



WING TIPS

The office space conundrum

Background/overview

It is notoriously difficult for start-up and fast growing companies to find suitable office space, partly due to cost but also because their needs are changing so rapidly, it can be impossible to commit to a definite amount of space for any length of time.

In addition, the stress and cost of obtaining and running an office can be crippling for small businesses. When taking traditional leased office space companies are faced with long leasehold commitments, providing references and deposits. And that is before any overheads such as IT costs/equipment, administrative support staff and cleaning contractors have been taken into account.

With property prices in the UK constantly rising, particularly in London, the cost of being in a good location can be out of reach for many young and entrepreneurial companies. Perception and image are hugely important yet most struggle to afford an impressive location for meeting clients or an address that is central and sounds prestigious.

One solution to these problems is serviced or flexible offices, which have been growing in popularity over recent years. Only this month The City of London Corporation launched a programme to increase the amount of flexible space in and near the Square Mile, believing this will encourage more young, creative, start up companies to establish themselves in the area.

What are serviced offices?

Serviced or flexible offices are fully equipped work spaces that can be rented on a short or long term basis, usually from around three months to five years. Most are rented on a per workstation basis so are perfect for small and fast growing businesses, which may need to expand and contract at very short notice.

The majority of these offices include all technology and telecommunications in the cost along with meeting rooms, break out areas, reception, administrative staff and even teas and coffees.

Serviced offices are sometimes viewed as being poor quality, boring and sterile environments but there is a growing market for top quality 'five star' centres, particularly in London where it is so difficult for companies to afford conventional office space.

Some providers have grabbed this opportunity by offering more boutique style centres with creative and innovative meeting rooms as well as professional service that would expect to find in a top hotel.

What are the benefits?

There are a number of key reasons why flexible offices can be the ideal solution for any company, particularly start-up and SME businesses:

- No need to buy furniture - Flexible offices provide all office, meeting and often break-out furniture so there is no need to fork out for these items, which can be expensive. And many new centres are investing in stylish and modern interior design so companies can feel confident bringing clients there.
- Reception staff provided - The phones will always be answered and there's no need to buy a switchboard system or employ staff to welcome clients.
- Building and facilities management staff provided - Top quality centres will have around seven members of staff working at any one time ensuring issues are dealt with quickly and efficiently. Cleaning is also organised by the centre giving businesses one less thing to worry about.
- Payments are inclusive - Costs cover maintenance, utilities and other overheads such as insurance and technology. So companies know what they are paying every month and there are no surprises.
- No start up costs and time wasting - Companies are able to move in at short notice as the facilities and infrastructure are already be in place. There is no need to worry about IT, telecoms and other set up costs - this will be ready and waiting when you arrive.
- Access to break-out areas - This is usually included in the cost giving small businesses access to facilities they couldn't otherwise afford.
- Short term agreements - Companies only commit to the time and space that they need. This gives flexibility and the ability to expand or downsize at any point.
- Low risk - Because there is no major capital outlay there is little risk involved.

So are there any downsides?

Some perceptions may be that flexible offices are more expensive than traditional leased space as on face value the cost can look higher. However, once all the additional costs of setting up and running an office have been taken into account, the flexible option is in fact better value for money.

It's been estimated that when fit-out, set up and overhead costs are taken into account, flexible offices can be as much as 60% cheaper than conventional space. So why get tied down with a long-term lease?

For further information on The office space conundrum, please contact John Spencer, CEO at MWB Business Exchange plc, a leading provider of flexible office space, meeting venues and virtual offices with centres at 54 UK locations, including 26 in London on: +44 (0) 808 100 1800 or visit www.mwbex.co.uk