

THE MISSED MIDDLE THE IMPACT OF UNSUITABLE WORKSPACE ON BRITAIN'S SMEs



A more flexible approach
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Many thanks to all those who contributed to this whitepaper:



CONTACT INFORMATION

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The white paper has been produced using the findings of a survey we conducted with Censuswide. A sample of 500 respondents, all of whom are business owners of companies with 150 employees or less (excluding sole traders) from across the UK.

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EXECUTIVE SUMMARY

There has been considerable growth in start-up hubs for emerging businesses and state of the art designer offices for the multi-national conglomerates. While they have a key role to play in housing some of Britain's companies, they are not accessible to many SMEs – the Missed Middle. But what are the design led alternatives for them?

CREATING OPTIMUM WORKSPACE FOR BRITAIN'S MISSED MIDDLE BUSINESSES

SMEs, the lifeblood of the UK economy, are being held back by their office environments and design. Organisations are mindful of growing their workforce and increasing the size of their operation, but the space in which they operate is often stunting growth and failing them when it comes to attracting and retaining the best talent.

Every company faces a range of pressures, the cost of renting office space increasing, an inflexibility of lease agreements and the lack of the right office space in the right locations. How do companies overcome these barriers to create the optimum workspace?

Technology will continue to play its part as it revolutionises how and where we work. Many firms up and down the country are adapting to the changes this brings, enabling mobile workforces and providing flexible space, but others aren't.

The Missed Middle know how to support the next stage of growth. What isn't clear to them is how they can adapt their workplace design to provide the optimum environment. The property industry has a key role in assisting them with this.

This white paper addresses these problems and how the property industry, designers and office providers can assist Britain's Missed Middle SMEs.

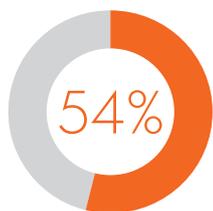


DESIGNER OFFICES AREN'T ACCESSIBLE TO ALL SMEs

Designer offices, such as those created by the likes of Google and Facebook and start up hubs provided by WeWork, are all about building a community. Creating places where people can work and collaborate, where businesses can grow and where people can socialise. Google-esque offices don't suit the needs of Britain's SMEs.

Whilst they are increasing in popularity amongst businesses in the creative and technology sectors, they are not deemed accessible to 21% of Britain's SME business owners.

There is also a significant divide between the regions. In London, 83% of business owners believe this type of office is accessible, compared with 60% in the North West of England and just 54% in the South East. This is perhaps due to designer offices being more prevalent in London than other parts of the UK.



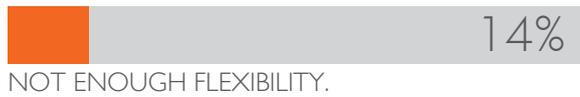
54% of firms with a turnover of under £1 million believe designer offices are accessible.



92% of companies with a turnover of £50 million and over believe designer offices are accessible.



WHY ARE DESIGNER OFFICES NOT ACCESSIBLE?



Businesses can do lots within their own office space to create the look and feel of a designer office. Cost effective updates include:

- better space management
- creating breakout areas
- changing the colour palette
- updating lighting
- creating better storage

51%

said designer offices aren't accessible because of high rent prices.

BARRIERS PREVENT BUSINESSES FROM CREATING THE OPTIMUM WORK SETTING

It isn't just designer offices that are out of reach for companies. In the survey, business owners highlighted a range of barriers that are preventing them from creating the optimum working environment and bespoke office design.



HOW CAN BUSINESS OWNERS CREATE THE OPTIMUM WORKSPACE?



Office providers and landlords need to better assist occupiers to develop and flourish in their current workplace, by providing an environment where company objectives can be met.



Landlords can assist companies by being more open and flexible to changes, especially if the occupier has a long lease and will be staying for some time.



To provide more offices in locations where they are needed most, developers and planners need to be open to converting disused space or changing the class of a building.



