

### [Advanced options](#)

---

## Office of the Future

Mark Dixon, founder and chairman of Regus Business Centres, is asking new questions about an old problem: office space. What role do physical offices play in a virtual world? If people can work anywhere, then where can they do their best work?

**From:** [Issue 33](#) | April 2000 | Page 272 **By:** Chuck Salter **Photographs by:** Chris Chapman

Chris Boulton's office is located wherever he needs it to be. Today, that happens to be in the heart of London's exclusive Mayfair neighborhood, where he has a meeting scheduled. Yesterday, it was in the City, London's bustling financial district. The day before that, his office was in downtown Birmingham, 100 miles north of London, where he attended a conference. In the weeks ahead, who knows where his office might be? Maybe on Park Avenue in New York, or the Champs Elysées in Paris, or the outskirts of London -- just a short drive from home. "I don't have one office in one location," Boulton says. "I have more than 250 offices around the world."

That arrangement may sound utterly virtual, or impossible, but it's actually neither. Boulton is talking about a real office -- not just a laptop and a cell-phone -- with real furniture and a real

staff. Whether he's in London, Hong Kong, or San Jose, Boulton's workplace remains remarkably unchanged. It's a tastefully decorated, professional environment that's outfitted with everything that he needs -- a comfortable chair; a large desk; local phone lines; a fast Internet connection; and a support staff who field calls, send faxes, or make travel arrangements. That's the beauty of it: He works on the road without sacrificing the convenience or professionalism of an everyday office. "I'm practicing what I preach," says Boulton, the group property director for Regus Business Centres PLC, one of the fastest-growing companies in the United Kingdom.

What he and Regus are preaching is a radically new way of thinking about an age-old problem: office space. The world is faster than ever. Companies are flatter and more dispersed. Customers are more impatient. Yet, when it comes to finding, acquiring, and outfitting office space, most organizations do it the same old way. Internet companies embrace major revisions of business strategy every six months: How can they afford to spend that much time scouting locations and negotiating leases? High-tech companies routinely double or triple in size every year: How can they sign long-term leases and still accommodate such growth? Employees spend 10 or 12 hours a day at the office: How can they tolerate a long commute to and from the office? In the words of Mark Dixon, Regus's founder and executive chairman, "The situation is completely mad."

Dixon, 40, has a better idea. Regus operates what it calls "instant offices" -- business centers around the world that are fully furnished, fully equipped, and fully staffed. They are available by the hour, the day, the week, the month, or the year -- wherever and whenever a customer chooses. "You can be up and running in Beijing as soon as you step off the plane," says Bob Gaudreau, 38, who's responsible for the U.S. side of the operation. According to Regus, the logic of real estate should correspond to the new logic of business itself. So renting a Regus office is as fast and as easy as renting a car. In fact, the one-page rental agreement is modeled after the contract that car-rental companies use.

"We've made property a fast-moving commodity, just like a can of Coke," says Gaudreau. "There's no capital expenditure, the office is completely furnished, and customers decide how long they'll stay."

Regus isn't just streamlining a traditional, cumbersome process. It's challenging much of the conventional thinking about property and how it relates to business strategy. In a digital, global economy, Dixon says, physical space just doesn't mean what it used to. The term "property value" has become something of an oxymoron. In today's economy, companies are either growing rapidly or failing. They have to turn on a dime in order to enter new markets or to serve new customers -- which makes property ownership or a long-term lease a liability rather than an asset. The more time that these companies spend worrying about real estate or trying to navigate the traditions of a hopelessly out-of-date business, the more distracted they become from their real challenges.

"This new approach to the workplace represents a total mind shift," says Dixon, who is considered one of the UK's top entrepreneurs. "People find it difficult to grasp because they've been operating the same way for so long." At the core of his model are questions that every company should ask itself about where and how its people work: What role does the physical office play in an increasingly virtual world? How much space is enough? How much of our resources do we spend on buildings versus brains? How do we design the office of the future, when the future is so uncertain? And finally, if our people can work anywhere, where can they do their best work?

