

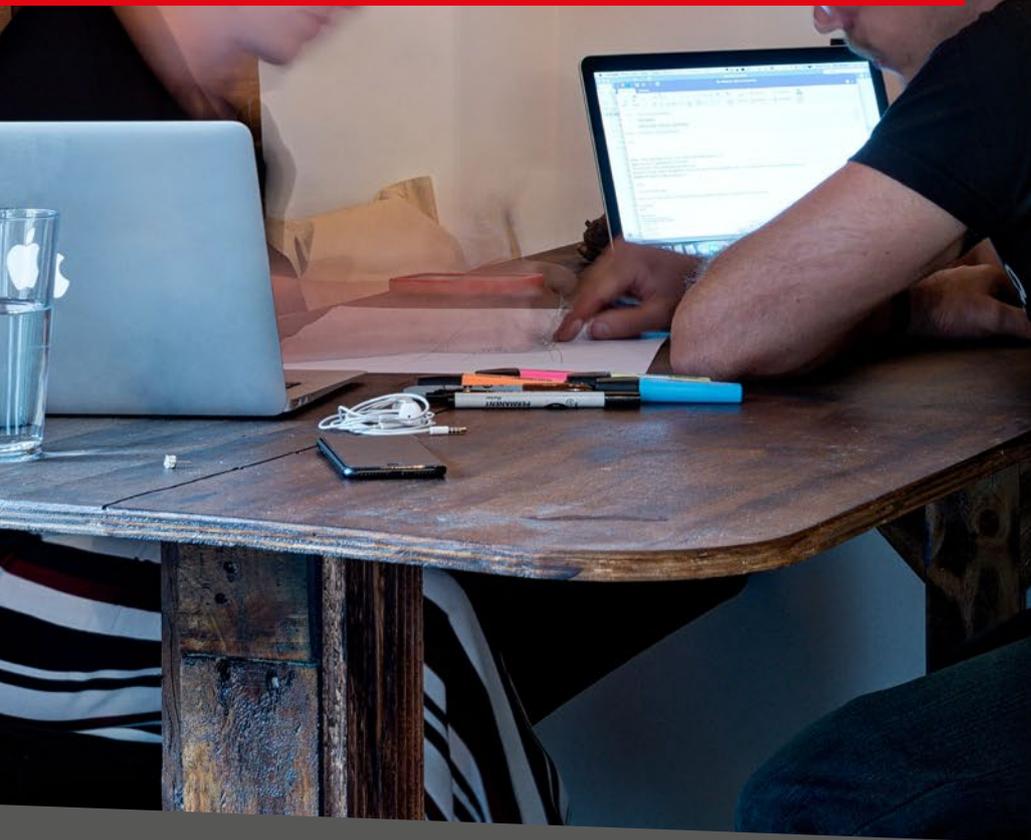


How to Deliver a Banging Office without Breaking the Bank

Tips for managing the budget on your office refurbishment or fit out project.

CCWS

GOOD NEWS: This ebook makes budgeting easy. No jargon, no fiddly paperwork, just all the info you need to make even the most complex office refurbishment achievable - from spending pennies to saving pounds.



Budgets. They're not the sexiest subject, but...

While everyone else in the office is dreaming of cinema rooms and gold plated toilet seats, it's inevitably down to you to figure out how you're paying for it all.

Getting the budget right is the most important part of the process. Above all, it will decide whether your office project gets off the ground or gets aborted just as the boardroom walls get demolished.

But budgets don't have to be painful. In fact, we think there is nothing more rewarding than looking around a new finished office and knowing that your crafty eye on the bottom line made it happen.

When it comes to cash, we're an open (cheque)book. That's why we're going to pass along everything we know about budgets, and keeping a steady hand on our clients' costs.





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#1

Traditional Procurement vs Design and Build

When we talk about managing budgets, we first need to talk about procurement. In other words – what contract are you going to slap on a project, and how will it affect your bottom line?

With office refurb projects, there's essentially two contract routes. Traditional, and Design and Build (D&B).

So what's Traditional Procurement?

Get your pipe and slippers out, because we're going old school.

With Traditional procurement, you do all the legwork on your project:

- Choose a project manager (or nominate someone in your company with too much time on their hands)
- Get your architect or design consultancy in
- And the interior designer
- And cost consultant (watch those margins! After all, you'll be setting the budgets)
- And mechanical and electrical people
- And an IT guy
- And after a bidding war, a contractor (who's won it on the lowest bid, because that's a sure sign of quality)
- And in the meantime, enrol in a plate spinning class, because you're going to need it

Compare this to procuring an office interior project that uses a D&B contract:

- Hire one company to do everything for you

Boom. Sorted.