EXPERT ADVICE

James Harrison, Partner of BDG Sparkes Porter is involved with all aspects of leasing and transaction advice to a broad range of clients, with a focus on Tenant representation across the West End:

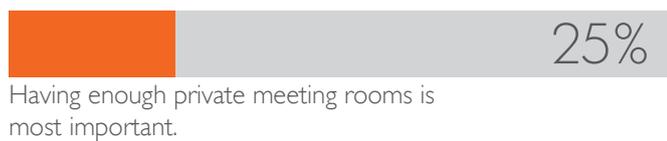
“LANDLORDS ARE IN A DIFFICULT SITUATION”

“Landlords are constructing offices with all types of occupiers in mind; providing flexibility in size of floor plates and length of leases for SMEs to occupy the space. However, landlords are in a difficult position. They must adapt quickly to change in occupier demands and make refurbishments to buildings to deliver occupiers want they want – bespoke amenities including communal breakout space and cycling facilities. Larger commercial developers are entering the coworking sector and it is worth SMEs looking out for new propositions on the market, as they can provide a different alternative. If an SME is looking to move offices, they should engage with a property agent as soon as they can – at least six months in advance, but ideally 9–12 months beforehand. It takes months for an occupier to move due to the speed of the legal work, negotiations and time to design and fit out the office space.”

A HYBRID OFFICE DESIGN IS NEEDED TO ATTRACT AND RETAIN TALENT

Whilst design has come a long way over the past couple of decades, from cramming in as many desks and meeting rooms as possible, to creating flexible open spaces; there is still a long way to go. Two thirds (68%) of business owners are concerned that their current working environment and design is limiting engagement with its employees. Business owners in London (75%) are the most concerned about its impact on employee engagement and their ability to retain the best talent, compared to other regions.

HYBRID WORKSPACE IS KEY TO SEDUCING SMEs



But, it isn't just the ability of companies to retain the best talent that is concerning business owners, it is also their ability to attract the best people.

Half of business owners surveyed are concerned that the suitability and appearance of their current workspace is failing to attract the best candidates.



OFFICE DESIGN TO ATTRACT TALENT

It is business owners in London that are more concerned that their work environment and office design is failing to attract people, with two thirds (67%) showing concern. Compared with almost half (49%) of business owners in the North West and 42% in the South East.



Interestingly, it is owners of companies with a higher turnover that are most concerned. Here is a breakdown by company turnover:

- 67% of businesses with a turnover of £50 million and above are concerned
- 57% of firms with a turnover of between £1 million – £10 million
- 37% of companies with a turnover of £1 million or less

WORKPLACE DESIGN IS HINDERING RETENTION OF STAFF AT BRITAIN'S SMES



68% said their current workplace is limiting engagement and ability to retain the best talent.



50% said they are concerned that their current workspace is failing to attract the best candidates to work at their organisation.

Having a hybrid office design could be the answer to increasing engagement with employees and boosting productivity, as well as attracting new talent. The design principles are based on providing a more balanced environment with open, flexible areas to interact and generate ideas with colleagues, alongside quieter spaces for confidential matters and relaxation.

EXPERT ADVICE

Peter Moore, Managing Director of Macdonald & Company specialises in advising organisations on Human Capital in the real estate sector:

“WORKSPACE ENVIRONMENT IS KEY TO ATTRACTING TALENT”

“New hires are increasingly looking at the working environment as a key decider between one job or another. Younger workers are looking for fun, dynamic and agile work environments.

There has been a real shift towards agile working, flexibility and well-being across all sectors of employment over the past decade. The traditional ‘9-5’ and being chained to a desk, are a thing of the past.

Wellness in the workplace is so much more important now, not just with employers but with property developers and landlords. A growing number of developers, such as British Land, are signing up to the WELL Building Standard which harnesses the built environment as a vehicle to support human health and well-being.”



HOW TO IMPLEMENT A HYBRID OFFICE DESIGN AND BOOST EMPLOYEE ENGAGEMENT



The employee experience should be at the centre of the design, so listen to what your employees want and what potential employees are looking for from a workplace in your industry sector.



Provide more areas for agile working and think about adopting cloud technology to enable employees to work from home or the coffee shop.



