

To move or not to move?

Andrew Pegg outlines what charities contemplating an office move should consider.

While the ongoing boom in investment property is seen as an opportunity for many speculative investors, where does it leave the charities and finance directors looking to balance the need to deliver core services and manage the cost of resources? All organisations want to keep their overheads low, but charities are under pressure from trustees and donors to be highly accountable. It is sometimes harder for charities to borrow or raise money quickly, and if property costs increase, more effort will have to raise funds or otherwise divert resources away from core services. This all takes time and forward planning and should not be left to the last minute.

We are aware of one charity, which is looking at the prospect of its current £1 million pa property costs more than doubling when its lease expires in a few years time due to new developments in the locality. However, do all its central headquarters staff need to be based in London? Another is looking to build new offices and temporarily relocate its staff on a perceived need for a new headquarters for around 100 staff. However, only 50 or so are generally in the office at any one time, and the size of the proposed new development is much larger than it requires so it can accommodate tenants.

Many lay-property trustees and senior managers think that the only solution to accommodation related issues is to move and even to buy a building for the long-term security and investment it may provide. Whether owning is the best use

of resources needs careful consideration. Sometimes moving or sharing may be the answer, but in either case there is usually an opportunity for the organisation to deliver more effectively by staying in their existing premises rather than moving.

The charity's business plan should be scrutinised, and any property decisions taken in the light of the organisation's existing situation and future business needs. Too many organisations approach their property requirement on a piecemeal basis when an integrated resourcing strategy could be developed, which by taking into account issues such as flexibility in working practice offered by improvements in IT could help solve their property cost issues.

A detailed review could be undertaken initially of the future costs of occupying the existing building, the pros and cons of moving, the exact problems with the building that the charity currently occupies and how flexible the space is.

Many organisations invest too much in capacity, afraid of running out of space. However, they have often failed to consider technology and different ways of working, such as flexible working, and outsourcing and the true cost of taking on the property and market risk.

There are some general questions to be considered before contemplating any office move. What are the business processes and functions that need to be carried out and what resources are required? Are there options to do it

more effectively? Does the present accommodation support that? If not, when and how can it be improved? What is best practice versus the way things have always been done? Who is accountable for the use and cost of resources going forward? How is it controlled? Is there a regular monitoring and audit of property usage? It is common that only 40 per cent of desks are regularly occupied in office hours with the remainder having occupants who are away at meetings or permanently vacant.

How much space is allocated to storage and is it relevant? Can office space be used for different purposes such as meeting areas and break out space? Is the present internal layout and furniture designed for maximum effectiveness? Does a particular building, its layout, plant and machinery work in terms of what we want to achieve? What are the long term costs?

Have the property costs been reviewed on an integrated basis? What are the opportunities to reduce the whole life and annual liability? What opportunities are there to negotiate with the landlord and other tenants? Is there a more competitive deal to be had?

By looking at these issues in the context of organisational objectives, a finance director has the opportunity to transform both financial performance and improve the quality of its working practices. The decision to move is ultimately that of the trustees but with a clearer picture on the future operating requirements at the outset you can save a great deal of time, money and stress. ■

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