Unlocking SME office productivity.
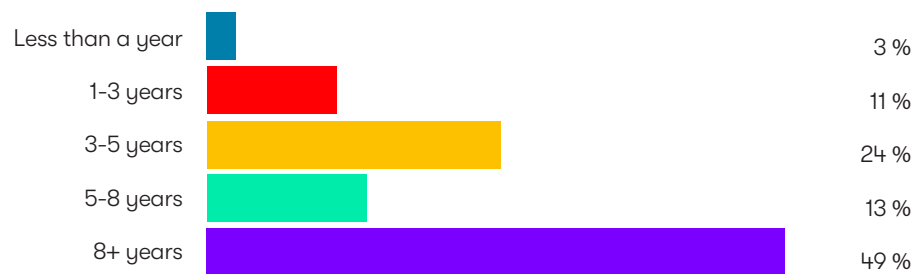
A report produced by

STOREY

Small and medium enterprises (SMEs) are the backbone of British business. Collectively, they contribute £217 billion to the UK economy.

But what factors contribute to SME productivity and how much does the office environment impact productivity levels? How can SMEs improve it to allow time to focus on growing their business?
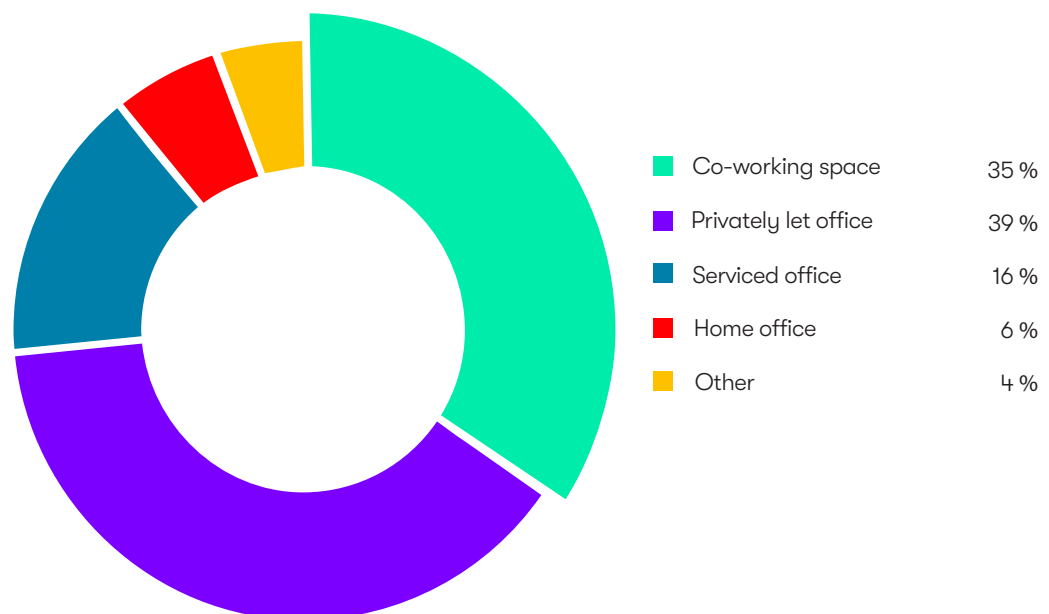
This report is designed to answer these questions. We asked 500 decision makers at SMEs across the UK to gain insight into their office environments, their current levels of productivity, and what can be done to exceed them.

