

# Business drivers for hot desking

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Companies today are facing new challenges that conspire to erode not only profit margins but the quality of life at work and at home. The first among these is real estate prices, which are steadily climbing in key areas – in London, record prices. In Manhattan prices for the most sought after commercial locations run between \$79 and \$179 per square foot. Costs of real estate in Qatar are “crippling”. Dubai? If you have to ask, you can’t afford it.

More people working in cities from Singapore to San Francisco means not just less space available and therefore rising real estate prices, but more commuters on the roadway, longer commutes, less happy and productive workers, and more pollution. At the same time, oil and gas prices are also at record highs, putting the squeeze on businesses and commuters alike. As the cost of doing business as usual mounts with negative impacts on profits, productivity and the environment, it’s time to take another look at the way we work. Hot desking (already in use in areas of high density, high price commercial buildings) may be a phenomenon whose time has come to move from Wall Street to Main Street.

## What is hot desking? How is it different from hotelling?

Hot desking and hotelling both refer to the use of a set of desks or cubicles for workers who come in to the office from time to time. The distinction rests on whether those desks can be reserved ahead of time or whether the workers arrive and hope they can find a place to plug in. Clearly, while hot desking can help a business save money by reducing the number of desks and therefore the cost of leasing office space, the 'show up and pray' scenario is not the most productive approach and isn't applicable to most businesses. By contrast, hotelling allows workers to reserve space and other resources – from a parking spot to a video phone – ahead of time, so they can hit the ground running the moment they arrive at work – wherever work may be occurring.

## How does hot desking save money?

Understanding how a company’s assets are and are not being used is critical for running a profitable business. Most companies do not have an adequate understanding of how one of their most expensive assets – the space they lease or own – is being utilized; this is a critical issue for Facility Managers in particular. Answering the question “How is our space being utilized today and how will that change?” is an ongoing concern for private businesses as well as public agencies. It’s difficult for Facilities managers to get their arms around what amounts to a moving target, in order to do space planning and make informed strategic decisions about real estate.

While it can be tricky to pinpoint exactly

what's being used and when, on average we know that companies have about twice the space they need for the workers they have. You can see this in your own office – if it is like most, you will find only about 50% of the desks surveyed are in use at any one time, on average. In businesses with a high percentage of the work force engaged in sales or consulting, as few as 5% of the desks may be in use. The likely case is that your company is leasing far more space than it needs for the work force it employs. To find out how much your company could save in real estate leases, just multiply the square feet of the empty office space by the price per square foot. That's the quick answer to the question "Why hot desk?"

One study puts the average price for leasing and maintaining a single office cubicle in a major metropolitan area at about \$10,000 over the course of a year, figuring in energy costs, IT infrastructure and cleaning. If your office has 50 desks chances are you can eliminate 20 of them. Depending on your zip code you may be able to reduce the amount your real estate costs by \$200,000 a year, or a million dollars over the life of a five year lease – by not paying for more space than you actually need! Further savings accrue when companies schedule workers on flex time or encourage some employees to work from home, within reasonable parameters.

Even without a corporate directive to do so, more folks are working from home today than ever before. Or perhaps not working from home, but they're out on sales calls. Or they are working at a client site, in the satellite office, on travel, ill, or on holiday. But they are not, typically, in the office more than 50% of the time depending on the type of business and their role. The good news is there are tools available to help you maximize your space so you can cut those costs without chaos and still support your workers with the office space and other resources they need when they need them. The table below gives

you an idea of how much can be saved when you reduce your space to match, rather than greatly exceed, your requirements.

These examples show the savings over the life of a 6 year lease, where real estate per square foot is \$40 and the amount of unused space is 20,000 square feet, and in the second example, the savings on 10,000 sf of space over five years where real estate is \$79 per sf. This example does not include the cost of build-out!

### Can't I hot desk without special software?

While you can get the benefits of a reduced real estate footprint via simple hot desking, that is, providing a bank of desks your workers can use on a first come first serve basis, it's not the answer to a more productive workforce. Having employees arrive and spend time searching out a free desk and the other resources they will need a video phone, printer, laptop plug-in – isn't good for productivity. Ideally you want to be able to reserve those spaces and resources ahead of time, so your people can get to work right away with the resources they need. WorkSpace Manager takes the hotelling concept to a new level. The employee (or his boss, or an administrator) can find a spot near certain amenities – a conference room or high speed printer – and can see where colleagues have reserved spaces so he can make decisions about joining them, reserving his space via a simple touch screen or over the Internet with a browser in a matter of seconds.