## **What's a Prime Location?**

One longtime rule about property hasn't changed: the importance of location. What has changed, however, is the definition of a "prime location." Downtown ain't what it used to be. To one company, "prime location" means having satellite offices that are convenient to employees' homes. To another, it means having additional space near a key customer or partner. A third company might need an overseas office to accommodate expansion into new markets. Then there's the startup that's eager to trade its garage for the credibility that comes with a prestigious address. In other words, having a great location is now more relevant than ever.

With more than 250 business centers in 45 countries, totaling about 5 million square feet of office space, Regus provides plenty of locations. Pick a city anywhere in the world -- from Singapore to Sao Paulo, from Warsaw to Washington, from Melbourne to Moscow -- and chances are, Regus is in business there. The centers are usually in landmark buildings or in high-rent districts with picture-postcard views. To underscore that point, Regus publishes a book of postcards featuring those very views.

What's more, any Regus customer automatically becomes a global company, because every customer has access to this global-office network. Immediate access. One of Regus's slogans is "Walk in, sit down, start work." In reality, the process is only slightly more involved than that. You make a reservation by phone or over the Internet, walk in, fill out a rental agreement, sit down, and plug in your laptop. As Dixon likes to say, renting office space should be just as easy as renting a hotel room.

Along with multiple locations, Regus offers several "office platforms." Netspace, for instance, allows companies to rent a lot of space for a very short time. Regus will outfit an entire floor or building to a company's specifications and will provide a dedicated support staff. The vast majority of customers, though, rent one or more offices for an average of six months. They have the option to expand or diminish the space as necessary. Regus can usually make the alterations overnight, repositioning the metal walls as if they were Legos.

The Touchdown service is designed for business travelers who need to "touch down" for a day in a Regus office that's fully equipped and staffed. Or they can rent one of the spacious meeting rooms or videoconference facilities for a few hours. Regus never knows how its customers will use the tools that it provides. Even entertainers like Phil Collins and the Backstreet Boys have used its facilities to hold worldwide videoconferences with the media.

Regus's Link service lets startups like Arq International Ltd. use a prestigious address, such as 68 Lombard Street, even though its employees work elsewhere. For Julian Smith, 28, who's the managing director of Arq, that place was his North London flat. The Lombard Street staff would answer the phone, "Hello, and thank you for calling Arq International," and then would forward calls across town. For all the callers knew, Smith worked just across the hall. "We were based there without actually being there," says Smith. The address, support staff, and access to meeting rooms gave Arq's three-person executive-search firm instant credibility. Within six weeks, Arq had moved into an actual office at 68 Lombard Street. Soon after, its staff doubled. "I can't imagine accomplishing that if we hadn't used Regus," says Smith. "It makes you think about how you define the literal office. Obviously, for a business like ours, it's more amorphous."

Regus opened its first business center in Brussels in 1989. After selling a business that he'd grown from a hot-dog stand into one of the UK's largest bun bakeries, Dixon moved to Belgium, eager to start a business that would cater to the European Union. Dixon, who had dropped out of school at 16 to start a lunch-delivery service called Dial-A-Snack, soon came up with an idea: Working out of his hotel room, he grew frustrated with the difficulty of opening an office. He wanted to bridge the gap between property owners and tenants by offering instant professional offices with flexible leases. Dixon thought that the idea would catch on in the new European economy, but he never expected globalization to become the force that it has. The list of Regus's current and former customers reads like a who's who of international business: American Express, Boeing, Coca-Cola, Dell Computer, Disney, Kodak, Microsoft, Mobil, Nortel, Siemens, Sony, Ticketmaster, and Time Warner.

The privately held company (with 1999 revenues of more than \$300 million) has doubled the number of centers every year since 1991, and it's been opening new centers at a rate of about two per week. Regus claims to be the fastest-growing provider of such business centers and the market leader in 42 out of the 45 countries in which it now operates. The United States has had similar business centers for years. For Regus, the U.S. market is relatively new, but it has the potential of becoming its biggest. Since opening two U.S. centers at the end of 1998, Regus has opened more than two dozen others. "Our goal is to have a total of 700 U.S. centers within the next five years," says Gaudreau.

