**GROUP CONSULTANCY REPORT**

**Executive Summary**

The below topic has introduced the background of WeWork company and the used On-Demand business model of the company. The changes that needed to be developed in the business model of the company as it helps the organization as well as the readers to know the improved pattern of the On-Demand business model.

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# Introduction

The report is going to shed light on an effective innovation in the business model of WeWork suggested by ARU Consultancy. A brief discussion is going to be done regarding the process by which WeWork can deliver, capture and create customers in the market structure. The study is going to consider the current business model that is being followed by WeWork to run their respective set of proceedings. An elaborative study will be portrayed regarding the need for a change in that particular model. In addition, a detailed study will be done on the set of recommendations that needs to be followed by the company which will be accompanied by effective pieces of justification.

# Background of the company

WeWork is a business firm that mainly provides co-working spaces to entrepreneurs which would include both medium and small-sized businesses. This particular enterprise was founded in the year **2010** and has its headquarters **situated in New York**. Currently, the company is **779 locations** in the entire world that are providing spaces for prominent small and medium business firms (WeWork, 2023). As of the statistical data of 2022, the company is having **547000 members working actively** to help the firm in attaining its respective goals and objectives within a short time frame and sustain its business in the competing and difficult market structure.

# The currently used business model of WeWork

A business plan refers to a set of strategies that are formulated by the organization to help them regarding the process of earning a sufficient amount of profit within a short span of time. Such a model results in providing a sufficient set of information regarding the strategies and the activities which the organization needs to be important in their business process to help them to sustain their business in the competing market structure.

Talking about the current business model that is being followed by WeWork is the ***On-demand access business model.***

According to this particular model, access is provided to the needy enterprise during a time of demand. As mentioned in the section of the overview of the company it is clearly evident that the main aim of the business is to provide an effective set of spaces for small and middle enterprises that are willing to run their business in the competing market structure (Gu *et al.*, 2019). There lies various business firm which has just started their proceedings and is in search of space where they can conduct their respective business in a synchronized and routine manner.

Such space is being provided by this business WeWork thereby gaining profit from the amount of rent that the organization is charging from such firms.

On the contrary, the company WeWork is also said to follow ***space as a service business model***.

Though the name of the model is a bit different from that of the previously mentioned model the eternal meaning is the same. According to this particular model, the main service of the enterprise WeWork is to provide space to the needy and newly registered small and medium-sized businesses in the market structure. The company provides a wide opportunity for such organizations in increasing their respective customer bases by getting in touch with the individuals. Through this process not only the reputation of the orgnization will increase but also the profit-earning capacity will also boost within a short interval of time (Cheah and Ho, 2019).

Thus it can be said both of the above-mentioned models portray the same idea of providing effective spaces to enterprises and allowing them to conduct their business successfully without facing any major and critical situations. In the current scenario, this particular business model is not enabling WeWork to earn sufficient profit thereby some changes need to be made in the existing model. Such changes and the need for such changes have been mentioned in the below-mentioned part of the report.

# Need for a change in the business model of WeWork

As mentioned above WeWork is currently following ***On-demand access business model***. The on-demand business model of WeWork which allows customers to rent office space on a short-term basis had its challenges in the recent year. Here are some reasons why a change in the business model may be needed for WeWork

* Revenue Stability: the on-demand model can result in revenue volatility for WeWork. Customers can easily switch to another provider to cancel their membership which can make it challenging for Weaver to forecast and manage cash flow effectively. This can be particularly risky during economic down stance or periods of low demand. By transitioning to a business model that includes longer-term commitment or partnership with corporate clients we work and potentially you more stable Avenue streams and reduce revenue risks (Arenas, Goh and Matthews, 2019).
* Operational Efficiency: managing a large number of short-term members and constantly changing occupation levels can be optionally Complex and costly for WeWork. It requires ongoing efforts to market on board and manage a high volume of customers (Fasoulakis *et al.,* 2019). Transaction to a business model that causes a longer-term contract or partnership with larger clients can potentially lead to better operational efficiency and cost saving. For example, negotiating longer lease terms with landlords or securing exclusive arrangements with corporate clients may provide WeWork with more favorable terms and conditions leading to improved operational effectiveness.
* Market saturation: the market for flexible office space has been increasingly saturated with many players entering the co-working space industry. We face stiff competition from other core working providers as well as traditional office space providers that have started offering flexible or sensual stops. This saturation has the potential late to climb demand for on-demand office space in certain markets. Diversifying the business model to include other types of office solutions such as longer-term contract service for corporate clients can help WeWork into New Market segments and expand its customer base (Bouncken and Tiberius, 2023).
* Brand Perception: WeWork has faced challenges with its brand perception due to concerns around corporate governance finance financial performance and valuation. These challenges have impacted its repetition and may affect its ability to attract and retain customers. Change in the business model that addresses these challenges and aligns with evolving needs and expectations of its target customer can help rebuild trust and enhance the brand perception of WeWork in the market. For example, focusing on sustainability initiatives privatizing customer satisfaction, and improving transparency in its operation and finances can positively impact its brand image.
* Diversification: Relying solely on the on-demand model for revenue generation can expose WeWork to the risk associated with market fluctuation and changing customer preferences. By diversifying its business model to include additional Avenue strain such as offering value-added services or exploring new markets we could reduce its Reliance on single Avenue sources and create new growth of opportunities (Hong *et al*., 2020). For example, offering additional services such as event space virtual offices or specialized immunities can provide value-added to customers and generate additional revenue streams.