If you have a mobile workforce, ensure there are days when everyone can come into the office and work together / socialise.



Create a working environment that is unique and works both now and in the future.



Improve the natural environment by increasing natural light and ventilation. Add indoor plants so the setting is stimulating and calming in the right spaces.

THE DANGER OF FAILING TO IMPLEMENT NEW TECHNOLOGY

SMEs could be held back if they fail to implement new technology in their office design. Technology should be used to support business strategy and promote employee engagement. It can enable companies to flourish, better interact with likeminded firms and provide employees with the ability to work from just about anywhere.

There are a growing number of businesses who are helping others to better understand how their office space and on-site facilities are used. By analysing the habits of your workforce, you can make informed decisions about how to update your office design – which could, in the long run, save time and money.

Our survey results highlighted that whilst some firms are mindful of advances in technology and prepared to implement them when needed, some firms are failing to prepare.

There could be many reasons for the lack of preparation – perhaps a lack of knowledge of the various technological advancements and how they can benefit their organisation, or perhaps the cost of implementation.



32% of businesses are neither prepared nor unprepared for LiFi (cellular wireless networking using light).



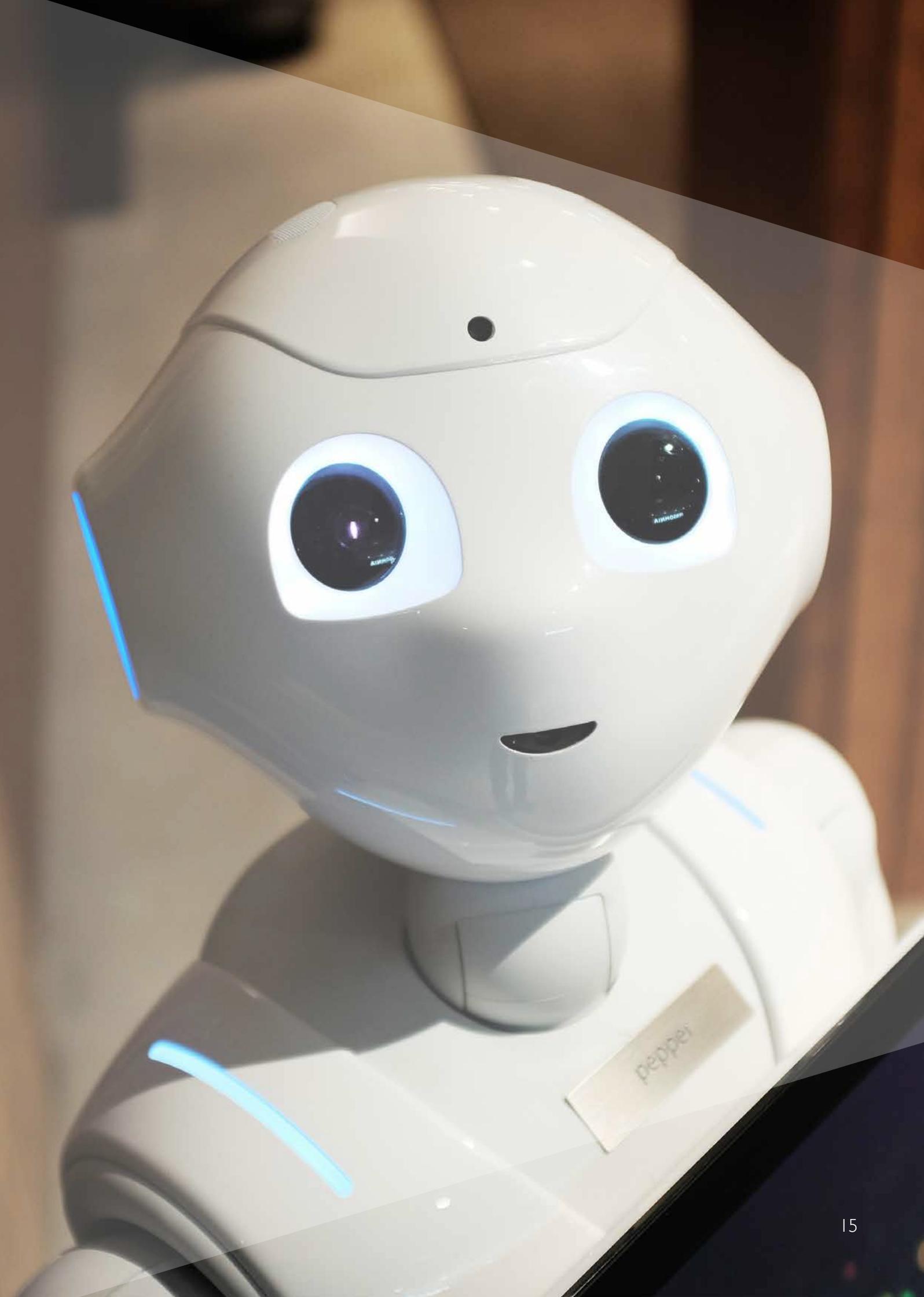
29% are neither prepared nor unprepared for voice command technology.



