

# ADAPTING, UPGRADING OR MOVING YOUR OFFICE

Creating an inspiring workspace in 2023  
as economic pressures intensify



*Inspiring places and performance*

**CROWN**   
WORKSPACE



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YES COSTS ARE  
RISING, BUT  
SHOULD YOU  
SHELVE YOUR  
WORKPLACE  
PROJECT, OR  
MAKE IT A  
HIGHER PRIORITY?

Global inflation is causing costs to rise all over the world. Initially triggered by the pandemic's lockdown rules easing, the war in Ukraine has exacerbated the issue, causing energy prices to soar as short supplies are suffocated further.

The economic slow down comes at a time when attitudes towards where, when, and how people work are undergoing a monumental shift.

Employees are seeking greater flexibility, putting businesses under increased pressure to adapt their workspaces for hybrid working, while also seeking to make them more sustainable.

The requirement to match workspaces with workforce needs has never been more important, as competition for the best talent continues to get stronger.

Any move, adaptation, or refurb will be a significant investment. And as inflation causes costs to soar, it would be easy to abandon plans for office relocations or fit outs.



78%

of companies delay moving

It's often said that moving house can be one of the most stressful things someone does in life; moving office can be similarly stress-inducing for people managing the process. A survey by E.ON<sup>1</sup> found, a colossal 78% of companies delay moving, opting to stay in inefficient, cramped, and costly facilities.

But the returns on such investment in the long run are compelling: from buildings being greener and more efficient, to overall, increased productivity, to being better suited for a flexible workforce.

Smooth and cost-effective office relocations or refurbishments are crucial to the success of most organizations and the well-being of employees. Meticulous project management is essential. What may seem a daunting task need not be.

THIS REPORT SHARES AN INFORMED VIEW ON HOW THE COSTS ASSOCIATED WITH AN OFFICE MOVE OR REFURBISHMENT CAN BE MANAGED AND MITIGATED, EVEN AS PRICES RISE.

As a company that provides a bespoke solution for all types of office and workplace change projects around the globe, we've captured insight from across the world, tapping into the knowledge of specialists in the U.K., New Zealand, India, Hong Kong and more.



<sup>1</sup> 6 Steps to a Smooth & Successful Office Move



# 30%

of companies relocated at least once during a 5.5-year period

## Rethinking the office – committing to change

At some point, organizations in all industries and sizes will relocate some or even all their staff and operations - whether it is the result of an expansion or merger, or perhaps driven by external market conditions. One piece of pre-pandemic research suggests 30% of companies relocated at least once during a 5.5-year period.<sup>2</sup>

For many companies, the reason might be that the lease on a workspace is coming to an end and the building owner wants new occupants, or maybe the building itself is being demolished to make way for something new. And for many others in the post-pandemic world, they may want to right-size to serve the needs of a hybrid workforce.

Change might also be prompted by a desire to operate more efficiently, to reduce energy costs, or enhance work environments and improve the employee experience.

ONE FINANCIAL-SERVICES COMPANY TRANSITIONED MORE THAN 1,000 OF ITS GLOBAL OPERATIONS STAFF TO WORK-FROM-HOME ARRANGEMENTS WITHIN THREE DAYS.

## Post-pandemic effects

The Covid lockdowns forced organizations all over the world to re-assess whether their place of business was appropriate for the workforce. One financial-services company transitioned more than 1,000 of its global operations staff to work-from-home arrangements within three days<sup>3</sup>. With offices opening up for business, but employees less keen to return full time, many businesses are reassessing their requirements<sup>4</sup>.

<sup>2</sup> How far and often do organizations relocate offices?

<sup>3</sup> Reimagining the post pandemic organization

<sup>4</sup> Why a wide-scale return to the office is a myth

**“Offices may be a little emptier now, but rather than move somewhere smaller and cheaper we’re seeing companies invest in a re-design, for instance building a bigger and more comfortable kitchen area or a creche for working parents.”**

**Henry Chan**

Manager, Crown Workspace Hong Kong.

### **Managing office changes for a major accountancy firm**

In London, Crown helped a major accountancy firm move from an 11,000-seat office space to a 6,000-seat space. However, the company has not reduced its staffing levels, the move was driven by employees no longer being 100% office based. The organization needed to rethink its future working model.

