momentum among target stakeholders to join a Social Innovation Shared Space. This readiness within our community is expected to provide a strong foundation for recruitment efforts and investment opportunities.

## Appendix E: Lease versus Buy Analysis

Prior to making the decision to buy a building to house the Social Innovation Shared Space, we assessed both lease and buy options in our business planning phase.

Operating Model	Description	Pros	Cons
<b>Lease Option 1</b>	- The tenants lease from a sole landlord.	<ul style="list-style-type: none"> <li>- Less risk</li> <li>- Less capital outlay if landlord covers leasehold improvements</li> </ul>	<ul style="list-style-type: none"> <li>- More expensive option in long term</li> <li>- Takes longer before breaking even</li> <li>- Funders may not want to invest in leasehold improvements that benefit a for-profit landlord</li> <li>- Don't have enough capital or equity</li> </ul>
<b>Lease Option 2</b>	- The tenants occupy larger space lease from the landlord and the lead nonprofit holds the lease with the landlord for the common areas in the shared space.	<ul style="list-style-type: none"> <li>- Even less risk than Lease Option 1 and other options</li> <li>- Less capital outlay if landlord covers leasehold improvements</li> </ul>	<ul style="list-style-type: none"> <li>- More expensive option in long term</li> <li>- Takes longer before breaking even</li> <li>- Funders may not want to invest in leasehold improvements that benefit a for-profit landlord</li> </ul>
<b>Purchase</b>	- A nonprofit or business legally owns the building and leases the space to tenants.	<ul style="list-style-type: none"> <li>- Long term aspect could be profitable for nonprofit or owner of building</li> <li>- One governance structure for decision making</li> <li>- Asset for a nonprofit</li> </ul>	<ul style="list-style-type: none"> <li>- Empty space creates liability for building owner</li> <li>- Operating expenses and potential unexpected costs</li> <li>- Mission of nonprofit is not likely to be a landlord or property manager</li> </ul>