

YES WE'RE
OPENMIND your own
BUSINESS

Home Office Transition

From Home to a Business Center

By Angela Lieb

Kids screaming. Dog barking. Dishes to do and lawn to mow. Solitude. Junk mail. Solicitors calling. Meetings at the kitchen table. This is the life of the home-based entrepreneur, sales rep or consultant. Is it time to finally take on "physical" space other than your home? Some individuals are very suited to work from home, where others find it distracting and unproductive.

A primary reason why many home-based workers do not take the leap into traditional office space, is because of the heavy financial commitment. Leasing conventional office space typically requires a 3 to 10-year lease commitment and capital to build out space, purchase furniture, lease a phone system, install data a voice lines, hire staff, etc. In fact, trying to grow a business from the one-person shop to a small business operation is a huge financial investment.

The solution: Executive Suites – also referred to as Business Centers or a "shared tenant environment".

Business Centers are not incubators, but similar in concept and services. Shared offices were introduced in the 60's - attorneys would quite often set up this type of environment – especially if they were self employed and needed to be in a corporate environment. Currently there are approximately 4,000 business centers in North America.

Business centers are ideal for start-up businesses, as well as satellite offices for larger companies because there is very little risk involved. Some of the benefits include:

A two-page "Service Agreement" is used rather than a 20-page lease document.

Space is typically ready to move in within 24 hours.

There are no start-up costs like there are with moving into conventional office space

Offices are available by the hour, day, week, month or year

As your company expands and contracts, so can your space requirements – extremely flexible.

Furniture, high-speed Internet access and telephone service are already in place and ready to "plug-n-play"

Large conference rooms and training rooms are available to use by the hour or day and you typically receive some "free" hours in your monthly rent.

Professional Executive Assistants are available from 8-5 and you pay only for the time you use – no hiring, payroll, taxes and benefits.

A professional receptionist is "on duty" from 8-5 to greet clients, answer your calls and accept packages.

Clerical services are available in house – binding, copying, printing, mail delivery, etc.

The clients only write one check a month that includes everything from rent to copies

Maintenance, cleaning and Office Management are part of the package.

Business centers are sometimes the first step that small businesses take before they commit to a long term lease. Some tenants spend 10-15 years in a shared tenant environment because of the convenience, flexibility and cost savings. Business centers do not work for tenants that need any kind of specialty office space or equipment.

Because of the flexibility and cost savings up front, tenants "appear" to be paying a higher premium to rent this type of space. However, if they perform a cost comparison for moving into conventional space, the business center will remain the more affordable option until they have 7-10 people working from the office. Once a business is operating with 10 people, business center tenants start transitioning into a traditional office space environment.

If relocating to a business center is where you are headed, you have several options in St. Louis. There is one international Executive Suite operator and about 10-12 independent centers in the St. Louis and St. Charles areas. Your location choice will depend on where your home is in relation to the center as well as your budget. Some centers are located in Class A space and range in price from \$900-\$2000 a month and some are in Class B or C space and can range from \$300-\$1000. The variance in price depends on the size of office and what services you elect to have: furniture, phone, internet, etc.

There are several business centers in town that I have been involved with – either as a consultant, management company or owner. Currently, the LifeWorks Business Center at WingHaven is under construction and expected to open in July of 2006. For more information about this center or others in the area, please contact me directly via e-mail.

The most important factor to remember when shopping for business center space is that you are comfortable with the staff and are confident that the owner or operator has your best interests in mind. Do they have backup phone support? Is the owner on-site? How many employees are in the center? How often do they increase rent? What is the occupancy? How long of a lease does the business center have with the landlord? An effective business center environment should help you focus on your core competency to enable you to grow your business and eventually move into traditional space. 