Who we spoke to

Age of business

Less than a year	3 %
1-3 years	11 %
3-5 years	24 %
5-8 years	13 %
8+ years	49 %

Current office situation

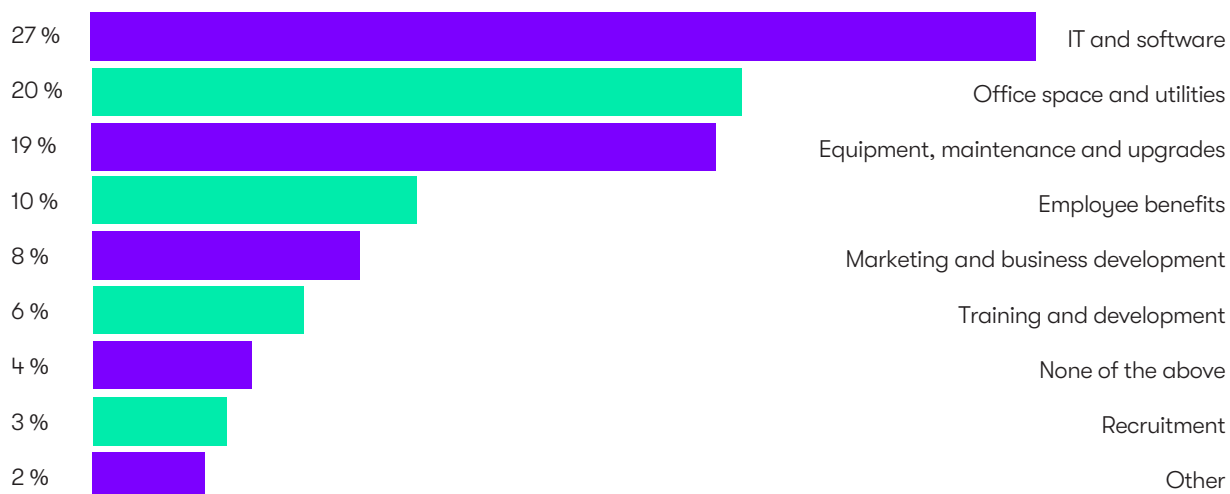|	
Co-working space	35 %
Privately let office	39 %
Serviced office	16 %
Home office	6 %
Other	4 %

Biggest office overheads

We asked SMEs to identify their biggest operating expense aside from salaries. IT and software are deemed the biggest overhead by 27% of SMEs; office space and utilities come in second at 20%; and equipment, maintenance, and upgrades come in third, cited by 19%.

Biggest business overhead

27 %	IT and software
20 %	Office space and utilities
19 %	Equipment, maintenance and upgrades
10 %	Employee benefits
8 %	Marketing and business development
6 %	Training and development
4 %	None of the above
3 %	Recruitment
2 %	Other

How the office environment affects productivity

When SMEs were asked about the relationship between the state of their workplace environment and their overall productivity, the results revealed that 76% of businesses considered productivity when setting up their office environment.

However, most were frustrated with their current office environment. Responses suggested that a substandard office environment was negatively affecting productivity, client relations, and even recruitment: 69% of businesses agree that improving the design and layout of their office would significantly improve productivity in their business, 34% of respondents are embarrassed when clients come to their offices, and 37% believe they are losing out on talent due to the state of their workplace.

What impacts productivity?

When asked to describe the biggest obstacles to workplace productivity, SME decision makers flagged technology as a major issue.

A substantial number reported internet issues: 47% cited the internet going down as the biggest productivity blocker, with 46% complaining of a slow internet connection. This was significantly higher among SMEs working out of privately let offices with 73% admitting that general internet issues, comprising of both downtown and a slow connection, are the biggest blocker of productivity, while 63% operating in co- working space say the same.

And it appears that internet issues are a regular occurrence. Some 40% said that they'd dealt with slow internet in the preceding week, and 28% said the internet had gone down in the same time period. These figures increase to 46% and 38% respectively over the last month.

Internet issues weren't the only problems reported: 30% believe that employee absence has a negative effect on pro- ductivity, and 25% think the same of low employee morale.

Equally, having facilities out of order (19%), an untidy office space (10%), a lack of meeting room space (9%) and wasting time answering sales calls due to a lack of receptionist (5%), each show that UK SMEs are in need of a better service so they are free to focus on driving their businesses.

Biggest productivity blockers

Blocker	%
Internet going down	47 %
Slow internet	46 %
Employee absence	30 %
Key technology breaking	28 %
Low employee morale	25 %
Having to use older technology	23 %
Facilities out of order	19 %
Social media use	18 %
Office clutter	14 %
Not having the right equipment	14 %
An unclean office	10 %
Poor office design	10 %
Lack of meeting room space	9 %
Sales calls/door-to-door salesmen due to lack of receptionist	5 %
Other	2 %
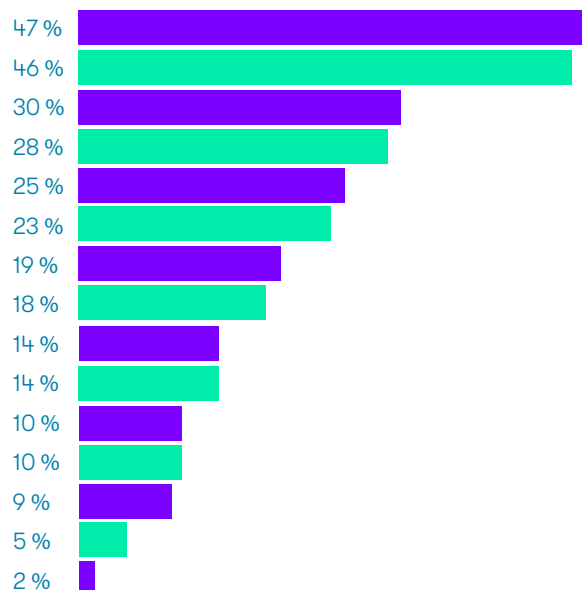
What would improve productivity?