### What is WorkSpace Manager?

WorkSpace Manager software is more than a way to manage your company's hot desking or flexible seating facilities. It's a power tool that gives companies the ability to see how their work spaces are being utilized and therefore to help them save millions in real estate costs. It also provides business,

**Table – BusinessSolve's Value Proposition**

<u>Unused space(sq ft)</u>	<u>Price per sq ft</u>	<u>Term of lease</u>	<u>Savings</u>
20,000	\$40	6	\$4,800,000
10,000	\$79	5	\$3,950,000

safety and HR managers a critical understanding of how and where their work force is deployed at a given time. This is useful in office moves and space planning and becomes critical information to have in the event of an emergency.

With WorkSpace Manager you can see the actual use of space over time and plan ahead making informed decisions about the amount of space to lease, where and when to consolidate, thus simplifying office moves, mergers, and right-sizing your business as well as planning for business continuity after a terrorist attack or severe weather event. WorkSpace Manager can be used to reserve not just desk space but conference rooms, parking spots and other resources and equipment to maximize the use of these resources and reduce waste.

### WorkSpace Manager: The benefits

The benefits of using WorkSpace Manager begin with saving money real estate costs but go far beyond those savings to support mobile workers and space and business planners. With WorkSpace Manager you will:

- Reduce real estate costs through sharing space;
- Support an expanding workforce without adding to infrastructure costs;
- Provide quick access to desks and other resources for those who are sharing;
- Understand your utilization of space – where and how much space do you need today? Tomorrow? Next year, after the acquisition?;
- Track your workforce in an emergency and have critical information for business continuity planning;
- Reduce your company's carbon footprint and environmental impact;
- Offer employees the benefit of flexible work, work from home and reduced commute time and cost.

With WorkSpace Manager you can attract,

support and protect an increasingly mobile work force, while reducing your bottomline and the amount of pollutants your business creates. That's a win for your company, your employees and the environment.

### Office space – it's just a place to hang your hat

There are a number of compelling financial reasons to hot desk, as we've seen. So why isn't it being done on a more regular basis? Two main reasons – one being that the technology to enable and support hotelling was not available in off-the-shelf applications until recently. Hot desking was not reasonable for all but the most adaptable workers.

The more deep seated reason, however, is psychological. Office workers in the past had come to view their desk as territory to which they had earned the right after years of loyal service. In particular with management the idea of having a corner or window office and all that that entails, was ingrained and passed down the ladder such that the size and location of one's office became associated with status.

But how much sense does this make today, when a "job for life" is nearly unheard of, and technology has improved to support increased mobility? To draw a comparison between office space and another resource we routinely use in an office environment, imagine if each worker in your office felt they needed to stake out a particular phone line, rather than accessing whatever one was available at the time they needed to make a call, and you can see that the concept is a bit archaic. It's also beginning to change. With the median age of the work force decreasing as baby boomers retire, younger knowledge workers are more technologically savvy and less habituated to the concept of office space as private turf. Old habits may die hard, but they retire with predictable regularity.

Reports show that the number of Americans working from home or "teleworking" has increased to 16% of all workers, increased by 12% over 2005, and the number who never telework has decreased by 24% in one year. Being allowed to work remotely has become

much more common. A laptop with wireless connectivity to the Internet, and a cell phone or Blackberry used to belong in the domain of the sales force or high priced consultants. Today these technologies are much more widespread and taking the place of the window office as the “perk” du jour.

In 2006 a flexible schedule with the ability to work from home occasionally was one of the top three benefits sought by office workers. Having private office space didn’t make the list. It’s becoming less important as the ability to support workers outside the office improves and as the commute to that private office space gets harder and more expensive.

### **Technology and Worker Mobility; a self perpetuating loop**

Workplace technology has improved dramatically in the past twenty years, mainly because it serves a mobile workforce. As the need to support mobile workers increases and the technology improves (think laptops and cell phones), more people begin to work remotely, and demand faster networks, lighter computers, and phones that resemble credit cards rather than WWII field radios. With this self perpetuating and transformational relationship between the tools and the work force comes a change in the way we define what it means to be “at work.”

### **Work is a verb, not a noun**

Twenty years ago a desktop meant the flat surface of your desk. Today, it’s the screen of your PC. Twenty years ago being “at work” most likely meant we were in our company office where we had a desktop computer and a phone with a land line on the desk. Most office workers worked that way, with few exceptions. In 2007, being at work may mean shuffling to the kitchen table in your slippers and a work environment may consist of a laptop with wireless network and a blackberry. Work is the performance of tasks towards a business objective – it’s not a location.

