13 MISTAKES TO AVOID

When Building Out Your Next Office

A Practical Guide for Office Managers and Executives

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officemorph
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Introduction

Ask anyone involved in managing an office renovation—and they’ll likely tell you the project was frustrating and terrible.

They may have encountered some nasty surprises or made a costly mistake. Maybe the schedule was blown, employees were irritated, and management was unhappy. And it likely took a long time for the dust to settle and things to get back to normal.

Don’t underestimate the job

Many business leaders misjudge how complex an office renovation can be. Unlike other projects, office improvements are often delegated to employees who lack the time and experience to tackle them properly.

We sometimes hear about companies that asked their receptionists to manage an entire office renovation, from design to move-in!

We wish we could be there to guide other companies around these pitfalls. That’s why we developed this practical guide for anyone leading a project to build out new office space.

There’s a lot at stake

At the beginning of the design process, you create goals for the budget, schedule, quality, and functionality. At the end, if those goals are not met, your company stands to lose time, money, and productivity. You could fail to deliver for your clients, and damage your company’s reputation.

A corporate office build-out should be overseen just as carefully as a software upgrade, PR campaign, financial audit, or any other big project your organization is working on. The stakes are just as high if anything goes wrong.

This guide can help

While every project has its challenges, this common-sense guide presents 13 problems we see over and over again, along with tips on how to avoid each one. We hope this guide will help you to create a new space that meets all your goals and provides a delightful place to work.
MISTAKE 1: Bidding Out the Project

One common approach to construction is known as “design-bid-build.” This is when the client works with their architect to develop drawings which are sent to several contractors for bids.

This is supposed to get the best pricing available. But there are good reasons to rethink this approach.

Time is not on your side

Seeking competitive bids can easily add four to six weeks to your project. Consider all the steps required:

- You must prepare a well-defined Request for Proposal (RFP)
- You must ensure that all your drawings are clear and complete
- You must walk contractors through your site
- Contractors must get pricing from their subcontractors
- You must carefully compare all bids, and select the one you think is best

Every step takes time. And if you’re working against the clock to meet a move-in or move-out date, any costs you save can easily be lost in the rush later on.
Beware of the numbers

Ask any three contractors to bid on your project, and you’ll probably get three very different proposals. The contractor you select may not really understand the scope of work best, or have bid the project exactly as you’ve requested, or be the best fit for your project.

Prepare for change orders

Contractors will naturally price only what’s on the drawings because including additional work will make their number higher than their competitors. So, if anything is vague on the drawings, you face a high risk of future change orders.

Gain from an early partnership

When a contractor is brought on during the design process, they can provide a huge value helping your team to craft a project that’s economical and easy to construct.

On the other hand, when your design team works in a bubble with no input from a contractor, the project may eventually need to be scaled back to meet your budget. Having to re-scope the project can blow through your move-in date.

Onboarding a contractor before your design is complete—ideally even before you sign a lease—may sound like asking for higher costs. In reality, an early partnership with your construction team will usually lead to smarter, more cost-effective designs with fewer surprises for your budget and schedule.
**MISTAKE 2:**
Letting Your Landlord Manage the Project

Why not let the landlord manage your project? That sounds simple and easy. That way, they can just continue using any crews already on the property. But there are many drawbacks to handing over construction of your new workspace to your landlord.

**For the best fit, build your own team**

Your landlord’s architect may be knowledgeable about the property. But are they the best fit for designing your company’s new workspace? Hiring your own architect, contractor, and other vendors builds a team of professionals who share your vision.

**Most landlords want to get tenant improvements done as fast as possible so they can start collecting rent**

**Who’s the real client?**

The landlord may have strong relationships with certain contractors and other industry partners. But when it comes to completing your build-out, their motivations will never align well with yours.

After all, most landlords want to get tenant improvements done as fast as possible so they can start collecting rent. Many landlords will complete the bare minimum of their lease obligations. And contractors will value their long-term relationships with the landlord more than a one-time project with your firm. They will sooner please the building owner than satisfy you.
Choose TIA over turn-key

Landlord-run projects are often “turn-key” where the landlord will manage a specified scope of work. But the scope is seldom well-defined, so what gets built is not always what the tenant wanted.

One client of ours recently signed a lease with a turn-key arrangement. Our job was to make sure the landlord stayed on track. But the landlord hired a contractor who never met the schedule. We helped push the contractor along, but the client would have been better off with a Tenant Improvement Allowance (TIA) where they managed the process themselves.

