

I/O Spaces: Going Global With Diversity in Tech Case

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Online Pub Date: January 04, 2021 | **Original Pub. Date:** 2021

Subject: Marketing, Global Entrepreneurship & Innovation, Diversity, Equality & Inclusion in the Workplace

Level: | **Type:** Direct case | **Length:** 3494

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Organization: [I/O Spaces](#) | **Organization size:** Micro| Small

Region: [Middle Africa](#), [Western Africa](#), [Northern America](#) | **State:** District of Columbia, Maryland, Massachusetts, Ohio

Industry: Office administrative, office support and other business support activities| Rental and leasing activities

Originally Published in:

Publisher: SAGE Publications: SAGE Business Cases Originals

DOI: <http://dx.doi.org/10.4135/9781529755695> | **Online ISBN:** 9781529755695

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<http://dx.doi.org/10.4135/9781529755695>

PREVIEW

Abstract

In metropolitan areas around the world, co-working spaces provide office solutions for tech startups trying to stay lean and nimble. Leslie Tita, a Cameroonian immigrant to the United States, co-founded I/O Spaces, a co-working space and incubator, which uses its links to Africa to generate business. From its inception, I/O Spaces had three goals: offer a cool workspace to ethnic minorities, support the African diaspora in America, and to do it cheaper than the competition. However, how can a co-working space celebrate African culture, support businesses based overseas, offer input to help produce output, and be financially successful—even amidst COVID-19? The case offers a window on the unique difficulties of U.S. immigrant entrepreneurship and highlights entrepreneurial strategies to create successful businesses.

Case Learning Outcomes

By the end of this case, students should be able to:

- use data to explain how a particular area can benefit or hinder the launch of a company;
- consider the role of failure and adaptability in entrepreneurship;
- explain entrepreneurial marketing strategies and cite examples from the case of I/O Spaces;
- analyze and evaluate entrepreneurial strategies for adding value to product offerings;
- describe the motivations and challenges faced by immigrant entrepreneurs.

Entrepreneurial Background

Leslie Tita had dabbled with entrepreneurship since his teens. However, after college in Cameroon, he worked for a large telecommunications company. Although he had a great job with benefits, in 2010, his family began to worry that Cameroon could become increasingly dangerous for Tita. He and his parents decided that continuing studies in the United States where his father lived and taught, while pursuing entrepreneurship, would be safer. Tita enrolled at Franklin University in Columbus, Ohio, which caters to adult students and has a mostly virtual student population.

Video 1. Immigration Experience

Transcript

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As an immigrant to the United States, Tita needed to figure out how he fitted into his new country and turned to entrepreneurship as a means to do so. Tita and teammates in a Franklin University entrepreneurship program submitted a 60-second pitch for an education tech platform to the MIT100K entrepreneurship competition. The experience proved to Tita that he wanted to pursue entrepreneurship for his career, but it did not prevent the company from failing.

The company, called UsePulse, offered a platform enabling communication among students and faculty that might have competed with systems offered by Blackboard or Canvas. Created in the United States, the startup not only suffered from a lack of funding, it also lacked access to the target market: people at African universities. Tita realized he needed to have been on the ground while building the portal, to create a solution that truly worked for his target customers.

Tita lacked something else in Columbus: a diverse community. In Columbus, he felt that few people looked like him—an over 6-foot-tall Cameroonian—and he encountered few who spoke French, his native language. From visits to other cities, he realized that the predominantly white Midwestern city was merely one “subsection” of the United States and different U.S. communities offer completely different experiences.

Every entrepreneur fails at some point. Through this learning experience, Tita realized he wanted to be in a more comfortable, diverse place, and he wanted to build solutions for people in Africa. Yet, in 2011, most U.S. investors were only interested in products designed for the U.S. market. However, in Silver Spring, the community seemed receptive to a new idea, a co-working space for people like him who wanted to design products for world markets. The area around Washington, DC had the diversity of culture and language he missed in Columbus and a well-educated population of African diaspora, who could serve as potential clients for the co-working space (see Data 1, 2, and 3).

Data 1. Number of Bachelor’s Degrees Awarded by Race in Washington, DC and Maryland

[Click here](#) to view the online version of this case for optimal experience of interactive data embeds.

Data 2. Population of Washington, DC by Race

[Click here](#) to view the online version of this case for optimal experience of interactive data embeds.

Data 3. Population of Silver Spring, Maryland by Race

[Click here](#) to view the online version of this case for optimal experience of interactive data embeds.

Creating I/O Spaces

Leslie Tita met his co-founder Rebecca Enonchong while planning an event to bring budding entrepreneurs together in Washington, DC. Enonchong, a native of Cameroon, was a luminary in the Washington, DC area. She had graduated from a local university and worked at the InterAmerican Development Bank (IADB) down the street from the World Bank and not far from Oracle. In 2010, she helped launch ActivSpaces, the African Center for Technology Innovation and Ventures based in Cameroon. After their initial meeting, Tita ended up taking a job at AppsTech (a global provider of enterprise application solutions) and felt like Enonchong, the CEO of the company, was a mentor to him. Together, Tita and Enonchong set out to connect people underserved or excluded by traditional co-working spaces.