## **How Fast Can You Work?**

In the Internet economy, there's no such thing as too fast -- even when it comes to opening offices. As Jonathan Dutton, 46, group marketing director at Regus, says, "Our strategy is, We need to be where we need to be immediately." Unfortunately, setting up an office is still pretty time-consuming -- similar to what air travel was like before airlines were around to coordinate all of the details, says Gaudreau. "You had to do everything yourself," he says. "You had to lease a plane, buy fuel, hire a pilot, and hire someone to carry your bags. Then some bright person came along and said, 'I'm going to spend billions of dollars on infrastructure and lease lots of planes, and I'm going to hire and train all of the staff myself. Then I'll link it all together with a reservations system, so that all you'll have to do is pull out a credit card, and I'll get you from point A to point B. That's what we've done for offices."

Regus has done all of the "heavy lifting," so that its customers barely have to lift a finger. There's no need to hire lawyers to handle the paperwork, architects to design the space and complete the renovations, and designers to oversee the decor; no need to shop for a phone system and an Internet provider, and to hire a qualified, bilingual support staff; no need to spend months -- an eternity in Internet time -- just getting started. "Most companies simply aren't prepared for the logistics of opening a new office," Dixon says. "They think that they are just renting space to sell their product, but they soon realize that it's like starting another business."

Companies like Invisix don't have time for that. Conceived in the spring of 1999 as an alliance between Motorola and Cisco, Invisix combines the mobile and Internet technologies of its respective parent companies, offering "data applications in a mobile environment," explains Richard Steele, 51, general manager and director of Invisix. The market for this powerful technology is huge: A single deal could be worth \$2 billion to \$3 billion, and Invisix is aiming for more than 50% of the market -- as much as \$60 billion -- by 2003. That's quite a challenge for a company that's just starting up. The competition is fierce; the window of opportunity, narrow. "We had to be up and running in a hurry," Steele says. "Otherwise, we'd miss the boat."

So Invisix signed a three-year deal with Regus. The Stockley Park center, located west of London, was the perfect site -- an entire floor dedicated to as many as 80 engineers and salespeople. It's located smack in the region's high-tech hotbed, and it's close to Cisco's office in Europe, a new Motorola office, and Heathrow Airport. "We wanted to be accessible to our customers in Europe, in the Middle East, and in Africa," Steele says. "When they come here for a demonstration, they don't want the trouble of getting into and out of the UK."

To Regus, the key to speed is flexibility -- a property portfolio that accelerates growth rather than hinders it. What usually happens is that a company outgrows its space and is stuck, either with a building that it's still paying off or with a long-term lease. So the company leases additional space. After doing that a few times, it's got a real-estate dilemma on its hands. "Instead of having one nice building, you're leasing offices all over the place, and those leases end at different

times," says Gaudreau. "Consolidating it all is a nightmare." Eager to avoid that situation, a growing number of property directors for companies have decided to keep about 10% of their portfolio with Regus, which makes the property more flexible, Gaudreau says.

And a lack of flexibility is just the problem at Glaxo Wellcome. Although the pharmaceutical giant owns most of its offices, accommodating short-term project teams presents a challenge. "We are no longer able to fit in teams on demand," says Peter Redhead, 57, who oversees property acquisition. "We've run out of room."

Two years ago, Redhead had to find 20,000 square feet for a project team that would be occupying the space for three years. As if that weren't difficult enough, Redhead had just three weeks to secure the location -- "an impossible task," he recalls. The Regus center in Slough was a no-brainer. "We could have it for the three years and then walk away," says Redhead, who has since put two other project teams in Regus centers.

Given the state of competition today, companies can ill afford to spend their resources on something other than their core business. "The dotcoms don't want to tie up their assets in brick-and-mortar facilities," says Gaudreau. "I tell them to take that million dollars in property off the balance sheet and to hire 10 developers. Those are your real assets -- your people, not your property."

The most successful companies understand that concept. That's why outsourcing has become so popular. Regus proposes outsourcing not only property and equipment but also office management. "Give the clerical and administrative responsibilities to those who get paid to do such tasks," says Gaudreau. "That will free you up to work on your big deals."