26% are neither prepared or unprepared for technology that tracks energy usage.



22% are neither prepared or unprepared for cloud computing.



TECHNOLOGY IN THE WORKPLACE

Whilst some technological advances are flash in the pan ideas and not worth implementing unless it is necessary for your business, there are others that look set to be here for the long term. Cloud computing is one such technology. It can increase the flexibility of a workforce by providing a secure way for employees to work from just about anywhere, and it can reduce the cost of running an office.

Whilst the UK lags far behind many countries in terms of its broadband speed, 5G and wireless connections, business owners should keep abreast of digital updates they can implement in their office. Only use digital and wireless technology that is going to make a difference to your company and your employees. The latest advances aren't for every firm.

However, with more employees working from a range of locations, companies need to be mindful of the impact this has on employee engagement, idea creation and well-being.

SMEs COULD BE HELD BACK IF THEY FAIL TO INSTALL NEW WORKPLACE TECH



32% are neither prepared nor unprepared for Lifi, whilst 43% are prepared or very prepared for this technology.



70% are prepared for cloud computing.



67% are prepared accommodating a mobile workforce.



29% are neither prepared nor unprepared for voice command technology.



63% are prepared or very prepared for technology that tracks energy usage, whilst a quarter are neither prepared or unprepared.



68% are very prepared for bring your own advice technology in the workplace.

HOW CAN THE PROPERTY INDUSTRY ASSIST BRITAIN'S SMEs WITH TECHNOLOGY?

Proactive smart buildings are the future. Developers and property owners need to future proof new buildings and upgrade existing office stock, to enable occupiers to implement and use the latest technologies. However, the main challenge is in predicting how buildings will need to adapt for technology that has yet to be developed.

One solution is for all parties involved in the construction of a new building or the refurbishment of an existing building, to come together at the first stage and put in place a plan for future proofing the building. It isn't just the shell that requires future proofing but the infrastructure too. The ability for an occupier or landlord to adapt or upgrade a building should be at the core of the plan.



EXPERT ADVICE

Hugh Prissick and Stephen Adams of Storey are project managers and cost consultants – some of the most experienced in their fields:

“SMEs should take advantage of their lease deal and maximise landlord contributions towards an office fit-out. Senior management should be involved with the project from the outset.

Landlords are conscious that occupiers need faster broadband speeds and greater access to strong wireless connections, amongst other technological advances.

“TECHNOLOGY IS AT THE HEART”

By doing this, the project team achieve greater buy in from core decision makers, resulting in less downstream change to the brief, designs, costs or timescales of the project. This ultimately saves time and cost.

Future proofing buildings is difficult but landlords and developers are placing technology at the heart of the design of new buildings. WiredScore has been introduced to measure connectivity speeds, and such measures are expected to become the norm for other office technology too, such as energy usage and water consumption.”