In I/O Spaces, they aimed to create a look and feel different from other co-working spaces. Within a year, they secured diverse membership including a dozen startups. I/O Spaces’ members are not only 60% female, it is particularly international. Its founding predated HeraHub and other co-working spaces branding as female-focused havens. Many members are immigrants from African countries such as Congo and Angola.

I/O Spaces became a multinational community where entrepreneurs could input their idea and, with the community support, would produce output. The co-founders designed the brand to reflect this two-way interaction. As Tita described, “People give you input. It could be financial, it could be time, it could be service, it could be introductions to other people that could help you. So that’s kind of the basis of the whole thing.”

I/O Spaces’ Business Model

In 2013, co-working was a new concept, with only 151,000 people conducting business in co-working spaces. By 2018, the number of people in co-working spaces had increased tenfold to 1.6 million workers (Mazareanu, 2019). Co-working had become a worldwide phenomenon, with the biggest markets for co-working space in Asia. This huge rise in demand for co-working space came from small companies, especially digital and creative ones, who did not want to invest in pricy real estate (Mazareanu, 2019). The month-to-month co-working option offered more flexibility to employers and entrepreneurs. Increasingly,

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competition for membership led to office branding with names such as Mindspace, Industrious, Open Gov Hub, HeraHub, The Wing, Studio, Cove and WeWork (Coworking Industry News, 2018). Despite several co-working companies such as WeWork facing high-profile financial challenges (Bellafante, 2019) by 2020, the DC area boasted about 20 co-working spaces (Graham & Dávila, 2020).

I/O Spaces began with three goals: to offer a modern and refreshing workspace to the diverse community in Silver Spring, support the entrepreneurship of the African diaspora in the United States and do so far cheaper than other co-working competitors. Open 24/7 with security, a block away from Silver Spring metro and on six bus lines, I/O Spaces went from supporting 12 to approximately 5,000 businesses in 7 years. Additionally, I/O Spaces provides members with unlimited domestic and, for additional fees, internet phone services if they need them for conferencing.

I/O Spaces hosts instructors offering a range of classes from tech skills like cybersecurity training, cryptocurrency, artificial intelligence, project management, data science, design thinking, startup funding, and business, to photography and yoga certification. Classes range from one-day intensives to eight-week training courses. Depending on the nature of the course, prices start at USD 15 and can be as high as USD 5,000. Need-based scholarships are also available. These programs also boost membership numbers for I/O Spaces. Students learning at I/O Spaces gain access to the building as a study spot in between classes.

I/O Spaces' varied offerings and pricing enable the company to remain competitive in the co-working space world. Tita earns the most from virtual memberships that require little support and event space rental, where he can charge above market rates. When it was fully open, I/O Spaces charged USD 250 for an hour rental (10 times what a desk costs hourly) which is the lowest rate for an I/O Spaces event room. They rent for social events like birthdays, parties, and even baby showers (I/O Spaces, 2020).

Video 2. Profitability of I/O Spaces

Transcript

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I/O Spaces seeks to add value for its members through the design and beauty of the space. The light-filled, interior design—with indoor plants, wooden partitions and big windows—not only enable the company to charge premium rates for events space rentals but also promote well-being at I/O Spaces. In addition, psychology research from multiple campuses has found biophilic elements (office plants and resulting better air quality) promote productivity too (Ryan, 2020). Inspired by the WELL certification movement, well-being design is appearing in corporate offices and co-working spaces across the globe (Louise, 2020; Margolies, 2018). Organizations that

choose a coworking space that aligns with the image they want to project — about their employees and about their business — workers will experience higher levels of thriving, and the organizations will benefit as well, causing employees to identify even more strongly with their purpose and values. (Bacevice et al., 2019)

Links to Africa

To attract African members and differentiate from competition, I/O Spaces also markets its Afro-celebratory culture online, in media like CityLab, and with decorations inside. At the entrance people find an Ethiopian coffee shop. Ethiopians count as nearly a third of the population near downtown Silver Spring (Reed, 2016) and over a third of the population are foreign-born (see Data 4). In 2015, Montgomery County became the first jurisdiction in the nation to designate September as African Heritage month (Montgomery Community Media, 2015).

Data 4. Foreign-Born and Total Population of Silver Spring, Maryland

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Video 2. I/O Spaces Links to Africa

Transcript

[Download transcript](#)

Due to I/O Spaces' collaboration with Active Spaces, an incubator in Cameroon, and AfriLabs, which Enonchong chairs, it has connections with about 80 African locations in 45 countries. These partnerships along with fast internet connections make I/O Spaces attractive to entrepreneurs from outside the United States, who may not have grown up with this web access at home.

