



Offices: Relocate or stay, either way save thousands

There are two things we know about offices: they are essential and costly. Office costs become even more under scrutiny when it is time to relocate and companies could save thousands by following the right procedures and stages:

Commission a workplace study

Traditionally, companies appoint a commercial office agent to help them establish the square footage needed for their business. The first stage should be to commission a workplace study which will provide information about your current space utilization and how it can be improved to meet your future business plans. It will undoubtedly result in your company operating more efficiently thus reducing your costs.

One conclusion of a good workplace study could be that you don't actually need to move if your existing premises are properly restructured.

If your workplace study demonstrates relocation is the credible alternative, then a precise calculation of your needs is essential. Many office buildings are leased on a 15 year term and to over-estimate your space requirements can prove very costly. For example, if the work place study demonstrates you need 4,000 sq ft less than you believed, you could save yourself £2,500,000 over the term of the lease.

Put your relocating team together

Assuming that you *have* decided to move, your first step should be to put your relocation team together. The composition of the team is of vital importance and you should consider the internal skills pool available and select the most appropriate employees, ensuring they have sufficient authority to participate effectively. Other essential team members are legal counsel, commercial property agents and office interior specialists.

Clarity of structure, boundaries in the team as well as buy-in and commitment from executive management, who ultimately will make the key decisions, are important factors. If the team feels unable to make key decisions or put those decisions forward for review at set stages within the process, all sorts of unforeseen cost implications can creep in to the equation.

Define your budget

A budget should be prepared from the outset taking into account all of the potential issues. Often saving money is about making informed decisions. Armed with the correct information, you will be able to set a budget that you can keep to.

Budgets are often exceeded in cases of poor initial planning or if prepared by someone that doesn't have a full understanding of all of the potential costs and pitfalls. Typical issues that can be overlooked are rent escalators, parking rates, insurance, utilities and other tenant services. The initial and ongoing maintenance of the facility chosen, including removal of rubbish, re-painting and re-carpeting over the term of the lease, are all things that should be taken into account.

Also what are the costs of meeting statutory requirements such as compliance with the Disability Discrimination Act? You should take into account the capitalisation of the space improvements, office furniture and other equipment acquisitions, as well as fees for other external parties, such as consultants, lawyers, and IT specialists. Other forgotten expenses associated with relocation can include transportation, meals, entertainment, insurance, packing, temporary personnel, staff down time, employee transition and replacement of stationary and supplies. It is all the non-budgeted expenditure that will cost your business over time.

Select a suitable location

Of course a huge consideration in the whole budget process is where to relocate. Will the new location be suitable for existing and future employees, customers and your supply chain? Will costs be magnified because of any of these considerations? Naturally a critical element in any choice of new location is your existing employees. How difficult will their journey be to the new office? What impact will the move have on employees that use local child care, recreational facilities and other social aspects that revolve around a working environment? How many existing team members may move on and what is the cost associated with hiring and training new staff? Another local factor that comes into play in any choice of a new location is the availability of a skilled labour pool, to cover both existing needs as well as planned future expansion.

Communicate with your employees

A hidden cost benefit of moving can hinge around a company's ability to communicate effectively with its employees; this may be the difference between the project being viewed suspiciously and being embraced by the majority. During a recent move, Galileo International merged 5 local offices into one 55,000 sq ft facility in Langley near Heathrow, to form its new headquarters for Europe, Middle East and Africa.

For Galileo, internal communication was an important part of the moving process. It recognised that moving is difficult for employees and that a smooth process would have hidden cost benefits. It also

knew it would create savings and efficiencies through a single unified office. It opened a special area on their intranet called 'Project Home' to convey that the employees were moving home together with a strap line of 'all together, altogether better'. Moving committees were formed from each floor of the affected sites and photos of the new offices were updated weekly on the intranet to show how the project was progressing. The result created a feeling of inclusion for all employees and a smooth transition into their new headquarters.

A successful relocation will reinvigorate employees, create a new ambience and drive within the workplace and will reinforce your corporate image and brand amongst customers and competitors.

Remember, if your offices are either too large for your current needs or too cramped, if they are a drain on your cash flow, or you are unable to expand efficiently in the years to come, not moving may cost the business much, much more in the long term.

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Notes to editors

Launched in January 2000 by Clive Lucking, Nigel Hudson and James Cornwell, Area Sq specialises in the design, project management, space planning, fitting out, refurbishment and furnishing of commercial office interiors. Area Sq is based in Egham, Surrey and Central London and undertakes projects of 2000 sq ft up to 70,000 sq ft throughout the UK.

Area Sq clients include Reed Elsevier, Sungard, Cendant, Microsoft, Thomson Wealth Management, Epson, Budgens, TATA, Pharmion and Capita.

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