WORKSPACE THAT SUPPORTS THE NEXT STAGE OF GROWTH

Britain's SMEs are clear on what they need for the next stage of growth, but they require support in their pursuit of this. The property industry has a key role to play in assisting them – helping to provide the right office and facilities, in the right location and at the right price. In our survey, SMEs told us what they specifically require from their office design to support the next stage of growth.



28% of business owners indicated that their office requires areas for quieter working and confidential matters.



26% require open and flexible space.



25% need better storage.



21% would like energy efficient measures, such as LED lighting, their own heat and power source.



19% require better broadband speed and wireless technology.

With office space at a premium in many locations across Britain, compromise is part and parcel of securing a workplace. However, there are some aspects that SME business owners are least likely to compromise to secure the optimum setting.

Office design has become increasingly important to developers, landlords and occupiers over recent years, as they encourage occupiers to stay for longer and employees to be more productive at work. Unsurprisingly, how people get to work and how much premises cost, still top the list of concerns for most organisations.



25% of business owners are least willing to compromise on the cost of rent / mortgage.



21% are least willing to compromise on location / commuting time to work.



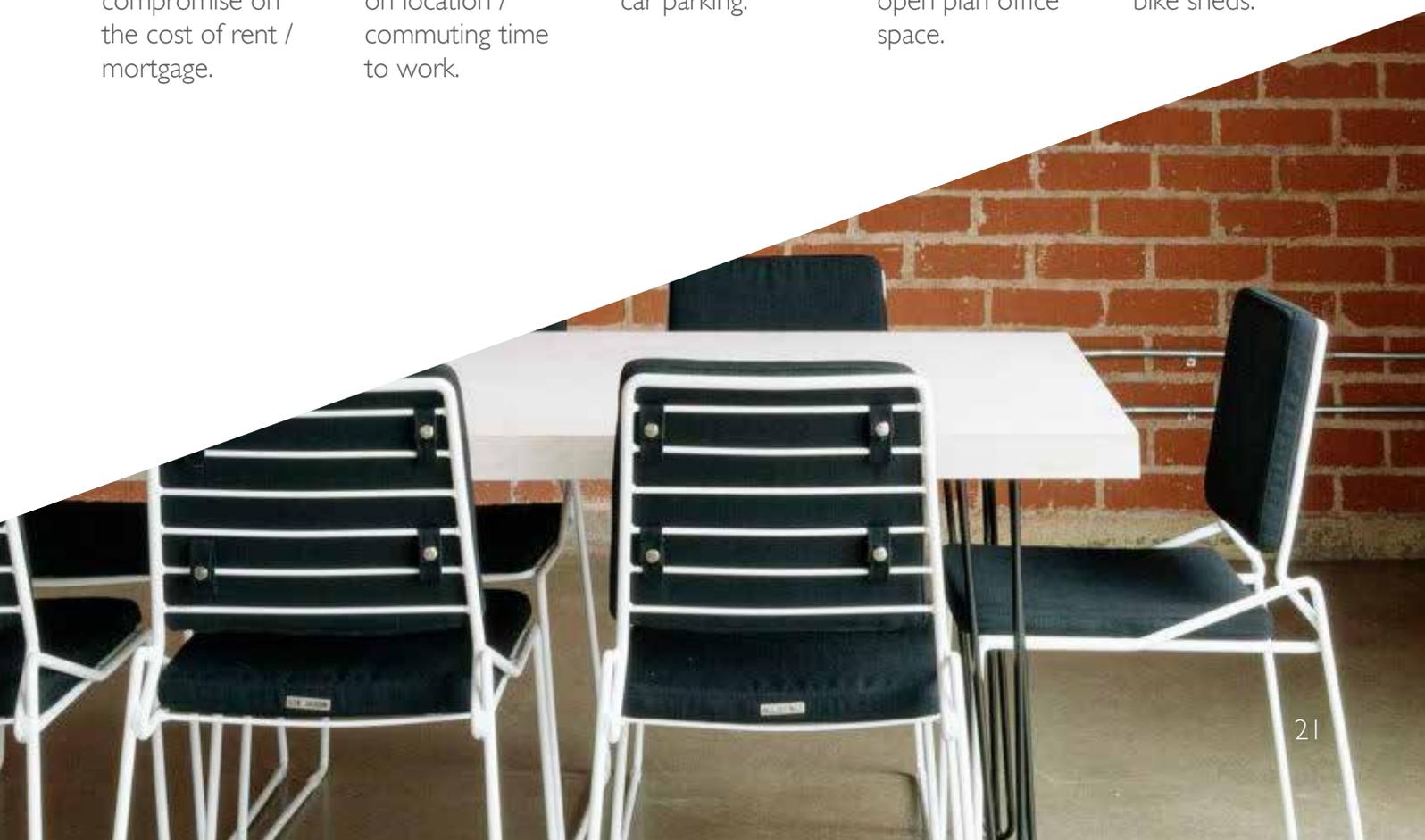
20% are least willing to compromise on car parking.