By agreeing to a TIA, you take control of your own design and budget. While this requires more management, it usually lessens the risk and pays off for the tenant.
MISTAKE 3: Signing the Lease Too Soon

Involving your project team before signing the lease will give you peace of mind, and help make sure you won’t regret the terms of your legal agreement.

Estimate your total costs

Before rushing into a lease, you and your broker need to partner with some design and construction pros to really understand your workspace. Your design must be developed enough to give you a reasonable estimate of costs for your build-out.

Years ago, we were brought into a project after the lease was signed and the broker had told the client their space could be built for $50 a square foot. But at that point, the client’s design was still in its infancy. The actual costs ended up close to double the broker’s estimate. If the client had developed a more realistic budget in advance, they would never have leased that space.

Don’t forget to include everything

Beyond construction, also budget for consulting fees, audio-visual, cabling, furniture, security and other related expenses. Seasoned project managers often add 10% to their budgets to cover unexpected surprises. If you don’t need it, count yourself lucky.

Clearly identify who pays for what

Who pays for leveling the floor? Who covers the cost of asbestos abatement in the building core? What happens to improvements left from the previous tenant?
Sometimes the lease isn’t clear on who’s responsible for what.

What a landlord will pay for varies with the location, market conditions, and spirit of a transaction. Work with your broker and a construction pro to make sure the lease covers everything that could come up during your build-out.

**Commit to a realistic schedule**

Everyone needs to make sure they aren’t painted into a corner with the timelines outlined in the lease. Consult with your contractor to make sure that a preliminary schedule has been developed.

Set dates in the lease for when either landlord or tenant will reach each milestone. And if these dates are not met, learn what sanctions—if any—will come into force.
MISTAKE 4: Using Vague Contracts

Clearly written contracts with your architect, contractor, and any other vendors protect your best interests. As with any contract, spend a little extra time reviewing details at the start to avoid issues later on.

Of course, your attorney should vet all the legal language. Then, the most important element of a contract is the final, approved proposal attached as an exhibit. This is what everyone will refer to most.

Before signing any contract, make sure the final proposal exhibits are crystal-clear and comprehensive. In particular, make sure your contract includes all the following details:

Scope of work

Which set of design documents does this proposal refer to? What elements of the project are included? Is anything excluded?

The most important element of a contract is the final proposal attached: This is what everyone will refer to

Schedule

What is the schedule planned for this job? What happens if there are any changes? What are the agreed hours of work? What about weekends and local holidays?

Compensation

Is the contract based on a Not-To-Exceed, Fixed Fee, or some other form of compensation? How soon is the contractor supposed to get paid as the project progresses (known as a “Schedule of Values”)? Is there any retention requirement? What are the requirements for releasing the final payment?
MISTAKE 5: Not Getting Input from Employees

Employees happy with their personal workspace are more engaged, less likely to quit, have higher job satisfaction, make better coworkers, and show more support for corporate goals. Good office design also makes it easier to recruit new hires.

With all those benefits at stake, you must seek input from your people before finalizing your designs.

You just need to be strategic. You can’t afford to blow your budget or derail your schedule trying to please everyone. Go for the big picture. Don’t ask everyone what they think about every detail from paint chips to pool tables.

These three steps make an effective approach.

1. Survey all employees

Send a simple survey to all employees who will work in the new space. Ask questions to get a high-level understanding of what they hope to see, and any issues with the current office you should avoid in the new space.

2. Interview every department head

Ask about their current and projected headcount and any special space requirements. Review the employee survey to confirm the data and prioritize any concerns raised.

3. Hold a design charrette

With a select group of key stakeholders and your design team, hold a design charrette—a brainstorming session where you set goals and develop initial concepts for the new workspace. Share the results of your survey and interviews. To help get started, show participants some photos of offices spaces and get their reaction.
MISTAKE 6: Giving Everyone Just One Workspace

Over half a century ago, companies began converting private offices into open spaces. It seemed like a good way to use space more efficiently and save money.

Later, laptops and smartphones enabled employees to connect from anywhere. This led to an inevitable question, “Why even come to the office?”

Neither open floor plans nor telecommuting are perfect. “The former has been shown to hinder workplace productivity,” reports the Huffington Post, “while the latter can stifle collaboration.”

Numerous studies show open offices destroy productivity. They lead to more distractions, higher stress, and more sick days. While employees working in open offices may “feel like part of a more laid-back, innovative enterprise” they actually suffer more interruptions, get less done, and have worse motivation.

How can you design your next office to foster productivity yet be inviting? How can you prevent employees heading to the nearest coffee shop when they actually want to get something done?