A modern worker is able to be productively engaged in pursuing their company’s business, whether at the company office or in a satellite office, working at a client site, or

telecommuting from home, from a hotel lobby during a business conference, or at Starbucks in between sales calls. The more mobile the worker, the less he needs or uses his “own” desk in one particular spot. Work can and does happen anywhere. Desks are no longer personal property but are coming to be viewed simply as spaces to be shared – assets too expensive to be left fallow half the time.

Even with workers who routinely inhabit the same office space, tying a worker to a physical desk may not make sense. It can actually be counter productive, because it sends the message that “this is the (only) place where work happens,” when we all know from experience that some of the most dynamic conversations happen in ad hoc gatherings around the water cooler, sales meetings go better over a restaurant lunch, and most of us are more productive when working at home away from the noise and distraction of the office.

### **All dressed up and no place to go**

We have to make the assumption that businesses want workers to be productive, to be able to react to new situations and adapt to change – that’s why they equip them with mobile technology, to increase efficiency and improve performance, to support work wherever it happens, and to make work more likely to happen outside a single office.

If your company provides you with a laptop computer and a cell phone, why in the world would they expect you to be tied to a single desk? We equip our workers to be mobile – why not take advantage of the fact that they are free to move about, and let them to share office space in areas where it makes sense to consolidate? Redefining how and where work happens is key to realizing the untapped value of mobile workers.

### **How difficult is it to implement WorkSpace Manager?**

While the best things in life may not always be free, in many cases they are reasonably priced. That’s the case here. Implementing WorkSpace Manager is actually pretty simple, and it doesn’t take long. First, Business

Solve's consultants meet with your facility managers and other designees to identify a strategy that aligns with your business objectives and operations. How do you plan to use the system? How will permissions be assigned? Do you want to include parking spaces, conference rooms, A/V or other equipment? Once you identify a strategy, they configure the software, mapping your spaces, designing screens that work for you, assigning rights and permissions to people and groups, interfacing it with your CAD, scheduling or other applications as requested, and installing the software. Implementation typically takes between a few days and a few weeks, depending on size and complexity.

### What's the experience like for the user?

Once the implementation is complete, workers simply log in either at the site via a touch screen, or over the Internet via browser. You, your manager, or an administrator can ask WorkSpace Manager to assign you a desk with a single touch, or you can view the facilities and floor plans for which you have permissions, and see the available seats as well as those that are taken. You can search for various resources and equipment, have phone extensions transferred, and make selections about where you'd like to reserve a space - near a conference room, in a quiet space away from high traffic areas, or according to other criteria of your choosing. With the appropriate permissions you can run Crystal Reports that show historical information, the layouts and usage at other facilities, and more. Space planning no longer needs to be a challenge, relying on guesswork based on elusive data. It's all right there in front of you. The hard administrative work's been done, and you can spend your time using the information to make your job easier. As a user, logging in and selecting a space is a simple handful of mouse clicks or screen touches and takes only a few seconds. An online demo available on BusinessSolve's web site walks you through the process from the user's perspective. More in depth information with live demonstrations are available for those who have more detailed questions on how the system is designed, configured, or how reporting is set up and run.

### Three simple rules when implementing: Communicate, communicate, communicate

As with most new business initiatives, saving money may be justification enough for the management to move forward, but workers can be less enthusiastic about embracing a paradigm that alters the status quo in what may be an uncomfortable way. A few common sense ideas can make it easier to adopt any new practice.

First, communicate. Ask for feedback and listen to workers' concerns even if the conflict with your ideas. People are more likely to comply with new ideas if they feel they've been heard, even though they may not always agree. Bringing people into the discussion early will lessen anxiety that arises from feeling that they are "out of the loop." Getting buy in up front will make anything you do later that much easier.

Second, communicate. Share information about why your company is taking this step and what it means for the company and for the workers; saving costs and reducing carbon footprint are good things. If tracking employees in case of emergency or doing responsible business continuity planning is part of your motivation, share as much of that as makes sense. People may not embrace change for its own sake but most of us will support initiatives that make sense and drive to a business objective.

Thirdly, if there is are incentives involved, for example increased opportunity for people to work from home or to have a flexible work schedule, communicate them. Employees who may be cool to the idea of hot desking warm up quickly when it means they've got the option of working from home\*. Mobile workers typically enjoy somewhat higher status either because of their alignment with a corporate directive to save money, reduce carbon footprint - manifested in technologies that will let them work more efficiently when remote from the office.

The bottom line is that a more profitable company is more likely to be able to stay afloat, to continue to hire and retain employees, offer bonuses or pay raises, or to meet the rising cost of providing good health

benefits, than one that is throwing money away on maintaining empty office space, or other zero return activities. Hot desking actually contributes more to real job security than the false security of having one's own desk in a company whose margins are shrinking every time the price of real estate, energy or business goods and services rise.