I/O Spaces provides African members with a U.S. address so they can do business and bank in the United States. Offering a mailing address is a common workspace benefit. However, when African members come to Silver Spring, I/O Spaces provides a place that Africans and other global members can call home. In this way, I/O Spaces removes one barrier for a population that already experiences many, and exposes entrepreneurs to a variety of emerging markets.

The Global Innovation Forum argues that technology is opening up markets for some 800 million entrepreneurs based all over the world. In 2019, the Forum reported "there are 50 million small businesses (those with fewer than 20 employees) and 750 million self-employed (those with no employees) around the world today." Largely because of online marketplaces, "Emergent Research predicts that small business exports will reach 48% of U.S. exports by 2026" (Global Innovation Forum, 2017).

I/O Spaces is launching an accelerator program named I/O Creators to help entrepreneurs market products on joonafrika.com. This may help remedy the difficulty people of color, especially African women, have with proving potential and fundraising. In 2017, according to Project Diane (digitalundivided, 2018), African American women founders in Maryland had raised only USD 1.4 million total; in Washington, DC they had raised nearly USD 33 million.

Estimates of the gender and race gaps vary; often research includes both women-run and co-founded businesses and does not separate ethnic origin. In 2019, Quartz reported women ran 18% of the startups in Africa (Teare, 2020) but, according to Forbes, they secured 4% of the million dollar or more deals. Comparatively, African Americans run only 4% of U.S. startups. Kauffman Foundation research shows that African American female founders face a steep ladder to fundraising success, including a racial and gender wealth gap, negative bias, and lack of access to networks (McCormick, 2019).

Fierce proponent and accelerator of new majority (including Latino and African American) entrepreneurs and Georgetown University Adjunct Melissa Bradley notes a "double penalty" for women entrepreneurs of color. They face higher bank interest rates and less access to team-based accelerators (which yield significant value). Bradley calculates it costs a female entrepreneur of color USD 250,000 more than a white male peer to receive funding for an entrepreneurial venture (McCormick, 2019).

A team-based accelerator, which may charge fees of entry, "guarantees cohorts minimum funding amounts as well as access to free or subsidized professional services." However, "people of color, women in particular, often aren't able to assemble a team in order to apply" (Kniggendorf, 2019). The 2018 Project Diane report (digitalundivided, 2018) showed that between 2009 and 2017 African American women-led startups in aggregate raised only raised USD 289 million, with most coming in 2017. The average raise by 2017 was USD 42,000. Black women represent 14% of the U.S. population yet from 2009 to 2017, they only raised 0.06% of nearly USD 425 billion that went to tech ventures.

Video 3. I/O Spaces: More Than Just a Co-working Space

Transcript

[Download transcript](#)

Proximity to Diverse Communities and Powerful Global Institutions

Tita reflects that different communities create different experiences and opportunities. He does not think I/O Spaces would have worked in many other cities. He chose Silver Spring because it was one of the most diverse cities in the United States.

Video 4. Why Silver Spring?

Transcript

[Download transcript](#)

I/O Spaces plays a role in fostering democracy and cultural understanding. While demand is high to visit the new African American history museum on the Washington mall, I/O Spaces chooses to exhibit in their space 50 years of African innovation in the United States.

I/O Spaces gets trainers from Amazon (expanding in Crystal City, Virginia), TEDCO, Google, and Cisco, which Tita believes shows students the tech career path is possible for them.

People say technology and the open internet democratizes access to information, customers, markets, and finance. As business and political people congregate at co-working spaces offering technology, the spaces became catalysts of democracy.

Tita observes that people flock to Montgomery County, not because it is cheaper—it is very expensive to live there—but because it is rich in leadership, intelligence, and culture.

Advice for Students Considering Entrepreneurship

Video 5. Advice to Future Entrepreneurs

Transcript

[Download transcript](#)

Tita asserts that entrepreneurship is about learning from failure and striving to get better at what you do. No matter where they originate, founders should build teams that complement their own skills. I/O Spaces may prove that diversity in tech teams can also lead to other community benefits like new conversations and solutions. However, as competition for funding remains keen, collaborating across borders creates new paths to revenue and markets.

Discussion Questions

- 1. What does the I/O brand stand for? How did I/O's inclusive offerings help international businesspeople, particularly from Africa, surmount barriers to market entry?
- 2. How did Leslie Tita adapt from the failure of his first venture to ensure that I/O Spaces would be more successful? What lessons can be drawn from UsePulse's failure?
- 3. What strategies did Tita and Enonchong employ to add value to their co-working space and increase membership? How can these strategies be applied to other kinds of entrepreneurial ventures?
- 4. Using the data provided throughout the case, explain how Silver Spring, Maryland, enabled I/O Spaces to grow. How did the environment in Montgomery County outside Washington, DC attract and shape I/O Spaces?

- 5. Why might an immigrant choose entrepreneurship as a career choice? How do family attitudes factor into anyone's choice to become an entrepreneur?

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