Boston offers grit, glamour in shared startup spaces

By Callum Borchers | GLOBE STAFF | JANUARY 06, 2014

Aaron Panone is a young mechanical engineer who likes being his own boss. So he followed the path of so many twenty- and thirtysomethings with entrepreneurial streaks and launched a startup business in a shared workspace where overhead costs are spread among a collection of small companies.

But Panone didn’t set up shop at the Cambridge Innovation Center — the godfather of local coworking spaces — which houses more than 500 startups. He also passed on Workbar, Dogpatch Labs, and other popular options.

Instead, he chose a place called Fringe in a pair of old brick factory buildings on a side street in Somerville’s Union Square, where a blend of artists, hipsters, and technology professionals make camp.

“It’s grittier,” said Panone, whose company, Cuppow, makes plastic drinking lids that turn mason jars into to-go mugs. “The environment here really suits our style better, I think, than CIC or other places would.”

Once the domain of software startups, the coworking model has become so prevalent in Greater Boston that businesses of almost any kind — early-stage or well established — can pick from a diverse menu of shared spaces and probably find one that matches their needs and preferences.

They range in style, from underground to posh, and in size, from very small to space for hundreds. Some offer temporary workspace, while others require multiyear commitments. They might charge a simple rental fee, take an equity stake in tenant companies, or even offer seed money.

Want a place where you can show up in sweats and pump some iron on your coffee break? Join Brooklyn Boulders in Somerville, which opened in July and features desk space on top of a 22-foot-high indoor rock wall. You don’t have to climb the wall to get there, but people using the standing desks are expected to perform five pull-ups every half hour.

Maybe a prestigious Back Bay address with a receptionist and a spacious private office is important for attracting an upscale clientele. SnapSuites, open on Boylston Street since September and filling up fast, could be the right fit.

Greg Ralich (seated), Joshua Resnikoff, and Aaron Panone chose Fringe — one of the grittier spaces — for their company, Cuppow.

Coworking space has caught on in a big way in Greater Boston, though not everyone needs rock climbing nearby, such as at Brooklyn Boulders.
Or perhaps you belong in a hardhat and goggles, in which case Bolt, in Downtown Crossing, is a possible match. It was launched in July with more than $1 million of manufacturing equipment for gadget makers producing anything from robots to prosthetics.

How tailored can these coworking spaces get?

The craft beer maker Aeronaut Brewery, which recently moved into a building attached to Brooklyn Boulders, plans to open a startup space called Coolship Labs in 2015 that will be dedicated exclusively to businesses making products through fermentation.

“There’s a really wide spectrum of these types of spaces,” said SnapSuites cofounder Bettina Janco, who is also an executive at the Boston property manager Upland Capital. “We’ve seen a really big change in the way that businesses have started to work in the last few years. It’s cost, first and foremost, but it’s also company culture.”

The SnapSuites idea of a high-end coworking space — where even the cubicles have handsome wood accents and monthly rents can exceed $3,000 per person — might seem counterintuitive. Companies at SnapSuites share more than half the space, including conference rooms, a kitchen, lounge, and roof deck. Wouldn’t a business that can afford to pay such a premium want an office of its own?

Not necessarily.

“It’s just a whole lot more convenient in a shared space,” said Dennis Slutsky, founder of the investment firm Bear Brothers Capital, a SnapSuites tenant. “You don’t have to worry about security or cleaning services. You pay by the hour for a conference room, but in a traditional setting your own conference room would go unused 95 percent of the time.”

It’s natural that software entrepreneurs formed the early core of the coworking crowd when the Cambridge Innovation Center opened in 1999. Many were recent college graduates, accustomed to living and working in shared spaces on their former campuses.

Often, they couldn’t afford offices of their own and gravitated toward opportunities to split costs with others.

From a practical standpoint, the people behind software ventures just don’t need a lot of room. Making a mobile app, or running a website, requires little more than chairs for the coders and a table for their laptops.

Increasingly, however, other types of businesses are attracted to shared workspaces because they are conducive to peer learning.

With a collection of entrepreneurs working nearby, odds are good that one company’s current problem has been solved by a neighbor in the past. Trading advice and experiences helps businesses avoid pitfalls.

“There’s also a social aspect,” said Cambridge Innovation Center founder Tim Rowe. “Starting a company is lonely, so if you’re around other companies, you get to have more of those casual conversations over coffee. It’s just more fun to do things together.”

Drawn in by professional and social benefits, companies like Cuppow are choosing to stay in coworking settings, even when their shared spaces can’t keep up with business growth.

Initially, Panone and his cofounder, Josh Resnikoff, packed and shipped their drinking lids from Fringe.

As demand escalated and it became impossible to fill orders there, they outsourced those tasks to other parts of the state and hired an operations manager to oversee the supply chain from Somerville. But they never considered moving to another facility.

“It comes down to being able to share what we’ve learned with other companies, and also getting their input when we want to do something new,” Panone said. “This is where we want to be.”