

# The Rise of Solopreneurs

By 2020, 40% of the global workforce will be solopreneurs. This will have a significant impact on the way corporate offices operate, as well as the make-up of the workforce, thereby triggering the need for flexible office environments.

## What is a Solopreneur?

Solopreneurs, or solo entrepreneurs, are the individuals who are setting-up on their own - both in the conventional sense of launching a new business based on an idea or product, or alternatively, taking their professional skills freelance, in an effort to establish a better work-life balance and maximize their earning potential.

Casting off many of the negative connotations previously associated with temporary work, the growth of individuals working as solopreneurs is now triggering a fundamental and economic shift in the workforce. Whether setting up an entirely new venture, becoming an independent contractor or a traditional freelancer, the numbers of those breaking away from conventional full-time jobs are increasing. It's evidenced by the fact that 60% of solopreneurs state that working independently is an individual choice, not a necessity.



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THE CONVENTIONAL WORKPLACES OF CORPORATE ENVIRONMENTS ARE BECOMING OBSOLETE.





With a growing cohort of freelance professionals, compounded by companies with fluctuating business requirements, both the nature of work and the real estate required for such work are beginning anew.



## Signals of Change

Global shifts in technology and patterns of production have resulted in significant growth of self-employment and the creation of new, small businesses globally.



**40%**  
WORKED AS AN  
INDEPENDENT



Research by MBO Partners has already identified that 40% of the U.S. workforce works or has worked as an independent at some point in their lives and predicts that within five years, this number will reach almost 50%.

In the UK, new business start-ups are at their highest level in recent years - reaching more than 600,000 during 2015. This follows a trend of consistent increases throughout the last five years.



In Singapore, total early-stage entrepreneurial activity (measured as the percentage of working age population starting or having recently started an entrepreneurial activity) is now at 11%, up from 4.9% in 2006.

**11%**  
ENTREPRENEURIAL  
ACTIVITY

## The Rivers Behind the Trend

The ubiquitous availability of technology has made solo businesses both accessible and scalable. The internet now enables customers, clients and collaborators from around the world to work together, creating a marketplace far larger than was traditionally achievable. The new solopreneurs are booming as a result of the “project” or “gig” economy - whereby assignments from clients both large and small are providing an accessible and consistent stream of work to their freelancers.

In the early 20th Century, economist Ronald Coase established that reduced transaction costs led to the establishment of firms, resulting in a more efficient method of production. However, this trend is changing as it becomes easier to employ short-term staff and create a more flexible business model. Research by McKinsey Global Institute suggests that ad-hoc teams - formed of internal staff and/or freelancers - could now be the most efficient organizational design.

Additionally, many major corporate organizations now view the pool of on-demand labor as a key tool for managing fluctuating workloads and obtaining specialized skills. Upon launching their own flexible resourcing scheme, Wim Dejonghe (Managing Partner of Law firm Allen & Overy) reflected on the benefits to employers in saying “peaks in client demand are far more variable, so we need greater flexibility.”

**HUMAN CAPITAL IS NOW CONSIDERED A TOP FIVE  
PRIORITY FOR CEOs ACROSS THE WORLD AND AS  
ORGANIZATIONS FIGHT IN THE WAR FOR TALENT.**

## What is the Workplace Impact?

Workspace no longer means a private office for most employees, and for many, it does not even mean a permanent desk. Work can be in a coffee shop, a break-out pod or even while traveling on the train.

As increasing numbers of solopreneurs – individuals, micro-businesses and self-employed consultants – demand a 'workspace' of their own, they are creating such spaces outside of the conventional office. For example, the capacity of co-working space in London is growing at around 10% per annum, while cafes, hotels and even the homes of strangers are being repurposed and rented out as workspace. Cost arbitrage is now distinguishable, as a dedicated desk at a co-working center in the City of London can be as little as 50% of the total occupancy costs of a workstation space in a conventional leased office.

Many solopreneur roles are 'remote,' whereby the individual contractor provides their own workspace outside of the offices of their short-term employer. This results in an expansion of the organization's effective headcount, but without any corresponding increase in the necessary seating capacity or real estate requirement. Depending on the agreement with the freelancer, their workplace cost may even be included as part of their freelancer fees. This results in all associated real estate costs of their employment being attributed to the project or department employing them – a direct cost-for-space model that many real estate managers have tried to implement across traditional office environments.

However, many corporate organizations prefer to bring contracted workers into their existing offices for better collaboration, enhanced understanding of corporate culture, and the ability to manage security, both technically and personally. Those in corporate real estate and facilities need to be aware of the need for more regular on-boarding and induction, 'bring your own device' connectivity and closely controlled building access management systems. Equally, the changing ratio between permanent and flexible labor – as contractors form a greater percentage of the organization's headcount – will radically change the way headcount predictions are made. With this fact, corporate real estate managers will have to adjust how they plan the future property needs of their tenants.

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**58%**

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 **6.8**  
MILLION

In the US, Millennials working as full-time independents now total 6.8 million, more than tripling in number over the last five years.

## A Look Ahead

McKinsey has identified that 58% of US companies planned to use more temporary labor at all hierarchy levels in the future, which represents a number that is three times greater than those employed overseas.

This number is likely to grow as solopreneurship is being led by the next generation of workers. In the US, Millennials working as full-time independents now total 6.8 million, more than tripling in number over the last five years, and accounting for 40% of the total independent workforce.

Looking ahead, corporations could have a much smaller permanent workforce as they leverage the flexibility, savings and opportunities of employing or working with the growing cohort of solopreneurs. As companies adopt working practices that accurately reflect the scale of business operations at any given time, corporate real estate will adjust to utilize flexible workspaces, such as co-working space, which reflects a more agile and nimble organization.