Why is Design and Build Better?

Design and Build (D&B) is a modern, effective method of procuring your office interiors project where your cost and programme risk is managed much more effectively.

You need more info? Alright, but D&B actually is that simple. This method of procurement just involves getting one company in to do the design, management and construction of your office refurb under a single contract.

No plates to spin, no long list of companies to yell at, just one point of contact. They will manage the risk, tell it to you straight, and give you confidence that your IT guy isn't going to fall out with your brickie because he's put a wall right through the server room after reading the plans wrong.

Yeah. Now you can see why that other procurement method is called Traditional. If you go that way, you might as well put a big sticker on your reception desk saying, "we do what's always been done because we don't like new things. Also we're going bankrupt from programme overrun."



Design and Build (D&B) is a modern, effective method of procuring your office interiors project.

Fixed Price and Fixed Timeline

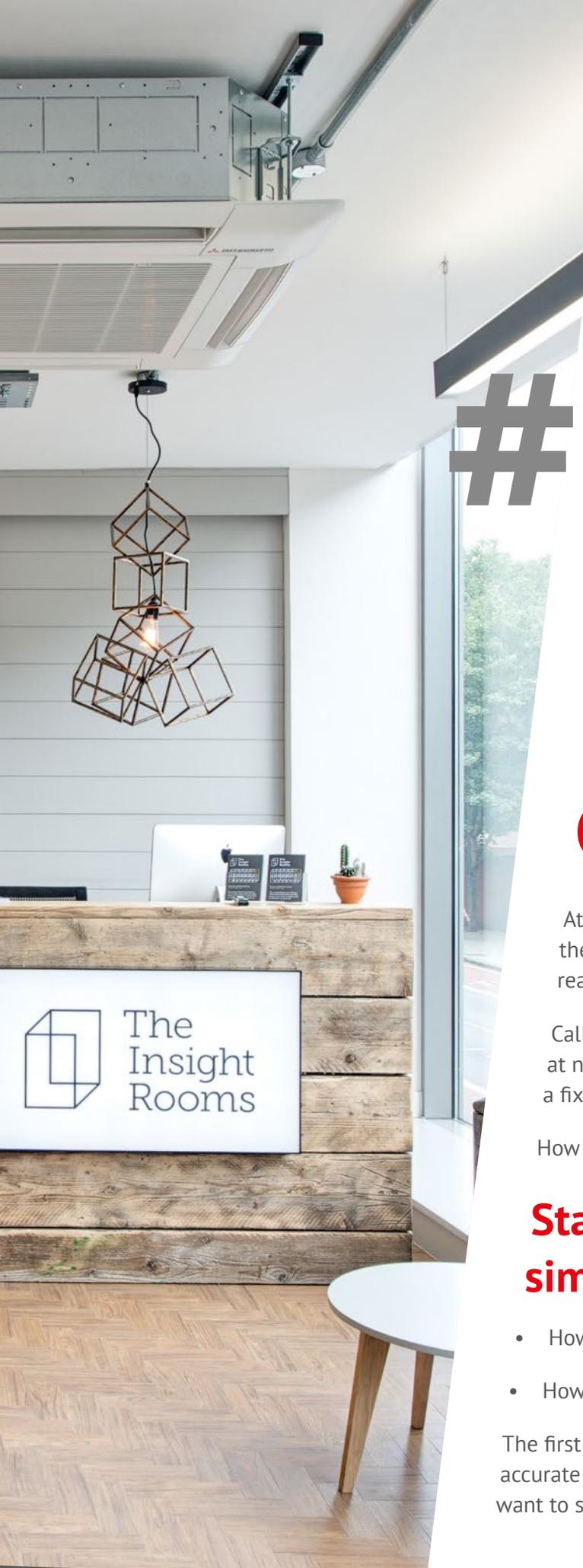
What's that about programme overrun? No need to worry about that. With D&B, your chosen company manages all your risk, so right at the design stage you'll be given a fixed price and a fixed timeline for completion. Plus, with them sorting out every bit of the job, they'll be able to advise where you can save money. D&B is really that good.

Compare that to Traditional, where the construction cost won't be known until much later. This has broken many a heart set on a multi-floor tunnel slide.