The answer is to offer mobile employees choices that match their tasks. To craft a new office everyone will be excited about, include all the following types of spaces.

Furniture solutions for privacy and collaborative space
“The Lounge”

Many companies have realized they don’t need a big reception area. Instead, they can use that space for yet another option to sit, work, or chat. We’ve seen a few companies move their coffee bars to the front and hire joint receptionist-baristas. This encourages employees to meet with guests in an informal setting at the front of their offices.

“The Living Room”

Using comfortable furniture like a home or cafe, give employees a space where they can bring their laptops for an hour or two. Let them have a conversation without tying up a formal conference room or making noise close by other people’s desks.

Offer mobile employees spaces that match their tasks: making phone calls, having conversations, or quiet time to focus

“The Phone Booths”

Make plenty of private rooms just big enough for one or two people to make a phone call. This will provide some privacy and minimize disruptions in open areas.

“The Library”

Create an enclosed, quiet room with multiple desks where people can come to read, write, or think. Enforce one important rule here: No talking.

“Home Base”

Every employee needs a workstation to call their own and store their belongings. Progressive firms have made work surfaces as small as 2 x 4 feet to allow for more collaborative spaces like phone booths and living rooms.
MISTAKE 7: Putting Off Planning Your Move

Moving your office is far more complex than moving your apartment. An office has more furniture, more boxes, and more people... and they all have to be relocated.

Managing a corporate move involves countless tasks. Start planning as soon as you find your new space. The following tips can help you make a smooth move.

Don’t move your junk

When your business moves, it’s a golden opportunity to purge files and dispose of unneeded items. Identify what your staff can live without. Develop a plan for shredding old files or transferring them to offsite storage.

Play nice with property management

Connect with property management in both your existing building and your new one. Get a clear sense of the building rules, how to reserve elevators, what time of day you can move, and insurance requirements.
Building a strong relationship with both property management teams will pay off by preventing unexpected delays.

**Understand your building constraints**

Is parking an issue? Is there a loading dock? Are the elevators small, slow, or shared with others? Are you supposed to use the back door? These are not things you want to find out the day of your move. Work with your moving company and both property managers to foresee any roadblocks.

**Who’s moving “that”?!**

Even if you want them to, there are some items that movers will not put into their trucks. Copy machines, office plants, server room equipment, and anything bulky, delicate, or valuable: These are most often transported by other parties. Of course, you must arrange this in advance.

*Connect with property management in both your existing and new buildings to get a clear sense of the rules around moving*

**Create clear seating charts**

Develop floor plans that show every room and workstation at both old and new premises. Use a numbering system to show where each item from your existing premises will be in your new offices. To speed things up, provide nametags with corresponding numbers on moving day.

**Remember to decommission your old space**

Moving out of your old space could involve disconnecting electrical systems, removing cabling, doing a final cleaning, and other requirements. Be sure to check your lease and real estate broker to understand all your obligations.
MISTAKE 8: Running Meetings Like a Circus

Dysfunctional meetings result in dysfunctional projects. But it’s amazing how many construction meetings seem to bounce around like acrobats in a circus tent.

When you run a meeting don’t skip around from topic to topic, which can waste time and confuse people. And make sure everyone leaves the meeting understanding who’s supposed to do what by when.

It’s hard keeping people focused during meetings: a study by Verizon showed that 91% of people have daydreamed during meetings, and 4 out of 10 admit they’ve actually dozed off.³

Here are some tips that apply not only to office renovations, but to any other meeting you may be running.

Don’t try to schedule with e-mail

To avoid endless e-mail exchanges about who’s available when, try a free online service such as Doodle, or sync up your Outlook calendars.
Make it clear who’s coming

Before the meeting, brief everyone on the attendees, what their role is, and why they are there. If there are new faces at the meeting, make sure everyone gets a proper introduction.

Make sure everyone shows up

Try to avoid anyone coming late or missing a meeting because they got confused about the logistics. Clearly provide the date, time, location, or call-in numbers in advance.

Make an agenda and stick to it

Too many leaders try to run meetings off the top of their heads, in no particular order. That’s a good way to waste time and miss topics. If a meeting is too causal, something important can easily get missed. Always share the agenda with all attendees before the meeting, and then follow it.

Don’t make everyone stay to the end

The best meetings involve the smallest groups. Start by discussing topics everyone needs to hear, then excuse anyone who’s not involved with the other topics. Plan your agendas to let people go free as soon as possible.