However, not all locations have experienced the same stresses and strains as those based in London. For instance, Crown’s Hong Kong and Dubai operations report customers are seeing a greater return to the office by their staff.

Nevertheless, the desire for a culture shift and for greater flexibility to create a more employee-centric experience is a factor in attracting and retaining staff. Rather than relocating, many organizations are looking towards refurbishing their current locations.

Office attendance numbers might be down but some organizations are wedded to existing locations. The benefit of moving to a smaller more cost-effective location to meet new staffing levels, might easily be offset by the negative impression the new location has on current and future employees. In a world where employers need to focus on retention and business continuity, where new hires come at a significant cost, improving conditions and facilities at the current location might be a better option than moving.



### **Balancing the cost benefits**

In uncertain times, it is vital that organizations revisit and challenge their motives and the expected benefits of moving or renovating. Often, with more scrutiny and a more holistic appraisal, the business case actually becomes stronger and more compelling.

Establishing a detailed budget at the outset is crucial for successful project management. A common mistake many companies make is underestimating how much a move will cost and how long it will take which may negatively impact business continuity.

All too often the physical aspect of a move is an afterthought. Taking a more holistic view of the move at the outset by considering factors such as IT services, interiors and sustainability could help realize significant savings overall.



## CROWN WORKED WITH A LEADING RETAILER SAVING £350K BY REFURBISHING AND REMODELING EXISTING FURNITURE AND MATERIALS

### Costs associated with office changes

All moves include some short-term costs; potential disruption to business before and after a move or renovation could impact employee efficiency and quality of service, the reinstatements of a vacated office and renovation or any new office space often have hidden costs, lease break clauses may dictate the timing, this all adds to the physical element of the move itself.

These costs must be outweighed by the positives delivered, such as lower overheads for a smaller office or a more affordable location in the case of a move, or a happier more productive workforce due to improved facilities in the case of a renovation or move. Not all are easily quantifiable.

Irrespective of the office change, whether it is a move or a refurbishment, with the right planning ahead of time the total cost can be minimized. For instance, consider the requirement for new furniture.

### Leading U.K. firms save hundreds of thousands by re-using existing items

Costs can be minimized with enough prior planning. Crown worked with a leading retailer in the U.K. and achieved savings of £350k by refurbishing and remodeling existing furniture and materials, rather than procuring new items. It achieved similar success with merchant bank, Close Brothers, which saved £185k by re-using existing items.

Savings through sustainability are not always measured in economic terms. One large international law firm worked with Crown to move into new premises, which entailed a sustainable clearance of the property which was being vacated.

According to Crown's savings report which was provided to the client on completion of the project, the total carbon savings from the clearance were 29.72 tonnes of CO<sub>2</sub>. Savings like these go a long way towards helping organizations achieve their Net Zero targets – which are becoming more and more critical in the procurement process.

Under some circumstances organizations might not want or be able to move but could make more efficient use of space. Crown worked with a client that was looking to right size due to the introduction of flexible working patterns post-pandemic. They were able to consolidate three floors into two and lease out the third floor, placing all furniture into storage in anticipation of future expansion at some point and a possible return to three floor capacity.

## No two moves are the same..

Which makes estimating and comparing costs a challenge. This challenge has been exacerbated in recent times by macroeconomic factors that have pushed costs up as much as 20-25% according to Crown.

In most markets the cost of labour has spiraled upwards because of Covid and the war in Ukraine<sup>6</sup>. When Covid struck, the large grocery stores and online firms recruited thousands of drivers and delivery staff in a short space of time, pushing wages up in the relocations sector. These costs are coupled with the rising cost of fuel, energy and to a lesser extent materials. All of which means the price businesses are paying to move (usually based on square footage and headcount) is on the rise.

Volatility in price can make planning a move complex at times. Some large-scale moves of 800-1,000 people will be planned many months, possibly years in advance. The prices quoted at the tender stage could change dramatically unless they're locked in and the organization can guarantee fixed prices. An initial fixed price might appear more expensive than a short-term offer, but it might be more cost effective in the long run.

## Managing the cost it has on your people

For many Crown clients, once a decision has been made to move or refurbish, the number one consideration is how it will impact employees both physically and mentally.