## **How Can We Help You?**

For business travelers, the number-one priority is being productive, no matter where their job takes them. They don't want surprises. They want to know that they'll find state-of-the-art telecommunication and videoconferencing technology, whether they're working in a Regus center in Atlanta, Georgia or in Johannesburg, South Africa. "We give you the same features, the same benefits, and the same standards of service at every center," says Dutton, marketing director at Regus. "You can rely on it, and you can plan on it, the same way that you can rely on any other business tool. We're trying to create one look, one feel, one customer experience." That experience has to be as businesslike as the corporate home office. Companies are relying on that professional atmosphere when they use Regus for sales presentations, job interviews, and weekly team meetings. "I've done my share of business travel," says Pam Butt, a center manager in London. "I know firsthand how hard it is to look professional when you're calling clients from your hotel room or meeting them in the hotel lobby."

For all the talk about property, Dixon insists that Regus is primarily a service provider. Its specialty is the serviced office. Of its 1,700 employees, 70% are customer-service representatives, or CSRs, at the centers. To ensure consistency in 45 different countries, each with a different notion of what constitutes customer service, center managers and CSRs follow a detailed list of required procedures (the current list comprises 185 items). For instance, staffers must answer the phone within three rings, with a "smile in the voice" and a personalized greeting. An incoming call activates the phone system's software, which instantly displays the customer profile that corresponds to the phone number. The CSR then knows which company he or she is representing and the greeting that it has requested. Assuming that tenants update the Regus staff, the CSR also knows who's in, who's out, and who needs their calls forwarded.

CSRs also deliver the mail and escort visitors to offices and meeting rooms. For an additional hourly fee, they will type, fax, photocopy, and bind documents. Routine turnaround is one hour; priority jobs sometimes cost extra. Or tenants can do those tasks themselves, in which case they punch in a four-digit code and are billed for use of the machines. CSRs can also arrange for couriers, rental cars, stationery, flowers, dry cleaning, a catered lunch -- whatever services customers need. For a growing number of repeat customers that use its Touchdown service, Regus creates customer profiles so that callers don't have to repeat the same information every time they reserve a meeting room. "You can have the best technology, the best furniture, and the best location, but none of those things matter if the service isn't there," Dixon says. "You will eventually fail."

Customer satisfaction is so important to Dixon that he monitors it himself by randomly calling two customers every day. "Any complaints?" he'll ask. "What can we improve?" The company also employs "mystery shoppers" who call or visit Regus and then report back to the center about their experience. The standards are high because they have to be. People associate the Regus staff with the tenants for whom they work. "If we don't get it right, our customers don't look good," Dixon says. "Representing any company is a big responsibility. It's not something that you trust to just anyone."

Despite the mix of tenants, Regus's name is the only one on display in the common areas of its business centers. There isn't a directory of tenants at the reception desk or in the lobby. Aside from Netspace customers like FT.com -- the online arm of the Financial Times, which leases an entire floor from Regus at the prime location of No. 1 Poultry, in the City -- tenants aren't permitted to display their company name outside their offices, not even on the office door. Instead, the offices are numbered. This degree of anonymity is not unusual for business centers. But the branding -- Regus pencils, Regus notepads, Regus brochures -- is. "We want people to recognize the name," says group property manager Boulton. "We want them to use a Regus office the same way that they fly on Delta, stay at the Marriott, and drive a Hertz car."

Regus doesn't own the buildings that it uses; it manages them. "Think of the airlines as being analogous," says Gaudreau. "They don't make the planes; they just fly them." In some cases, Regus signs a long-term lease and allows tenants to sign short-term leases. In other cases, Regus and the property owners are partners -- an idea that Dixon had early on, when he was trying to expand his business without a lot of capital. In such partnerships, Regus and the building owner share the profits as well as the costs. Owners keep their buildings occupied, and Regus avoids a hefty lease. "Property owners want to fill their buildings, but those buildings are basically all the same, right?" says Gaudreau. "We're adding value. We're making them different and giving people a reason to choose one building over others. So far, no one has called the idea 'stupid.' "

But people do call it expensive. That's the perception that even satisfied Regus tenants have. They shrug off the cost as the price they must pay for the privilege of having all of that flexibility. Gaudreau argues that leasing from Regus is not more expensive; however, its pricing system is complicated to sort out. The problem, he says, is that you're comparing apples and oranges -- empty space and fully equipped, fully staffed space.

