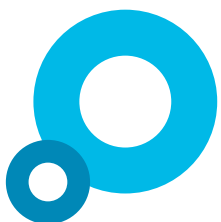


TAKING THE PLUNGE

THE SMALL
BUSINESS GUIDE TO
**CHOOSING YOUR
FIRST OFFICE SPACE**



WORKSPACE®

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Introduction

If the time has come to start looking for larger, more suitable premises for your business first of all, congratulations, your business plan is proving profitable and you are outgrowing the spare room or home study.

Instead you require something a little more professional, with spacious office space, reliable telecommunications and adequate meeting space. So how do you go about finding the ideal first office space to enable you to thrive and aspire to be the best you can?

There are many reasons new business owners take the plunge and look for more suitable office space to rent:

- **Expanding workforce**
- **Increasing requirements to entertain clients**
- **Steady turnover**
- **Avoid distractions at home**
- **Committing to a long term venture**

Location, location, location

Although spacious office space is not a necessity to get a business off the ground, it can provide start-ups with the impetus to broaden their horizons, expand their business plans and take on new staff that can add a new dimension to the overall operation of the company.

It is important to create the perfect working environment, not only for yourself as a new business owner but for your growing workforce. The premises need to be within easy reach for staff as well as customers and clients and it also needs to benefit from nearby amenities and industry-leading internal facilities that can breed professionalism and improve day-to-day efficiency.

Identify your customer base

Whether or not you are moving into a town or city you are familiar with it is important to ascertain who and where your customers and clients are located. Although the advent of the internet means that businesses can be available and contactable 24/7 it should never be underestimated the importance of having a visible presence within your target demographic.

Research the local community

Before deciding to set up camp with your flourishing business it is important to suitably investigate the wider community.

- It is important to note the success rate of local businesses. The last thing you want is to be situated within a host of boarded-up, empty premises.
- It is also recommended to do your research about the surrounding area and its nightlife. If there is a particularly active social scene in the community it is important to be aware as this may pose additional security risks.
- Liaise with other small business owners in the district and pick their brains about the pros and cons of the area to give you the overall picture.

Pinpoint the competition

This particular task carries varying degrees of importance depending on the type of business you are. It is less important for internet firms to worry about the locality of their competitors but for retail, service-orientated companies it is more important to carry out competitor analysis. Is there an opportunity to acquire business space that provides you with a competitive edge? Particularly if you are moving into an almost-saturated market it is imperative to have sufficient resource to make a name for yourself.

Vanity Vs Suitability

It can be very easy for entrepreneurs and start-up owners to get carried away and search for flashy, trendy office space that is far too expensive for a fledgling company starting out.

Rather than focusing too much on vanity it is important to find the right balance between image and practicality.

In London, for example, it can be hard for new businesses to get a foothold within the right business community due to expensive lease rates and high demand in Central London.

Nevertheless, there are many attractive, modern commercial properties that can be found on the fringes of leading business communities that still provide strategic business advantages a stone's throw away from the capital's coolest places, but at more affordable rates.

Size matters

When choosing your first office space it is important not just to consider your immediate floor space requirements but your needs in the medium term to allow for expansion.

Here are some of the main considerations for floor space before putting pen to paper on that exciting first lease:

- Does your chosen office space have a dedicated reception area to entertain clients and customers? If it doesn't you may need to pencil a reception area into the floor plan before you even begin to consider office layouts.
- You may however not even require a reception area in which case you can put this extra space to good use.

Cabling

Some cables will require raised flooring in order to meet health and safety standards.

- It is important to ask if there are any elevated structural floors to allow you to plan for the passage and routing of mechanical services and cables for specialised areas such as command and data centres.
- Consider the proximity of workstations to plugs and connectors. It could be a health and safety hazard if your office floor plan is such that you have bare wires lying across the floor that someone could trip over at any moment.
- Rather than elevated structural floors you could avoid trailing cables by placing equipment away from walkways and use cable guards to cover leads where required; as well as pinning cables along skirting boards.