Decisions about office relocation are made at senior management level and quite often there can be a lack of transparency in how that decision was made. Employees are often the last people to find out, and how the news is delivered and messaged will play a huge role in whether it is received positively.

Senior leadership, internal communications teams and HR tend to be the messengers. With the best intentions in the world, some organizations try to hammer out all the details of a move before the information is communicated.

However, numerous other stakeholders, such as IT and finance, will be involved in the decision making,

and there's a good chance the rumour mill will do its work and the general population will be aware of an impending move before the news is officially communicated. And the uncertainty that senior teams were trying to avoid will be heightened.

Office relocation has massive implications for your people – travel, location, parking, facilities and even moving house. To avoid costs to your people's mental health and worry they need to be involved in the process early.

Even in situations where employees are completely invested and enthusiastic about a change, they might be displeased with certain aspects of the move. Having the ability to resell unwanted equipment, refurbish it, or donate it to charity will do wonders for employee perception with regards to the sustainability of a move.



# 1000

people moves will be planned many months, possibly years in advance

<sup>6</sup> Labor cost by country: the latest data

**“Planning becomes key for an office move; unplanned services would lead to an increase in stress level for your people.”**

**Kavitha Suresh**

Senior Manager, Crown Workspace India

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WHEN I SPEAK TO CLIENTS, CHANGE MANAGEMENT IS THE KEY ELEMENT. IN TODAY'S WORLD IT IS ALL ABOUT ATTRACTING AND RETAINING TALENT AND TO DO THAT ORGANIZATIONS HAVE GOT TO MAKE THE WORKPLACE A NICE ENVIRONMENT TO WORK IN.

”

**Phil Gull**

Sales Manager, Crown Workspace U.K.



**“We integrate ourselves within project teams to understand objectives and expectations, and we provide full transparency on service delivery so the client knows exactly what to expect.”**

**Andrew Fullerton-Smith**  
Crown Workspace, New Zealand



**“I have clients that say to us ‘staff need to see that we’re being responsible and how we’re getting rid of our assets. I need full transparency on everything.’ Sustainability should not be seen as a cost or a PR move, it is an efficiency.”**

**Ann Beavis**  
Head of Sustainable Development, Crown Workspace UK

**Bring the experts in early**

Rather than viewing a move or refurbishment in terms of cost, an organization should always assess it as an investment. Elements of the ROI might be difficult to quantify, such as improved happiness among staff, but most are measurable, for example leading to lower rent. There are countless line items and factors to consider.

An office move or refurbishment can create unprecedented levels of stress for those involved. While organizations might move location or undertake a refurbishment multiple times over their lifetime, it’s conceivable that the individuals who project managed those moves could be different each time. If someone is managing a move for the first time, the important thing to remember is they do not have to do it alone.

The key to managing any investment is to bring in the experts early and carry out extensive planning that features scenario risk planning, including contingency actions in the event of unforeseen events.

**“My top tip is don’t make price the primary driver for your decision. Make sure you’re comparing apples with apples and of course get multiple quotes but get them from some respectable names.”**

**Shawn Wood**  
Senior Business Development Manager, Crown Workspace, UAE

The number one fear for anyone responsible for a move is that they’ll be let down by a third party and the move will be delayed. Organizations need to work with a name they can trust, a name that can guarantee a move will go ahead on schedule and on budget.

## Why Crown?

Crown has been moving people and businesses for over 50 years, and we understand that no two projects are the same. We tailor our services to each unique project, creating workspaces that inspire, excite, deliver social value, and have a positive impact on the environment.

Crown Workspace provides a bespoke solution for all types of office and workplace change projects around the globe. Our global expertise spans across commercial and specialist relocations, moves and changes, IT services, furniture, interiors, and storage.

Built on the 50-year legacy of the Crown Worldwide Group, Crown Workspace is complemented by several other divisions, offering business all over the world. These include international logistics, relocation and mobility services, records management, and fine art services; all for both corporate and private clients.

For more information including a step-by-step guide to a successful move download this Crown Workspace Moving Office Guide<sup>7</sup> free of charge.

## Contact us

Crown Workspace is your one-stop-shop for workplace change and an ideal partner for advising on and managing change right across the globe.

**Get in touch to discuss your workspace challenges and requirements.**

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