Of course, the price of square footage alone looks like a better deal, Gaudreau admits. But that figure doesn't include all of the startup costs and monthly fees covering furniture, support staff, telecommunications lines and equipment, taxes, utilities, insurance, and the time that managers must divert from their core business. So, rather than calculating price by the square foot, Regus determines its pricing by the person or by the workstation. In the U.S. centers, for instance, the average price per workstation is about \$700 per month (tenants receive one bill at the end of each month, rather than several bills from many different vendors) .

Nonetheless, Regus staffers are wary of causing sticker shock and prefer not to quote prices over the phone. They would rather sit down with a customer and go over a comprehensive cost-comparison spreadsheet that factors in everything. "Once they realize what doing it themselves would take, they're more than happy to pay us to do everything for them," says center manager Pam Butt, who opened centers in Tanzania and South Africa before coming to London.

## **Where Do You Do Your Best Work?**

These days, work is about choices. Dixon believes that real estate should be too. When Regus opens an office in a new area, the company often advertises its arrival on trucks that display an enticing question: "Where do you want to work today?" It's a question that more and more people, particularly the growing number of knowledge workers, are asking themselves. In cities throughout the United States, rush hour is only getting worse as the number of commuters continues to rise. And at high-tech companies where the hours at the office are too long, workers spend less than half of their time at home: That's the trade-off for living in the burbs. But it

doesn't have to be that way.

"I want to kiss my kid goodnight, and I'm not the only one who feels that way," says Gaudreau. If you truly believe that your assets are your people, then you're constantly examining how to keep them happy and productive, he says. A lot of companies think that the solution is to let employees work at home. In theory, working at home sounds great, says Gaudreau, but the reality is often different. Although working at home solves the problem of commuting, it creates other problems. For starters, there are ergonomic concerns -- and all of the worries about repetitive-motion injuries that go with them. At-home employees lack the proper space or equipment, so they have to make do at the dining-room table. Also, the savings companies accrue by avoiding property costs can be lost elsewhere. Since employees can't take advantage of shared printers, they require additional equipment, and the downtime for off-site repairs is longer. Moreover, studies have shown that people tend to be less productive when they telecommute. Not everyone has the discipline to cope with the distractions of children or with isolation.

The bottom line, says Gaudreau, is that companies should be asking, "Where do people do their best work?" "Most people don't really want to work at home," he says. "They want to work five minutes away from home." They want the convenience of being close to home and close to office resources.

That was exactly the problem that Oracle's operation in the Netherlands had: The commute to its main office in De Meern took some employees two hours or more. Its solution was to put offices closer to its people -- four satellite locations at Regus centers in Hilversum, Eindhoven, Amsterdam, and the Hague. Each office has 10 desks that employees reserve by phone or by email a day or two in advance, and in some cases, on the same day. Using a laptop, they access the Oracle network from a Regus center through an ISDN line and a docking station. Instead of enduring four unproductive and unhappy hours in traffic, the consultants and sales representatives now work wherever it's most convenient. Some take advantage of the satellite offices, because doing so allows them to spend more time with their children. Others work at Regus for a couple of hours to avoid traffic, then head into De Meern during off-peak hours.

The increased flexibility gives employees more control over their schedule. "People are happier at work when they don't have to drive to the office every day," says Netty van der Linden, 45, manager of general services for Oracle in the Netherlands. "It doesn't make sense to drive two hours just to get your mail."

Dixon believes that these satellite offices represent a fundamental shift in the dynamic between workers and the workplace. In the past, workers were expected to migrate to the workplace, taking trains and (later on) cars into the city, because that's where the jobs were. Now the workplace is following the workers to the burbs, where they want to be. "By the time my three-

year-old son is working, commuting will be a totally foreign concept," Dixon says. "His generation will look back and wonder, 'Why did they ever do that?'"

If people can work anywhere, the challenge at Regus is making the office the most attractive option. Convenience is only part of the appeal. The idea, says Gaudreau, is to do for offices what Oriole Park at Camden Yards does for ballparks. It draws people to Baltimore not just for a baseball game but for the overall experience. People arrive well before the game to catch a concert on Eutaw Street, to have a picnic above the bullpen, or to people-watch outside the railroad warehouse beyond right field. It's as much a park as it is a ballpark.

