

Special Report **Vienna**

Impact Hub takes on all the fervour of ‘a movement’ as network increases

The global group of flexible working spaces has a revamped business model

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It is perhaps fitting that a city often talked about as being a pivotal location for the central European region should have as one of its most innovative and fast-expanding companies an outfit called The Impact Hub.

This Vienna-based company is responsible for a global network of “Hubs”, run by local entrepreneurs and backed by investors and charities. These are a mixture of rentable office spaces, community centres and business incubators — providing the often young tech entrepreneurs who inhabit them with resources and services to help them start their businesses, as well as places to meet and share ideas.

“It’s a self-generating community of makers, and doers and entrepreneurs who want to get together and join a support ecosystem that helps them to utilise their ideas,” Matthias Reisinger, co-founder and director of Impact Hub Vienna, shouts above the buzzing of saws. His Hub is preparing to open an expanded space, which has tripled in size to 1,200 square metres.

Matthias Reisinger

Matthias Reisinger: the network’s principles resonate with people all over the world

Vienna is also home to one of the global organisation’s main investors, the Erste Stiftung (or foundation). Currently there are 67 Hubs open around the world, with another 25 in the process of being developed, situated in cities on five continents and bringing together more than 11,000 members who come to their Hubs to work: at hot-desks, permanent desks and in offices. By 2016 it is estimated there will be 100 Hubs around the globe.

The people who run the Hubs and rent out the spaces — which are favoured by young informal types — socialise, organise events and, the founders hope, use their work to the wider benefit of society. The business incubator element is crucial, providing management training, marketing and IT services as well as access to crowd funding for wannabe entrepreneurs starting out.

The first hub was opened in London’s borough of Islington in 2005. Set up as a one-off by British entrepreneur and writer Jonathan Robinson, members

paid fees based on how long they used a space for. The network, originally known as just The Hub, grew as foreign members returned to their home nations and set up their own spaces.

At that point a fairly traditional social franchise model developed, in which new Hubs would pay a hefty joining fee and a share of their annual revenues to a global centre. In return they would be given a licence to use the brand and support to launch and run operations.

But as many in emerging markets began to chafe against the centre's demands for cash and control, and either did not pay or tried to renegotiate the joining fee and revenue share, a cash crisis ensued. "The traditional top-down structures and systems started to fail, and so we decided to do something that's very bottom-up," Petr Skvaril, Impact Hub's global partnerships manager, says.

At an emergency meeting in Amsterdam in 2010 an inverted franchise model was agreed: each local Hub would own itself as well as an equal part of the core organisation, the Hub Association in Vienna. The association owns the brand, the global IT systems and takes strategic decisions through a one-Hub-one-vote system of governance. There is still a joining fee and a revenue share, but with the former in some cases about half of what it was under the previous model and the share of annual revenue at just 2 per cent, non-payment is no longer a problem.

These and other organisational changes meant the number of global Hubs grew from just 15 to 67 in five years, Mr Skvaril says. To make them more profitable, as well as deriving revenue from offering flexible space for work and events, value-added services such as business advice, education and consulting for start-ups are now offered with help from the main organisation. The result is a network whose annual revenue is now in the tens of millions.

It is perhaps no surprise some involved with Impact Hub use the word "movement' to describe what they are doing. While the more cynical may roll their eyes, the idea is one whose time may have come. Mr Reisinger certainly thinks so. "The very principles that Impact Hub is based on seem to resonate with people from all over the world," he says.

Despite this positive assessment, the Hub Association still has much to grapple with, including developing a strategic five-year plan. Among the things it needs to address are: what controls the centre has on local Hub entrepreneurs selling out their stake to others who might not share the group's social business agenda; a global policy on working conditions for staff in terms of living versus minimum wage; and the use of zero-hour contracts.

Also, being akin to a movement, such a strategy would not be complete without a bit of proselytising: the organisation's revamped structure, its management believes, could inspire others to adopt it, and it is considering how to share its knowledge.

"We would definitely like to inspire a more shared, bottom-up economy, versus the top-down traditional ones," says Mr Skvaril.