Don’t meet just because your calendar tells you to

You may have scheduled a regular meeting for every Tuesday. But sometimes you can take a week off by sending out a quick update, or speaking with a smaller group.

Know when to use conference calls

Conference calls are good for quick exchanges or when people can’t physically attend. But avoid making every meeting virtual. If you truly want someone’s attention or you need to communicate a point clearly, nothing can replace face-to-face interaction.

Take minutes seriously

Minutes should record clearly what needs to happen, who will take the lead on each task, and the agreed deadlines. Reviewing your minutes to check everyone’s progress becomes a good starting point for the next meeting. Keeping timely, clear, and accurate minutes is not a routine admin task, but an essential tool to keep your project on track.
MISTAKE 9: Finding Surprises During Demolition

Every construction project is bound to encounter some surprises—from pipes hidden in a wall to mechanical units abandoned in a ceiling. But finding one shouldn't feel like getting a lump of coal in your stocking Christmas morning.

Different surprises have different effects. For example, a copper pipe that needs to be re-routed a few inches will have minimal impact on your project.

But discovering asbestos-laden flooring mastic or ductwork mounted lower than expected can hurt your budget and schedule, and even force you to rethink your original design.

Ask for as-built drawings

Early in your project, ask your new building management if they have as-built drawings for electrical, mechanical, plumbing, and sprinklers. Your team can likely review these drawings in four to six hours.

Look under the surface

Next, take a peak “under the wrapping paper” to check for unexpected surprises. Here are three key areas to survey before swinging any sledgehammers.
Above the ceilings
Have your contractor open ceiling tiles and take photos above the drop ceilings in every area where they will be working. This could take four to six hours.

Under the floors
Your contractor should try to peel up every existing type of flooring to understand the substrates. This should take less than an hour.

Behind the walls
Open up a few holes in the existing drywall to check what’s there. For example, if your design calls for exposed columns, make a few holes to see how the bare columns look. This usually takes less than an hour.

Before swinging any sledgehammers, check for surprises above the ceilings, under the floors, and behind the walls

Check for hazardous materials
Check if your new space contains asbestos, lead, or other hazardous materials before you start demolition. As soon as you develop a demolition plan, bring in an environmental hygienist to survey all the materials to be demolished. This can usually be done in one day, with lab results available in two or three days.

This step will ensure that you aren’t shut down by a nasty surprise, and that your team follows any required safety protocols.

Spend a penny to save a dollar
As you can see, all these surveys are relatively quick and easy to do before you start demolition. They typically cost less than 1% of the overall budget. And the benefits are better planning, less risk of delays, and fewer cost overruns from unwelcome surprises.
MISTAKE 10: Seeing Change Orders Too Late

The only thing worse than a change order is a change order you find out about at the eleventh hour. And this happens far too often.

Here’s an example. A contractor gets behind on his paperwork. Then, at the very end of the project, he submits a sizable change order for unforeseen plumbing relocation work that had to be done. The client is blindsided, since this should have been discussed months earlier.

And if the client had known about those hidden costs, they would never have splurged on high-end lighting for the break room. They’re furious, because after months of careful monitoring, the project still ends up over-budget.

Unless your team hears about any upcoming costs as soon as they’re on the horizon, you can’t manage the project properly. Here are some tips on change orders.

Set a firm deadline for turning any estimated costs into official change orders; one or two weeks is reasonable

Create a Potential Change Order Log

Insist that all contractors, consultants, and vendors maintain a Potential Change Order Log (PCO Log). Everyone must enter any unforeseen conditions or requests for added unforeseen scope into this list. Then you review the log together every week and adjust your budget and schedule if needed.

Ask for a rough estimate of any new costs

Contractors often hesitate to give a ballpark estimate for a change order because they’re afraid the client will hold them to it. You can insist that contractors provide a rough guesstimate for every potential change order. A good PCO Log has columns to show both forecasted and actual costs.
Give every RFI or drawing change a PCO

Change orders often start out as a request for information (RFI) from the field or an addendum or change to a drawing. Open a new PCO for every RFI and drawing change to help remind everyone that it could trigger some added costs.

Set a deadline for finalizing PCOs

Set a firm deadline for when any estimated costs from PCOs must be turned into official change orders. Usually, once the change has been identified, it’s reasonable to expect official change orders to be submitted in one or two weeks.

Turn it into a habit

Make a ritual around updating the PCO Log and attaching it to the weekly meeting minutes. By discussing what’s coming up, you will greatly reduce the risk of getting blindsided.
MISTAKE 11: Taking Too Long to Pay

Don’t expect your architect, contractor, consultants, or any other vendor to go the extra mile for you if your firm takes forever to pay their invoices.