As there's one company, they can get their people to carry out tasks concurrently. Absolutely need that tunnel slide? Here's a great one that we've already costed up, and it will take this long to arrive in London and get installed, so we'd better order it now.

And that's how we've just saved you four weeks of programme that would have been spent waiting around with a giant hole in the floor for interns to fall down. Job's a goodun.

So does that have you convinced? Great! That's your procurement method sorted. What's next?



#2

How Much Will An Office Refurbishment Cost Me?

At CCWS, “how much will an office refurb cost?” is probably the most common question we get, right after, “you can really get all this for our budget? Even the ball pit?”

Call us modest (most don’t), but we reckon we’re pretty good at nailing an office refurbishment or fit out in London within a fixed cost. Here’s what we know:

How do you calculate a budget?

Start by asking yourself two simple questions:

- How big is my office?
- How awesome do I want the final refurbishment to be?

The first question is dead simple – refer to your floor plans for an accurate square footage. The plans are what your contractor will want to start with to put together their first estimate.



the ancient aroma of calm,
the cool beauty of night;
the signature smell of Hakkasan

Baseline rates to get you started:

- £20-£30 per sq ft for basic spec
- £30-£40 per sq ft for medium spec
- £40-£50 per sq ft for high spec

The second question depends on you, and what you want. For an office interiors project in London, there are some reasonably standard guideline rates per square foot you can use as a baseline.

These are:

- £20 - £30 per sq ft for a basic spec refurb
- £30 - £40 per sq ft for a medium spec refurb
- £40 - £50 per sq ft or a high spec refurb*

* Actually, the sky is most certainly the limit for a high spec refurb, but this is a good ball park to start with.

These rates are useful if you're starting with a shiny new office space. But if you've got wiring hanging from the ceiling, you're going to need to think about commissioning a Cat A project before you start hanging wallpaper.

What's Cat A? Well...

Understanding the scope: Cat A or Cat B

A massive part of getting your costs right is figuring out what you need from an office interior project. Putting it simply, Cat A is the blank canvas, and Cat B is the work of art.

Have you been in the office for so long that you suspect your electrical systems were installed in Victorian times? Do you occasionally walk into the office to find someone trapped underneath a fallen ceiling tile? Is everything feeling a little sh.... shall we say delicate?

Then you need to get things back up to spec with a Cat A refurb before you even start to think about putting a lick of paint on those crumbling walls.

Meanwhile, Cat B is the stuff you see in all the design mags that you drool over when hunting for ideas: the funky colours, the cushy furniture, and even the sparkling toilet spaces to make your competitors mad with envy.

Defining which i.e. Cat A or B, best suits your needs is the first step to getting a fixed price that works for you.



Getting a design and build contractor on board early to help you breakdown your budget.

Getting a detailed budget breakdown

So you've decided on a budget. Time to pick out the throw pillows, right?

Woah there. Let's not get ahead of ourselves. After all, the best way to eat an elephant is to cut it into little bits first. In other words, get your contractor on board to help you break your budget down a little.

It may be that you need a bit of a Cat A update before moving onto the Cat B works, so you're going to need to consider how this affects your budget.

We gave you some standard rates for an interiors project in London above, but now you have to think about a whole lot more...

- The age of your building (this could affect the complexity of the refurbishments, and what paperwork you need to fill out)
- What specific Cat A upgrades you need to bring the office up to spec (and who will pay for them)
- The quality of finishes required (solid gold taps, or just gold-plated?)
- How much new furniture is needed and to what standard (base this on how many staff you have, with a bit of flexibility)
- What new spaces like breakout areas, glass partitioning for meeting rooms etc. do you need
- How fancy do you need your staff kitchen and toilets to be

If things are looking scary at this stage, you might want to speak with your landlord to chip in a bit. After all, if you ever decide to move, they're going to be left with one heck of an improved asset.

Time to Watch out for Provisional Sums / Lump Sum Contracts

Accepting a lump sum contract littered with best guess estimates is the equivalent of riding a tiger for a bet. The zookeeper may say it's OK, and the tiger may look a little sleepy, but honestly, you're probably going to end up losing your legs. Guess what? The keeper will have vanished too.

Lump sum contracts with a bunch of Provisional Sums are a way for the contractor to transfer more risk to you, under the illusion of a fixed price. What you need is them to define the Provisional Sums within their build up, so that they retain the risk for a wrong estimate.

