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Flexible working space

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04 Oct 2011, John Gotley, Portal, Financial Director



OFFICE SPACE has traditionally been seen as an inevitable and costly fixed overhead, but this is no longer the case. Economic pressures have forced businesses to review all costs. This includes real estate, which now constitutes the second-largest operating expense for many companies, after staffing.

Against a backdrop of recession, several factors are shaping the commercial property landscape. The consumerisation of technology continues to have a profound impact on the way we use office space. The proliferation and adoption of broadband technologies, smartphones and Wi-Fi has hastened the drive towards flexible working and more efficient use of office space.

Flat screens and wireless keyboards, mice and printer technology have freed up office space by shrinking the electronics footprint. Technology has transformed connectivity, allowing employees to use secure remote access.

Meanwhile, location tracking means that systems can wirelessly track employees once they are logged in. Mobile phone communications have long allowed staff to access emails and messages on the move. But calls to work numbers can now be re-routed to the employee regardless of location.

Unsurprisingly, technology enablers are also seen as central to the success of remote working, according to a recent survey in *HR Magazine*. Some 80 per cent of respondents said access to devices and applications enabling mobility has a positive impact on productivity. Citrix Online reports that almost half of UK businesses have seen an increase in workforce mobility over the past five years, in response to growing regulatory, social and environmental pressures.

While technology has been a key enabler for encouraging new ways of working, other demographic factors have contributed to businesses adopting spatial planning strategies to use space more efficiently. An ageing population means that almost a third of the population will be over the age of 50 by 2020. At the same time, part-time and

flexible working is on the increase, helped by legislation. Today, more than a quarter of the workforce (80 per cent of whom are women) works less than 40 hours per week.

The spaceless growth effect

All of this means that commercial buildings are now supporting more people in the same amount of space, often reducing an organisation's appetite for space by between 10 per cent and 30 per cent. This phenomenon is widely referred to as spaceless growth.

With property typically making up more than 40 per cent of the total assets of many corporations, businesses are now often looking at their office space requirements as a strategic component of their business plan. Having buildings based on traditional office layouts that are half empty most of the time is no longer acceptable.

Flexible space is not the only issue for cost-effective business models. Occupiers require flexible lease structures in order to allow their activities to expand and contract. As power has shifted to the occupier, especially during the recession, landlords are being asked to accept more flexible terms such as short leases, break clauses and rent-free periods.

An alternative property solution that combines space and infrastructure (environment, IT and telephony) on a managed service basis has also emerged. These managed solutions provide accommodation configured to the exact requirements of the occupier at a location of their choice, comprising completely managed facilities with a fixed price per workstation during the contract length, with no capital expenditure or risk carried by the occupier.

Options such as these are providing a competitive alternative to traditional methods of property procurement. The result is that office space is now planned intensively and utilised more. Commercial spaces can represent more dynamic and flexible work environments in which collaboration and mobility dominate requirements. When making decisions regarding commercial property procurement, finance directors should bear this in mind and seriously question the type of accommodation being sourced.

As the corporate world emerges from recession, the traditional workplace will continue to change. The good news is that the power has now shifted to the occupier. Corporations have more choices open to them and no longer need to invest in rigid property portfolios that offer little flexibility in terms of location, lease and use of space.

If your current property portfolio is at odds with your business, take a look at more flexible workspaces that can be configured to the changing needs of your workforce at a location of your choice. Leases are fast becoming an outdated concept and new agreements can be negotiated so they are based on inclusive managed contracts that are priced on a per workstation basis with no capital expenditure or risk.

Now, and in the future, finance professionals should be directly involved in any property acquisition process and demand accommodation solutions that are driven by the needs of their business, not by buildings or restrictive, landlord-driven lease agreements. FDs need to think business, rather than buildings, and be confident that they can dictate the choice of flexible property that will nurture continued growth.

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