Remember the toilets

Most floor plans include toilet and kitchen space in the total space available to potential tenants. For example, if an agent informs you of an office with 3,000 sq ft of floor space this may not mean you have the full amount to play with. It is certainly something to bear in mind.

Alternatively, you may be renting office space in business centres that include communal toilet and kitchen facilities; in which case you will not have to worry about factoring this into your available floor space.

Floor plate shape

Would you prefer an office with space on one floor or multiple storeys? The shape of the office floor plate is also integral as this influences the number of desks you can fit in each room. An oddly-shaped space potentially increases the overall cost per employee per square foot.

Fire exits

Does your chosen premises have up-to-date fire plans? Ensure the property has the correct number of fire escapes in the event of an emergency. If it does not ascertain whether major structural changes are required in order to get it up to standard.

Disabled access

An increasingly important factor to consider when selecting your first office space is to ensure the building meets the current Disability Discrimination Act (DDA) regulations.

This is an increasingly important factor to consider, particularly if you already employ disabled staff members. The DDA regulations ultimately improve access and circulation within working environments. Floor plans with good disabled access in mind do not need to be static documents; instead it should be regarded as more of a movable process that evolves throughout the occupancy of your office space.

Future plans

An increasingly important factor to consider when selecting your first office space is to ensure the building meets the current Disability Discrimination Act (DDA) regulations.

Controlling the purse strings

As the owner of a fast-emerging company you want to be fully focused on achieving more and maintaining that upward curve. Protecting your business interests with a suitable insurance policy gives you the confidence to grow and take on bigger projects in the knowledge that, should the unthinkable happen, you will be covered.

For most types of businesses Public Liability insurance is the essential insurance measure. The benefits of Public Liability insurance are that it covers a business if a customer/client or member of the public was to suffer a loss or injury as a result of its business activities, subsequently making a compensation claim. This type of policy would cover the payout as well as any legal expenses.

It is wise to liaise with a solicitor before you consider leasing your first office space as they will be able to suggest additional types of insurance that may also be relevant to your industry. These include:

Employers' Liability insurance

If you are intending on employing members of staff you are required by law to take out Employers' Liability insurance. This type of policy protects the interests of employees in the event of illness or accident in the workplace.

Professional Indemnity insurance

It is essential for start-ups that require the use of freelancers and self-employed professionals on an ad-hoc basis to ensure the workers they hire hold adequate Professional Indemnity insurance. Businesses that require an accountant or a copywriter to work on a short-term project for example, should only contract a freelancer who has this cover, to meet the cost of claims against them in the event of the following:

- Loss of documents/data entrusted to the insured.
- Unintentional libel, slander or defamation.
- Any negligent act, error or omission.
- Implied Statutory Terms.

- Unintentional Infringement of Intellectual Property Rights.
- Unintentional breach of confidence, confidential duty or misuse of information.

Buildings insurance

In many instances, tenancy agreements will include buildings insurance to guard against damage to the permanent structure of the property. This may also include other permanent internal fixtures such as sinks, toilets, baths and kitchen areas. Many landlords will seek to provide such protection to increase the attractiveness of the property's offering and support the maintenance of high levels of occupancy and improving rental income.

Contents insurance

While buildings insurance is usually included in a commercial property lease, contents insurance is something that you usually need to source yourself as the property concerned is yours alone and not the concern of your new landlord.

Contents insurance protects any items that are not a part of the fabric of the office. This includes furniture, electrical equipment and other valuables that could be damaged in the event of a natural disaster or burglary.

Some start-ups may attempt to cut costs and avoid forking out for contents protection, but it can be a false economy and seriously damaging for your business if you suffer the loss of expensive equipment. Without contents insurance you would be forced to pay for replacements out of your own pocket which could make or break your business's bottom line. Why take the risk?!

There are also a number of additional costs that business owners need to be aware of as potential new tenants:

Service charges

Service charges are also important fees to consider on top of your monthly rent. Landlords are within their rights to charge a fee for the cost of maintaining and repairing a building and offering additional services.