Or just get a fixed price fee, and put your feet up. Easy street, right?



Don't Forget the Rubbish

Office refurbishments always end up with a startling amount of rubbish, and all this needs to go somewhere. However, the costs to get rid of it, especially in London, are far more than you think.

Always leave some space in the budget for waste removal, and while you're at it, get a contractor in with some proper environmental credentials. Even better, get waste removal written into the price at the very start, so you can sleep well knowing that you're not going to have to live with deconstructed rubble art in your foyer for the next six months.

Choosing a contractor with proper environmental credentials will make sure you're compliant with legislation and help you to sleep well at night! Fly tippers need not apply.





#3

How to Manage your Budget

Now you've figured out your budget, you need to sort out how and when you're going to be paying it out. If you're smart and have read the advice from your friendly neighbourhood interior design specialists (that's us), your contractors have given you a fixed fee contract.

Great work. But when do you pay them?

It's up to you, buddy. Or rather, that's a conversation to have with your office redesign company so you can agree on the payment terms in a contract. If they're any good, they'll work with you to find out what works best for your budget – in other words, how should the fees be split, and when you start spending cash.

Figuring out your Cash Flow

Tip: discover where the critical design and construction milestones are in your works programme.

First, sit down with your finance manager and figure out the cash flow. If you want to pay them monthly, what if the programme runs into unexpected delays, and they already have the full whack before the ceiling is in? What if the office summer BBQ (free alcohol!) is smack in the middle of the programme and you haven't considered Clive "Bolly Dolly" McGee in accounts?

A better way is to discover where the critical design and construction milestones are in the timeline. If you align a certain percentage of the fee with the completion and have a sign-off from each milestone, then you've broken down the price into bitesize chunks.

You could even get them revved up with a mobilisation fee at the start of the works – something like 15-20% is generally good.

This payment plan will be much easier for your finance team to swallow (and Clive, of course, bless his sparkling heart).



How to Manage Cost Overruns

With cost overruns, we say prevention is better than the cure. Particularly if the remedy is to stop work because moths are flying out of the finance office door.

So, let's take it step by step:

1. First, get that single design and build contractor. For an office redesign in London, communication is king, and who is better at communicating than a single local business handling the whole project?
2. Know what you are getting for your money. Do you understand the full scope? Is VAT included? Who is liable for project overruns or minor changes? Has anyone checked the maths?
3. Put aside 5-15% of the budget for nasty

unexpected costs. Don't be that person who spends like a maniac on payday and is raiding the office fridge at the end of the month.

4. Make sure your key stakeholders have bought into the project, and keep them in the loop. Do you really want the CEO to wander through the project at the final stages and announce his hatred for brushed velvet walls? Ensure they're informed, and then work on your fashion sense. Because seriously? Brushed velvet?
5. Keep a beady eye on those invoices, and check them against purchase orders.
6. Avoid scope creep. Sure, installing a reclaimed driftwood bar at reception sounds impressive, Clive, but we're on week 9 of a 10-week programme, and you're not helping!

OK so now you know about what to pay and when. Now to get that show on the road.

#4

Why You Need a Programme of Works

Time is money, friend. Every minute faffing about – whether it’s changing the design at the last minute, or having to redo an entire room because the marketing team is insisting that red velvet walls are “super passé” – is another quid down the drain.

