

Tips for projecting your firm's long-term space needs

As businesses approach the end of existing lease commitments and begin to evaluate their future space requirements, they are immediately challenged to accurately calculate their needs over a future five to ten year horizon. Historically, businesses have approached this exercise in a simplistic fashion — converting business plans and trends into hierarchal headcount projections either in a growth or reduction fashion. By linking square footage ranges to various staffing levels and then adding supplemental space for infrastructure, amenities and circulation, businesses could seemingly project with reasonable accuracy.



INSIDER VIEW

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However, as job trends began to evolve from individual tasks to more collaborative project and teaming environments, and as new office planning strategies emerged in response to more dynamic and flexible business requirements, the challenge of evaluating future space needs became more complex. In conjunction with their annual planning processes, businesses began to develop staffing ratios and models that correlated to sales, production or account growth to enhance the accuracy of projected space requirements.

Current evaluation has become increasingly complicated by numerous factors, including rapidly emerging technology, generational evolution in the workforce and alternative workplace strategies. Individually, continued deployment of technology such as laptops, Blackberry's, Treo's and wireless connectivity has begun to free employees from being tethered to the traditional workspace. This rapidly evolving trend is

augmented by a growing workforce adept at utilizing these technologies and less preoccupied with traditional office space trappings. In response, emerging alternative workplace strategies have been introduced to accommodate increasing demand for flexible environments. Concepts such as hoteling, work at home opportunities and creative space planning have been introduced with varying degrees of success and can provide significant cost savings in a rising real estate market.

A senior strategic planner for Nelson Strategies, Nick Wankowicz predicts a shortage of qualified personnel to fill key positions as baby boomers reach retirement. To attract potential employees from a decreasing pool of talent, businesses will need to develop creative solutions for their work environments — which will ultimately have a direct impact on space requirements. Mr. Wankowicz also cites the evolving inverted challenge of “bringing work to your resources versus bringing resources to work.” This resource retention-based challenge further complicates space need projection by shifting the focus of space use onto potential amenities needed to attract the best and the brightest talent.

Lisa Catapano, vice president of administration at Boston-based accounting firm Vitale Caturano & Company (VCC), addresses increasing space demand through the creative use of hoteling concepts, such as utilizing all non-dedicated work positions as flexible workspaces. She is quick to point out, “hoteling is not a place; it's a way of doing business and a necessity to avoid costly incremental rent expense and capital investment associated with building new space.” To supplement its space, VCC has incorporated key amenity spaces, including an art gallery with changing exhibits, a training center, and a cafe with a state-of-the-art kitchen for entertaining and events.

Given the complexity of these factors and the accelerated rate of change, the ability to accurately forecast a firm's space requirements is arguably one's best educated view through a cloudy crystal ball. To increase the chances of accurately projecting future space requirements, businesses should consider the following quantitative and qualitative components.

First, from a qualitative approach, envision your space from an employee retention, marketing and operational perspective and identify the benefits you seek to derive from it. Consider employee morale, existing and potential customer impact, differentiated amenities and key infrastructure.

Second, consider the generational composition of your resources and the evolving nature of their office space requirements. Consider management and administrative needs, general staff requirements, including on and off site ratios, as well as creative alternative work scenarios.

Third, educate yourself regarding current and emerging technologies which could impact your business and the general workforce and their potential impact on space requirements.

Fourth, discuss with your architect emerging trends in design, space planning, furniture and equipment and their impact on space forecasting.

Once reviewed holistically, businesses can more accurately project square footage demand as it relates to business goals and overall real estate strategies — without requiring a crystal ball.

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