17% are least willing to compromise on open plan office space.



9% are least willing to compromise on bike sheds.





EXPERT ADVICE

Samantha Kopsch, Owner of Sam Kopsch Studios adores all forms of design and anything out of the ordinary:

“Office design is changing at great speed but agile working and well-being remain at the core of design principles. Here are some updates SMEs can make to promote agile working and wellness in the workplace:

- Sound proof booths restrict noise in an open plan environment and enable quieter, more confidential working
- Sleep pods and calmer spaces promote relaxation
- Don't sit employees next to printers – they emit toxins, noise and heat.
- Move people around areas – women are typically colder than men, so position women closer to heating outlets
- Improve natural light – larger windows create more natural light
- Change the desk foot print and move storage into a basement or off site for more space
- Use furniture to create anchor spaces for people who are based in the office full time and shared desk space for floaters. Remove banks of desks and create more space for group working in pods.

“AGILE
WORKING AND
WELL-BEING
REMAIN AT THE
CORE”

The key to any new building or refurbishment is to get interior designers and architects involved in the design process as early as possible – before planning permission has been submitted. Designers will understand the target market and can provide guidance on how a building / spaces can best be used.”

HOW OFFICE DESIGN CAN PROMOTE BUSINESS



Developers, architects and planners need to be mindful that the Missed Middle require their place of work to be close to good transport links, easily accessible for employees to get to and have car parking options. A tall order in the middle of London or Manchester, but they must get cleverer with the design and space of buildings.



Ensure developments are surrounded by the right infrastructure to support occupiers. Occupiers want value for money.



Business owners can make simple and cost-effective upgrades to their office space to include more areas for quieter working and confidential matters, such as adding glass partitions.



Changing office furniture can improve space management, improve employee well-being and provide you with better storage facilities.

DEMAND FOR MORE STORAGE AND AREAS FOR QUIETER WORKING NEEDED TO SUPPORT GROWTH



28% need areas for quieter working and confidential matters.

