

OFFICE SPACE DECOMMISSIONING – THE OVERLOOKED EMBEDDED COST OF MOVING

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Here’s a secret that no one ever tells you about moving - the bulk of your relocation costs are NOT transitioning your belongings to the new space. The fact is, office space decommissioning is a significant factor in your budget, sometimes adding up to 3-5 times that of the actual relocation itself.

All too often, clients miss the not so obvious “other move” when it comes to their office relocation. Clients split their time and attention operating their core business while also focusing on the “new” space and the endless questions, details, and decisions that are required to get that space ready to unveil. The “old” space, as well as the furniture in it, is often overlooked. If you think you can just leave the furniture and the cleaning for the landlord, you are mistaken!

The problem is that neglecting to properly decommission the old office space leaves you exposed to a wealth of unnecessary costs. The majority of commercial leases contain very specific requirements as to how the old space needs to be turned back over to the landlord. If not, it’s your deposit that hangs in the balance, just waiting to satisfy those obligations you signed off on in your original lease long ago. The removal of unwanted furniture and equipment can be an expensive undertaking, especially if not handled properly, and your landlord is well within his rights to apply your deposit to those costs.

Most commercial leases require that the occupied space be left “broom swept.” This means that all contents, freestanding furniture, workstations, office/IT equipment, shelving, racking, etc., must be completely removed, and all floors left cleared of debris and vacuumed. That also means following through on tiny details like removing any data/IT cabling that you’ve added while in residence. Overall, you need to return the space back to its original condition prior to your occupancy. Your lease should spell out the specific requirements and standards you will be held to.

So how do you protect your deposit? You need a detailed plan and a schedule! The easiest way to satisfy your lease obligations and get your deposit back is to consult a professional who is well-versed in handling the office decommissioning process. When you partner with the right commercial removal company or transition management company, they can help you properly navigate and negotiate your exit. Most standard moving companies aren’t experienced enough to guide you through this process, and handling it yourself elevates your “soft cost exposure.” Most people over value what they have, don’t fully understand what they’re required to do, and then end up running out of time. The reality is that there is a very tight timeline when you move and the space needs to be vacated. Why wait on a potential buyer to purchase unwanted assets, when it elevates your risk of exceeding that timeline and paying a costly penalty to your former landlord? You need to understand the cost of the distraction to your core business while focusing on something that is only likely to yield a marginal return.

When you value the assets you will not be moving to your new space, factor in the time it takes to liquidate them. It’s often best to hire an expert to advocate for your bottom line, and help you sort it all out in an efficient and expeditious manner. There are three outcomes in an office decommissioning: net positive, net zero, and net negative. To achieve “net positive,” the liquidation of furniture and/or equipment yields a positive cash return and is clearly the optimal outcome to strive for. To attain “net zero,” you can choose to donate contents to a local charity for re-purpose, or have a third-party company remove them at no cost. While you don’t make any money on the transaction, you save the potential cost of having to remove the contents yourself. For those items that simply don’t have much or any value, and need to either be recycled or disposed, you’ll find yourself in a “net negative” position. Although there’s a nominal return for recycled items, the cost for disposing valueless items leaves you with a fee that an office decommissioning expert can help minimize. You don’t want to incur unnecessary storage costs for assets that won’t garner you a net positive return on that investment.

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Quite frankly, there is an enormous difference between a transition management expert and a standard moving company. Before you sign with a relocation company, discuss with them the decommissioning services that they provide. Pin down the price for the services that you need, and compare that cost with hiring various removal providers. Most commercial movers overlook decommissioning, and this portion of the job can cost many times your relocation fee depending on how much of your existing furniture you will be taking to your new space.

Once you have the transition team in place, establish a facility decommissioning plan and lock in hard dates and deadlines. Make sure that the company is reliable, and that the personnel have the necessary skills to execute the plan. Often times, it is not worth the risk of going with the vendor with the lowest bid, as the cost for additional "buy back days" at your old space can quickly eclipse those cheap vendor savings.

So what is the takeaway from all of this? Simply that companies that focus all their time and effort on "hard costs" of relocation will be blindsided by the much more important "soft costs" of the move. A transition management expert minimizes your company's exposure to lost revenue by reducing the distraction to your core business and curtailing downtime. Consult with an expert, and the savings on the decommissioning will more than likely pay for the actual relocation.



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ABOUT ARGOSY MANAGEMENT GROUP, LLC

Argosy Management Group (AMG) is a leader in office relocation and logistics project/move management. AMG services companies throughout the U.S. and worldwide. AMG delivers a wide range of comprehensive services: move management and transition planning, space planning and furniture needs, office and industrial relocation and liquidation, storage solutions and asset management, furniture disassembly and installation, and I.T./data center relocation.

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