Typical costs can include:

- Structural repairs to property
- General maintenance including cleaning, refuse collection, heating, lighting, security and centre management fees (receptionists, caretakers)
- Upkeep of communal areas

Security retainers

In the terms and conditions of many tenancy agreements you will also be required to pay a security retainer in the form of a deposit that is returned at the end of your agreement, subject to dilapidations over the course of the tenancy period.

Business rates

This is usually a separate payment payable directly to the local council as contributions to local authority services. The amount you pay as a tenant will be dependent on £ per sq ft. Broadly speaking, tenants can expect to pay between £3 and £10 per sq ft each year.

Fellow tenants

Many entrepreneurs and start-up businesses benefit from becoming part of an entrepreneurial community or support network that allows owners to take advantage of contacts and industry experience to provide a better service now and in the long term future.

The building of entrepreneurial communities and support networks is in fact the lifeblood of many small businesses. They promote ties in the local community beyond just your customers – it can include many other organisations and encourage the cross-pollination of ideas and a regular flow of information.

It is wise to liaise with a solicitor before you consider leasing your first office space as they will be able to suggest additional types of insurance that may also be relevant to your industry. These include:

How to find like-minded tenants

Market research is arguably the best method of pinpointing businesses within your industry. They may be located in a business centre where space is readily available for you to occupy and begin to forge new business partnerships and opportunities that have mutual benefits.

You may wish to attend networking events before you begin to look for your first office premises and ascertain the best places to locate your business. It will also help you to develop face-to-face relationships with fellow business owners allowing you to pick their brains and become part of an in-person community.

The people you meet and the skills you learn from in-person networking are invaluable, that's why office space in a vibrant business centre can be such a great starting point for any new business. Not only do you have your own space to evolve and grow, you have businesses that are experts in their own fields to use to sound out ideas and improve your service.

It is human nature to want to belong to something. The Oxford Dictionary underlines the benefits of a community succinctly, as “a feeling of fellowship with others, as a result of sharing common attitudes, interests and goals.”

There may be certain sectors where sharing ideas and improving business practice may be considered detrimental, especially if you have knowledge that could give your business a head-start or help to carve your own niche in the industry.

However, if you are struggling in business the chances are you are not alone and other firms will have similar questions that need answering too. Business communities can help build brand recognition, provide teaching opportunities for newcomers to the field and offer a sense of confidence in yourself and your new business.

- Structural repairs to property
- General maintenance including cleaning, refuse collection, heating, lighting, security and centre management fees (receptionists, caretakers)
- Upkeep of communal areas

The “energy question”

The value in renting energy efficient office space has increased considerably in recent years with the ability to reduce monthly outgoings and carbon footprints.

Following the inclusion of the 2011 Energy Act, which means from April 2018 it will be against the law for landlords to rent out either residential or commercial premises without the minimum energy efficiency standard, the onus is now on landlords to provide sustainable buildings for businesses to flourish in.

As a business searching for your first office space you will want to keep your overheads to a minimum. ‘Greener’ working is almost a taboo subject in some quarters.

Last year, Avery conducted a survey during Green Office Week 2012 and found that almost half (40 per cent) of respondents admitted they would avoid suggesting ways their company could become more energy efficient in the fear it could come across as ‘nagging’. In order to encourage employees to respect greener working initiatives it is important to develop this within the work culture.

As a relatively new business looking for your first premises it is a great opportunity to implement sustainable measures that save money and reduce energy usage from the outset.

There are plenty of things to consider when viewing potential premises for their suitability as a sustainable working environment:

- **Lighting**

Premises that adopt energy saving light bulbs will save occupants up to £50 per lightbulb over the course of its lifetime. Motion detected lighting is even more attractive to business owners looking for ‘green’ office space, as it ensures lights are only used when a room is occupied.

- **Insulation**

Effective loft insulation that is at least 10 inches thick can drastically reduce heat loss by 40 per cent.