For example, one company we know is notorious for paying slowly. When quoting for them, some vendors bump up their pricing to cover the expected delay. And some vendors simply turn down their work, because they just can’t afford to carry an unpaid invoice on their books for so long.

General contractors need to pay subcontractors. In turn, subcontractors have to reimburse suppliers for materials and equipment. Consultants need to meet their payrolls.

Vendors who get paid slowly will eventually respond slowly. In construction, the schedule is usually a key success factor. If you pay your team faster than other clients, they will likely make your project their top priority. What better way to get the results you deserve?
MISTAKE 12: Turning the Punchlist into a Party

When construction is done, everyone on your project team—and most of your employees—will want to see your sparkling new office. Not so fast. First, you need to complete your “punchlist.” The punchlist is your last chance to make sure everything is built properly and all the details are right.

What goes in a punchlist

This final To Do list for your contractor can include anything not installed right, anything in the contract that was overlooked, and any blemishes or scratches.

Limit the numbers of people

Don’t make the punchlist an open invitation to your entire project team. That’s a good way to waste time, get distracted, and miss items that need your attention.

Ideally, a punchlist needs only four participants: the client, the project manager, the architect, and the contractor. While several people from each company may have worked on the project, you only need one for the punchlist.

Let the architect take notes

The architect should take notes of anything that doesn’t meet the specifications in their design. Then publish this list promptly. Within an agreed period, a second walkthrough (“punchlist back-check”) must confirm that every item was corrected.

Invite your project team to a special unveiling

Given the months of hard work, completing a commercial office project is something to be proud of. Why not invite your whole project team for a special unveiling to thank everyone for their efforts?
MISTAKE 13:
Not Hiring a Professional Project Manager

Managing an office renovation takes a huge set of skills, including:

- Surveying employees and interviewing managers
- Planning and designing workspaces
- Reading architectural blueprints and reviewing floorplans
- Selecting colors, textures, fabrics, and furnishing
- Developing budgets and schedules and updating them often
- Communicating with tradespeople of all sorts
- Keeping a lid on change orders that can spiral out of control
- Dealing with building management on both ends
- Planning and managing a smooth move-out and move-in
- Holding weekly meetings with the project team to check their progress
- Writing up useful minutes of every meeting
- Answering questions from every direction
- Dealing with surprises that can crop up at any time

To do all this on top of your regular duties will mean working evenings and weekends to keep up. That’s why many office managers and executives choose a different path: They seek out a professional project manager with all the skills, experience, and time required to guide an office build-out project to success.
Don’t overload and burn out your team members

From finding a new space to unpacking boxes, a tenant improvement program can take 12 months or more. Using people from your firm to manage the project will eat up a lot of their time and make it tough for them to keep up with their normal duties.

A professional project manager can dedicate the time to ensure that your company achieves your goals without sacrificing other projects or burning out key employees.

Hiring an advocate pays for itself

Did you ever wonder if a mechanic is being honest with you? How can you ever know, unless you’re a mechanic yourself?

A project manager familiar with corporate interior construction can help protect your interests. They can be your advocate to check all pricing before it comes to you, ask the tough questions, and make sure you get the most out of your budget.

In fact, a professional project manager can often pay for themselves by insisting on good performance and fair billing from contractors and other vendors.

Benefit from their extensive contacts

A professional project management firm brings to the table a long list of contacts who can help make your dreams a reality. One of a project manager’s greatest value-adds is their ability to recommend the right industry partner they know well after working with them for years.

Set up a single point of contact

A professional project manager becomes a single point of contact for the architect, broker, cabling vendor, contractor, furniture dealer, landlord, and every other consultant and vendor. They can streamline communications, lead meetings, and keep everyone on track with their tasks and deadlines.

For best results, hire a pro

Hiring a professional can free you and your key employees to focus on your regular duties, instead of getting swamped with distractions from your office build-out. A professional project manager has done this many times before, so they can help you get the results you need. That makes good business sense.
About the Author

Adam Felson is the principal of officemorph, a San Francisco-based project management firm focusing on commercial tenant improvements. Since 2001, Mr. Felson has been orchestrating office space projects of all sizes for companies ranging from start-ups setting up their first-ever office to established international enterprises.

For more information about the office build-out process or for help with your upcoming project, visit www.officemorph.com. You can sign up for our free newsletter with more handy tips on managing an office renovation.
Sources