Given time, and incentives as needed, hot desking can not only save you enormous amounts of money but will become part of your company's culture. While change can be uncomfortable at first, being an early adopter of a new way of working will become a source of pride to the work force. It makes sense, it's environmentally sound, and all other things being equal most of us prefer to work for smart companies who keep an eye on the bottom line.

## **Getting back to work: How does WorkSpace Manager fit into Disaster Recovery and Business Continuity Planning?**

Terrorist attacks and natural disasters are highly disruptive; without a plan for recovery they have the potential to become exponentially worse.

Think back to the summer of 2005, in the days after hurricanes Katrina and Rita. Miles of commercial and residential areas were submerged along the Gulf of Mexico coast. Entire offices were closed, refineries shut down, and work forces were evacuated for days, weeks and months. Even for those who were out of the direct path of the flooding, many companies, due to safety regulations, had to leave their commercial office space due to a lack of infrastructure – there was no 911 service, no clean water, and only sporadic electricity.

Numerous oil and gas companies had to move offices full of professional workers immediately or risk being out of alignment with their core values of workplace safety (and out of compliance with OSHA regulations). Moving their office workers took days – once they rounded up the employees and had an accurate head count. In an industry where a single refinery shut down for less than a week can cost millions, there were enormous

financial losses in many cases, because critical infrastructure was not in place to track the work force and help figure out how and where to get them back to work.

Similar situations happened in Manhattan after 911. Many offices buildings were deemed uninhabitable, not just the twin towers. Just knowing who was in the affected buildings at the time and having a way for the workers to log in and say "I'm safe and at home" would have prevented much anguish. In most emergencies, workers are instructed to abandon their desks and possessions and leave as quickly as possible. With no plan in place for getting people back to work business continuity is severely compromised. Unless your business can withstand sustained losses in productivity, you owe it to yourself, your employees and clients, to plan for ongoing operations.

With WorkSpace Manager as part of your business continuity plan, companies can see at a glance who was logged in to work at particular sites, what resources that person requires, as well as where they as a company may have other spaces available, and can then move displaced workers to those locations if required, in an orderly and efficient manner. Workers can log in using only a browser to indicate their location and requirements for performing mission critical tasks to keep their company running – and their paycheck coming in.

While most companies have a plan in place for backing up data in the event of emergency, it's far less common that they have the information they need to get people back to work at offices near them, and support them with the resources they will need (all information that can be pulled up in WorkSpace Manager's Crystal Reports). Having this information is a critical piece of recommended business continuity planning as specified by the US Dept. of Homeland Security. With solutions like WorkSpace Manager available today, there is no good reason not to have this capability, particularly if your offices are in areas vulnerable to extreme weather or other emergencies. How quickly your company can get back to business after a terrorist attack, a tornado, a fire, or a flood often depends on planning

done today. Start planning now to improve the likelihood that your company will survive and recover.

## **WorkSpace Manager and the evolving workplace**

Every once in a while, an idea comes along that not only makes great business sense, but changes the way that we work for the better. Personal computers come to mind, and the network operating systems that allowed us to share software, printers and other peripherals. E-mail. Laptops. The Internet. Mobile phones. Blackberries. The list goes on and the time between such advancements decreases every year. It's hard to believe that the average worker today has access to more computing power (in a single PC with "Intel Inside") than was contained in the entire roomful of NASA computers that put the Apollo space craft into orbit. Thirty years from now, the business landscape will be radically different in ways most of us can't imagine today.

Thinking back to how we worked before these new technologies were available, we can see that not only have they made us more efficient, they have actually altered the business landscape such that failing to use them even a few years later would result in a drastic competitive disadvantage. Running a business today without these powerful new tools is unthinkable. Yet the work-a-day practices that these tools are meant to enhance often lag behind what's being made possible by the technology. Our workers are geared up to help us capture major value

inherent in a mobile workforce, but a good part of that value is currently being left on an unused desk. Now that there's a tool to help identify and capture that value, it's time to optimize your investment in all those new technologies you've paid for.

Work Space Manager gives you information to help you make informed decisions about consolidating and eliminating expensive real estate, thus saving millions of dollars being wasted on leasing empty space. It reduces the amount of energy your company uses and therefore your carbon footprint. It provides you with the ability to support business continuity planning in a world where that is becoming not just a good idea, but a recommended practice. But perhaps just as importantly, adoption of WorkSpace Manager and the leading edge practices it supports helps your company thrive in a rapidly changing global environment where the only real competitive advantage has always been the ability to adapt.

## **About the Author**

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