# Recommendations in WeWork’s business model canvas

The following is WeWork's business model canvas which is going to portray the changes that need to be implemented in their respective existing business model

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| **Partners** | **The proposed value of the company** | **Structure of the cost** |
| --- | --- | --- |
| **Commercial partner:**   * Owner of the land * Referral partner | **Main offerings:**   * Modified spaces * Open and wide working spaces | * Location of the operating expenses. * Direct corp, overheads |
| **Key partners:**   * designers, engineers, architects, and decorators | **Key offering:**   * Custom build-outs * Headquarters in the New York | * Another operating cost * Growth and new market development process * Pre-opening cost |
| **3rd party provider:**   * Lifestyle * Education | **VP to business:**   * Flexibility and uniformity * Focus on business * Talent attracts | **Customer relationship:**   * Social media * Digital platforms * Dedicated customer * Advertising and sales |
| **Revenue Streams**   * Donations * Membership * Collaboration with other companies * Events and occasion | **Channels:**   * Branding and promotion * Teams and an effective customer base * Sales and Marketing process. | **Customer Segment:**   * Individual * Newly formed businesses in the market. * Organization perspective. |

**Table 1: WeWork’s business model canvas**

(Source: Self-Created)

A new variety of activities in terms of car rental and other sources needs to be implemented and brought into their business model for facilitating the orgnization to earn profit. The number of partners needs to be included in a virtual manner such that they can look and have a strict eye on thye activities that are being performed in their organization structure. The respective value of the company needs to be reduced in order to attract more small and medium-sized businesses to come and conduct their business in their respective spaces (WeWork, 2022). A more effective and efficient relationship needs to be maintained among the customer such that through such a relationship the customers get attracted and subject this business to other individuals as well who are searching for effective spaces

# Justification of the recommended changes

The changes can be recommended for a better workplace for the company and to evolve the current using business model. Developing the model leads to change and improves the work capacity of WeWork and makes the company better that its competitors. The following changes can be considered in to improve the On-Demand business model of WeWork:

* Long-term commitment: WeWork can offer long-term commitments to customers such as monthly or annual contracts to reduce revenue viability and create more stable revenue streams. This can provide a sense of security to customers and incentive them to commit to longer retail rental periods allowing WeWork to better forecast and manage its cash flow.
* ***Corporate partnership:*** WeWork can establish partnerships with corporate clients offering customized solutions tailored to their specific needs. This can include providing dedicated office space, specialized amenities and services that catered to the requirements of larger organizations. More reliable and consistent demand for services potentially leads to long-term mutually beneficial relationships (Kraus et al., 2022).
* ***Value-Added Service:*** WeWork can expand its offering beyond the office face by providing value-added services such as event space meeting room rental business support systems and networking opportunities. This can generate additional avenues to stream, increase customer retention and enhance the overall experience for customers making WeWork for various business needs.
* ***Market Segmentation:*** WeWork can identify and target specific market segments that may have unique needs or preferences. For example, focusing on various industries or catering to the needs of remote workers, freelancers or start-ups can help WeWork differentiate itself from competitors and capture tapped market opportunities.
* ***Brand Enhancement:*** WeWork can invest in improving its brand perception by addressing concerns related to corporate governance finance performance and transparency. This can be achieved through increased transparency in operations and Financials, demonstrating a commitment to sustainability initiatives, and privatizing customer satisfaction. A positive brand image can help you will trust the customer and WeWork's market position (Ginder and Kwon, 2020).

# Conclusion

In order to provide a detailed set of conclusions to the above-mentioned piece of information it can be said that the report focused on the business process of WeWork and its respective current business model. A detailed study has been conducted on the business model that is being followed by the firm and needs to be changed in its features to facilitate it to capture, deliver and create more customers in the competing market structure. The study also provided an elaborative study regarding the set of recommendations with the help of a business model canvas that will help WeWork to achieve its goals within a short time frame. Such recommendation is also guided and accompanied by effective pieces of justification.

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