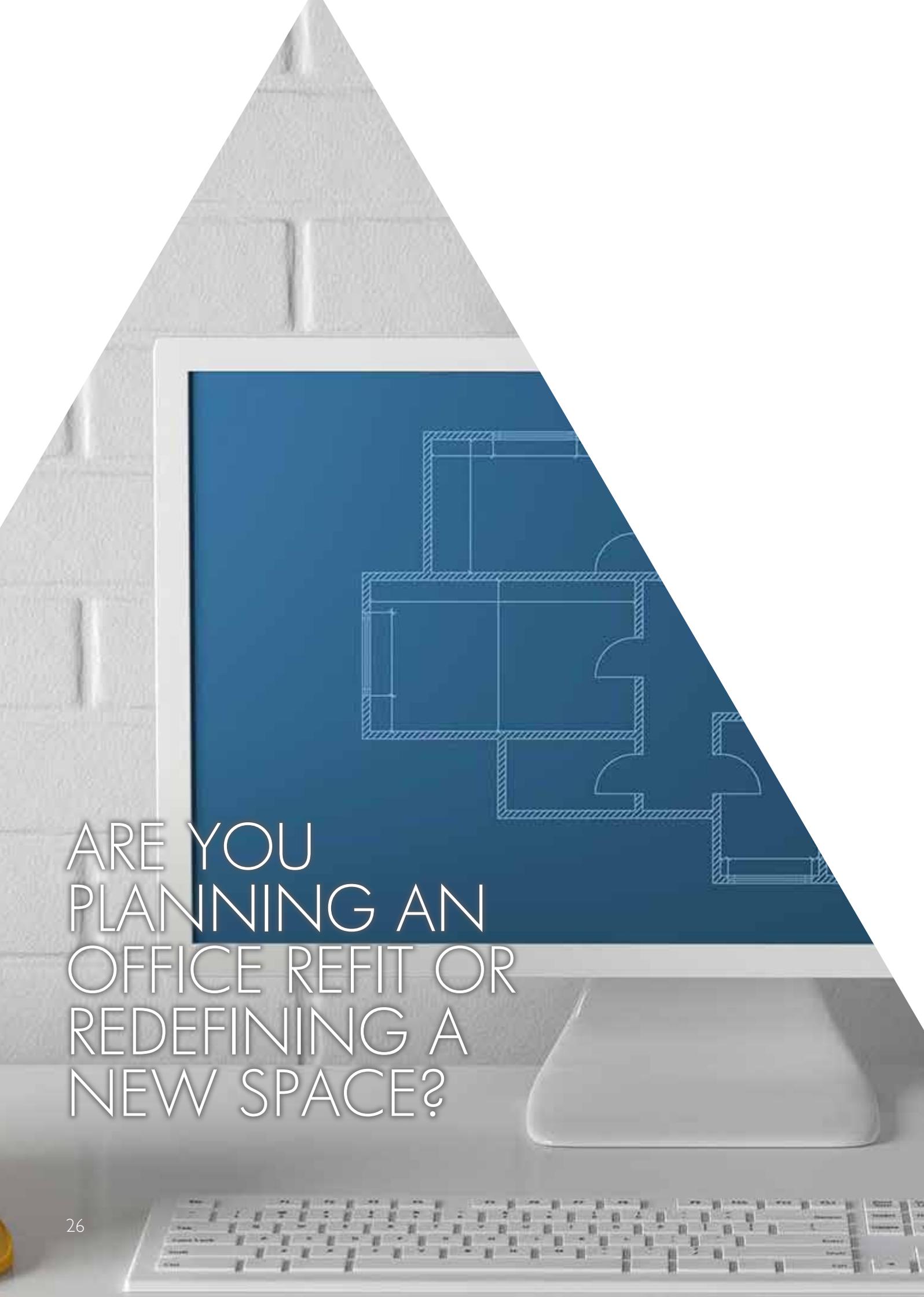


26% need open and flexible space.



25% need better storage.





ARE YOU
PLANNING AN
OFFICE REFIT OR
REDEFINING A
NEW SPACE?

HERE ARE FIVE IMPORTANT THINGS TO CONSIDER

1

INSIGHTS EQUALS RESULTS

Your office space must work for your business. Talk to your employees and take advice from the experts to get a real understanding of what's working – and what isn't. Finding out how to make the most of the space can make a real difference to the way the business operates in the future.

2

FLEXIBILITY IS KEY

We each have unique needs, desires and motivations. Introverts and extroverts must work in harmony and the space must reflect this. Knowing how your employees operate and interact is essential to creating an environment that suits everyone.

3

TECHNOLOGY RULES

Modern technology has created a new set of rules. Wireless networking, remote storage and mobile technology should influence your layout, equipment and furniture decisions. Questioning the traditional office setup is the right thing to do.

4

TRUST AND RESPECT

Flexible workspace should increase the productivity and well-being of your employees. Management must believe that their employees will work better. Employees should feel empowered to do so.

5

FIND YOUR STYLE

Stylish interiors certainly appeal to some workers, but they don't suit every business. You might visualise clean lines and simplicity – or aspire to create something unconventional. Whatever you do, establish a brief and do your research. More importantly, this is a great opportunity to enhance the business brand.

For further information, go to www.crownworkspace.com



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