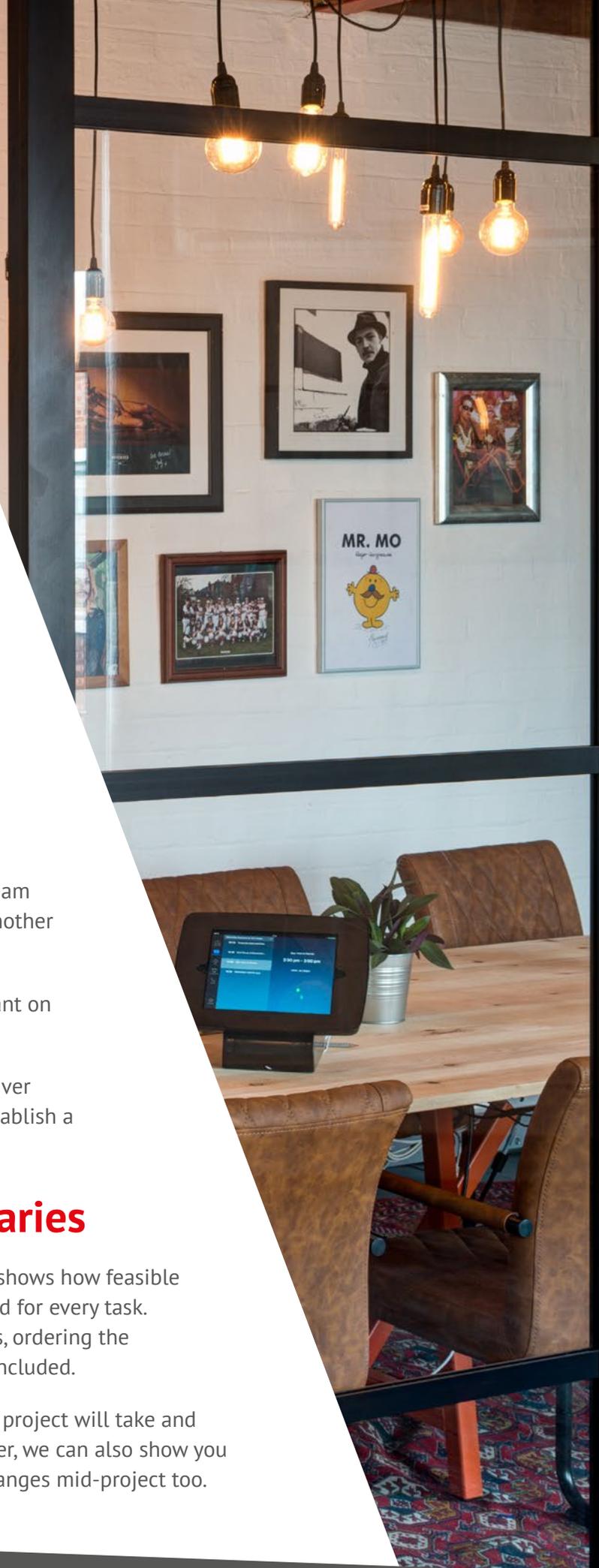
You’re going to need the time discipline of a drill sergeant on his last cohort of newbies before retirement.

If you want one single piece of advice about how to deliver your refurb without the budget going haywire, it’s to establish a programme of works, and stick to it. Here’s why:

1. It establishes time boundaries

One of the main benefits of a programme of works is it shows how feasible your timeline is. It details how much time you’ve allowed for every task. Knocking down walls, painting ceilings, installing toilets, ordering the broadband connections – the list is endless and it’s all included.

This means we can tell you at the outset how long your project will take and set the timelines for an agreed completion date. However, we can also show you what will happen to the timeline if you make design changes mid-project too.





2. It helps you to understand your budget

When you've ironed out the timescale, you can then better understand the overhead costs and why the budget is the way it is. There are always lots of hidden costs such as furniture storage, parking bay closures and rubbish removal that can quickly be forgotten. The longer the project, the more these costs start to stack up, so it's essential to get a grip on the timeline early doors.

This is where our long experience in office refurbishments helps. We know how long a strip out will take and the timescales for getting your licence to alter agreements in place. We put it all in infinite detail into a programme of works so you can understand too. Hey, why not learn from our experience and, ahem, some mistakes also.

3. Who's doing what?

The programme of works is a useful way of letting everybody in the refurb team know what they're responsible for and when. This includes things like getting access to the building at certain times, or making sure your air con maintenance team is booked in week one if you want them on site in week 3, and so on.

A programme of works visually maps out the key milestones of a refurb project, so everyone knows what needs doing and when.

It's likely to mean jobs for you too. Even though we take care of pretty much everything, even down to tea and biscuits for our regular site meetings, there will still be actions for you, such as choosing the final shade of stain for your wooden flooring. These will all be on the programme of works.

4. Mapping out the milestones, or the 'Critical Path'

A programme of works visually maps out the key milestones of a refurb project. It shows how they will be reached by identifying the necessary sequence of tasks, sometimes referred to as the 'critical path'. Sounds a bit military, but then proper project management needs to be efficient and well drilled. Sir, yes Sir.

The programme of works keeps everyone in the loop so they know which tasks they should be working on and which ones they should be planning for next to stay 'on programme'.



5. It helps with communication

If we want the sparks in on Tuesday, the painters painting on Wednesday and the desks installed on Thursday, we need a document to help coordinate and communicate these tasks. A document that everyone on the team – including you, our client – understands, is vital.