- **Air conditioning**

It is important to have a well-ventilated working environment, but you should also make sure the property does not waste the energy used to power it. Having windows open will negate the positive effects of air-con. You could also persuade the powers that be to install window interlocks on the air conditioning unit, so that once a window is opened the air-con turns itself off.

- **Double glazing**

With improved insulative properties, increased noise reduction and window panes that are easier to keep clean, double glazed windows are certainly preferable to their single pane counterparts when looking for a purpose-built energy efficient office.

- **Natural lighting**

Research suggests that not only is natural lighting good for lowering energy consumption and reducing the need for office lighting, it also fosters increased productivity. Natural light has a hugely positive effect on people, and promotes higher levels of motivation and organisational attachment.

Other considerations

Finding an exciting, modern office environment for your new business to grow into is very challenging, but with the right plan and by asking the right questions business owners can secure a location that is not only right for you now but in the future months and years.

Here are some additional considerations for you to keep in mind when narrowing down prospective premises.

Get connected (Telecommunications)

The expansion of the digital age in the 21st Century means there is increasing pressure on businesses to 'get connected'. As a result, telecommunications is now a very important factor when selecting your very first office space. The suitability of your internet connection should therefore be uppermost in your thoughts.

To avoid any downtime it is important that you have the ability to set up your internet before your move. Additionally, if you anticipate any lag during installation you may consider having a WWAN device to hand as a backup to allow you to log on over a cellular network in an emergency.

Phone systems are also confusing, especially for a start-up business. You need to assess your business requirements before making an investment. Consider how many users you have and any additional features you require as this can greatly influence your final decision.

An increasingly common solution for start-ups is a Voice over IP (VoIP) setup. SMEs looking to keep overheads low should consider VoIP as the technology is cheaper, easier and offers greater flexibility.

VoIP uses the internet as the basis of its phone system, with calls sent via a data connection as opposed to a traditional phone line. This is a definite option for businesses that consider themselves mobile as you are able to use your phone wherever there is an internet connection.

Security

One increasingly important consideration for any growing business is the security of its premises. There appears to be more threats than ever to people and premises, and although it is a topic we should not be particularly alarmed by, it is important to be vigilant and protect your investment.

With this in mind here are a few top security tips for small business owners preparing to expand into their first dedicated office:

- **Locks**

Whether your premises are situated within a block or detached as a building in its own right it is important to ensure there are durable, strong locks on all access doors. Unfortunately there is no guarantee that a lock will keep criminals at bay, but by ensuring the locks on your doors and windows are of a good standard you can at least be content knowing you've done everything you can.

If your premises are accessible from the exterior then you may also wish to consider fitting fencing or security bars that can be left opened during office hours but closed and locked in the evening to deter criminals.

- **Security alarm**

A security alarm is particularly important if your premises is detached. An alarm is still a very good deterrent for an intruder as it ensures they know they are on borrowed time the moment they set foot into your building. Some security alarms can be connected to the Police, alerting their switchboard if the alarm is activated at night.

- **Cash handling**

Does your business have established cash handling procedures? Do you count cash within public view? It is important that you have an appropriately positioned safe to store petty cash and other important valuables.

- **Property identification**

If your business owns a significant amount of expensive electrical equipment it is a very good idea to get the make, model and serial numbers of each item in the event of a burglary. Your premises should also be photographed with items all in their correct location, and you may also wish to consider marking each piece of equipment with either a visible or invisible marketing that works on most plastics and other porous surfaces.

- **General housekeeping**

Do you have a process for destroying sensitive documentation? Ensure important data is shredded and stored adequately on the premises. Are computer passwords changed on a regular basis? Make sure employees are encouraged to change their login details in case of an infiltration. Have you made your staff aware of plans in the event of an emergency evacuation?

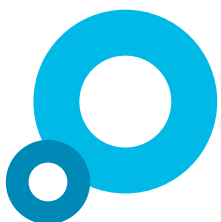
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