Likewise, a Regus business center is designed to be more than a mere office. "I call it a 'destination workplace,' " says Dixon. "When I talk to customers, I listen for the word 'enjoy.' The office should be fun. If you enjoy yourself, you'll do your best work, and you'll look forward to coming back."

Regus centers offer amenities and a community that employees don't have when they work at home. Many feature fitness rooms, and some even have a soccer field or a basketball court. By design, they're located near pubs, restaurants, and retail stores. Because people are working longer hours, and often less-predictable hours, says Boulton, it's important to "make them feel more comfortable about the time that they're spending at work. They can meet people in a less formal atmosphere. They can do things other than work, which gives them the energy to work hard later."

The cybercafé at Stockley Park has a kitchen and lounge with a television, a news ticker, and colorful iMacs for free Web surfing. "It's a great place to seat visitors or to meet informally," Invisix's Steele says of the spacious, courtyard-style plaza. It's also a great place for people from different companies using the same Regus center to get acquainted. Caroline Richards, the manager at the Covent Garden center in London, promotes this sense of community through a newsletter, the "Covent Garden Grapevine," and occasional customer breakfasts. "We want to respect customers' privacy -- for instance, we don't give out a list of the clients based here -- but we also want to provide opportunities for them to connect," says Richards. Once customers realize who's working down the hall, they might decide to do business together or refer clients to one another.

Cambourne, the center that epitomizes Dixon's vision of the destination workplace of the future, is still under construction. It is scheduled to open this year outside Cambridge, England. Regus will be the first tenant in this joint-development project, which features a high-tech office park and a residential community. The offices and homes are being wired together, so that residents will be able to log onto their company's computer system from home. They'll also be able to walk to the office. Ideally, Boulton says, when the conference and training facilities are idle on

weekends, they could be used by community groups. "The office becomes a living building, part of the community surrounding it," he says.

Dixon hopes -- no, believes -- that one day business centers will be as commonplace as post offices, libraries, and grocery stores. Every town will have one or more, and people will not only work there, but also congregate there. It's a vision of the future that borrows from the past, when small towns were connected by much simpler technology -- the telegraph and the telephone. "If you're going to do something, I think that you might as well do something that affects how people live and work," Dixon says. "If we get it right, we have an opportunity to change the world. I want to do justice to the opportunity. I tell our employees that we're just getting started."

Chuck Salter (csalter@fastcompany.com) , a Fast Company senior writer based in Baltimore, works out of a home office. Contact Bob Gaudreau (rgaudreau@regususa.com) by email, or learn more about Regus on the Web ([www.regus.com](http://www.regus.com)) .

The worst thing that you can do is to put new people in situations that they're not ready for, says Gaudreau. When opening a center in a new market, he relies on a core team that he's trained himself. "Touch 10 employees -- 10 stars -- and then let them touch 10 employees," he says. "That's how you grow exponentially, with speed and quality."

### **Learn from your competition.**

"Everybody does one thing better than you," says Gaudreau, who regularly visits the competition. "If you learn one good idea a thousand times, you will have a thousand good ideas."

### **Learn from your losses.**

"Every company faces adversity. The successful ones are those that bond from it," Gaudreau says. "It's up to the leaders whether you'll grasp adversity, embrace it, love it, and use it as a challenge -- or let it break you."



[!\[\]\(f1ee6d81bdeaf50ad3989e9a2b0d9b21\_img.jpg\) Back to top](#) [!\[\]\(9ecb78e56cb69120e723e10b45976ebf\_img.jpg\) Print this page](#) [!\[\]\(2c8cef1ad681cb48bee0833c4bcd334d\_img.jpg\) Send to a friend](#)

---

Copyright © 2005 Gruner + Jahr USA Publishing. All rights reserved.

Fast Company, 375 Lexington Avenue, New York, NY 10017

[About Us](#) | [Subscribe](#) | [Advertise](#) | [Site Map](#) | [Copyright](#) | [Labeled With ICRA](#) | [Privacy](#)