The includes plenty of site meetings and opportunities for you to provide feedback too. You'll want to let us know ASAP if the CEO wants to change the main feature wall colour from eggshell to Captain Nemo blue in plenty of time.

The programme of works is a crucial, living, breathing communication tool. It helps everyone understand what's what in the planning and delivery of your office refurb.

6. Reduce the chances of misunderstandings

It's always a good idea to reduce the chances of a misunderstanding with refurbishment projects. The programme of works outlines the expectations



of the whole project team, from labourer to project manager, plumber to the client. Everyone understands what's expected of them, so there's less chance of a fu... screw up.

But please don't misunderstand, there will be misunderstandings as we deliver the project. However, we can minimise the misunderstandings, if we get a clear understanding of who's doing what and when using a programme of works. Understood?!

7. Planning the resources in your work schedule

Every refurb project needs resources. Not just, time, money and expertise, but materials too. Some of these you can pick up very quickly, like paint and plaster. However, others have long lead times. That designer boardroom table the FD loves? It has an eight week lead time on delivery, so that needs planning in and ordering early on.

Don't forget the tiny details too, such as the artwork and planting for the communal areas, the choice of air freshener for the lavs and so on. They all need planning and ordering in good time. There's a sh*t load of stuff that goes into a refurb project, so best to get it all mapped out.



#5

Pro Tips to Stretch Your Budget

Working with a transparent design and build contractor is a sure fire way to guarantee you're getting the best bang for your buck.

And now, just to see us out, we're giving you our very best tips to save money. You know you picked up this ebook for a reason.

1. Write in a retention

Retention is the money you hang over a contractor's head like a carrot to make sure they get the job done. Usually, 5% of the fee can be retained, with half paid on completion, and the other half when the kinks (or defects), are ironed out.

It's a sensible trust exercise, and it's better than a stick (and please don't hit us with sticks).

2. Think about liquidated damages

Think about this: you've won a big contract, and you promise your shiny new client that the kick-off meeting will be in your incredible new office.

"You'll love it", you say. "It represents what our company is all about", you tell them.

Then your client walks through the front door, which promptly falls off, and the boardroom still resembles Bob the Builder's site office.

Liquidated damages are what you can charge the contractor as compensation for the late delivery of the project and the impact of this on your business. Yeah, that's right, you can effectively charge your contractor. Sounds good, right? But you must do it right. Here's the more official definition:

"Liquidated damages are pre-determined sums set out in the contract that are paid to you in case the contract is breached, for example, if the date of practical completion is missed."

It's up to you to reasonably determine how much your business will lose for every day of delay, plus other costs such as renting temporary office space if you find yourself caught out. You'll need to get all this agreed upfront with your office redesign company so that everyone knows where the goal posts are.



3. Cheaper doesn't mean better – watch those whole-life costs

However attractive the low price looks on big-ticket items, there are always hidden costs attached. Have you considered whole-lifetime costs of your HVAC system? Will it burn through electricity like Clive burns through bottles of Prosecco? Will that fantastic feature reception desk need to be replaced every five years because it's stuck together with hopes and dreams?

The initial spend on an item might mean you end up paying way more than you would have done if you'd got the more expensive item in the first place.

4. Negotiate a rent-free period

Paying rent when you can't even use the office is grating. So why shouldn't you play hardball with your landlord?

After all, think about what you're doing for them. You're getting a first class interior design and build contractor (like us) to take their banged-up old asset, get it purring like a pampered tiger, slap some flame decals on the boardroom table and put in back in their hands at the end of the lease, ready to set fire to the office real estate world.

Imagine the value you're adding to that asset. Hell, the landlord should be paying you.

So yeah, you've earned this negotiation. Now get out there and demand what you need to get this project up and running. We *believe* in you.



Conclusion: Talk to the Experts

There you have it. A whole load of solid gold tips and ideas on how to manage your office refurbishment budget, delivered in a bite-size format (with a bit of sass thrown in for good measure).

We get it. Aside from choosing the colours of the throw pillows, setting a budget and keeping to it is probably the hardest task on your long journey to a fab new office. We're all about making the complex stuff a bit easier to swallow.

Of course, it would just be a whole lot easier to appoint a design and build contractor to take care of the lot for you on a fixed time and budget contract.

Guess what? CCWS work on a fixed price with every project, which we always meet. Go on, pick up the phone and call us. We'll tell you all about it, and we'll probably come and meet you over a skinny coconut milk flat white too.



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