Having established some key productivity problems for UK SMEs, we then asked SME respondents to identify potential solutions. Some 40% said that having a communal area could positively influence their team's ability to work at their best level, and 24% believe that collaboration software can improve office productivity.

When asked what they would put on a wishlist to help them improve productivity, 36% desire a faster internet connection (rising to 39% for those working in

co-working space), 20% want a better meeting room space, and 15% want a 'chill out zone' for employees.

The desire for a better meeting room space, improved kitchen facilities (7%) and an alternative area for employees to relax to help increase productivity, demonstrates the value of alternative space within the office. Having access to such facilities, unjustifiable for many SMEs, makes it easier to build a successful business.

Productivity drivers

36 %	Faster internet connection
20 %	Better meeting room space
15 %	A chill out zone for employees
7 %	Improved kitchen facilities
6 %	Coffee machine
4 %	An office pet
4 %	Showers
3 %	Games area
3 %	Other
2 %	Standing desks
1 %	Bike storage
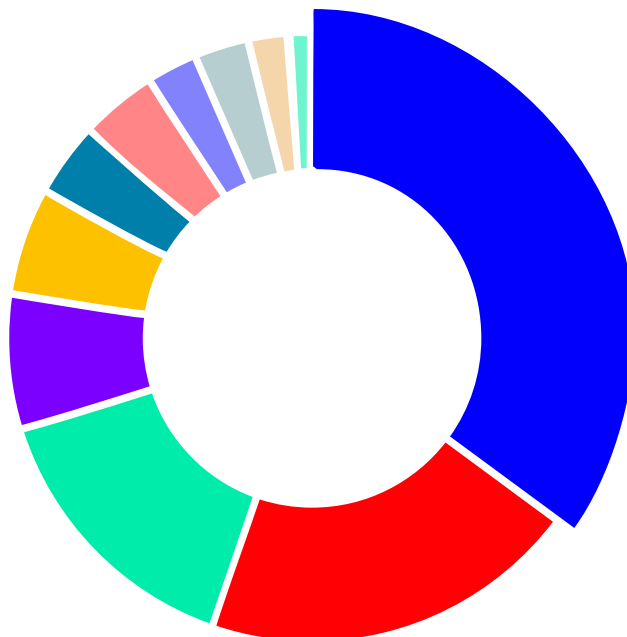
Hidden costs of office management

It seems that senior SME managers and business owners are dedicating a significant amount of their own time to office management tasks. More than half (52%) are spending more than 11 hours a month of their own time on office admin, with 21% spending more than 20 hours a month. This is valuable management time that could be directed to building their business.

The range of office management activities being conducted by senior business managers is quite varied.

"As a business owner, and especially one that is scaling up, your focus should be operating the business, not running an office. I want to be doing the things that create profitability for my business and that keep my people the happiest because that makes my company the best." **Tom, partner at a venture development firm**

"We can't control the wifi." **Will, operations director at a software company**

"The dishwasher breaks every two weeks, the coffee machine always breaks, so everyone has to be their own barista. It would be so much better if there was someone else to manage that or to provide those ongoing services. That would give me more time." **Leigh, International HR Business Partner at an online advertising company**

"Either my PA is always getting up and down to answer the door or one of the team is and I would rather they were focusing on their work, not answering the door!" **James, founder of a business accelerator**

"On a daily basis I am having to make decisions about recycling, plumbing, cleaning suppliers, ISPs, office layout, desk requirements etc. It is extremely distracting and not at all the kind of work I want to be doing!" **Heather, CEO of a media company in London**

Managing the office environment matters. A business affected by poor internet, unsuitable workspaces, or repetitive administrative tasks is a business that cannot function at its highest possible level. Time spent troubleshooting a faulty network connection or rearranging a cluttered office is time that could be spent on activities that positively influence profitability and growth.

When you control your workplace environment, you can more effectively control your business, stimulate productivity, and lay the foundations for success.

At Storey, we can take care of your office requirements for you - leaving you free to focus on the things that really matter to your business. To find out how, get in touch with one of our specialists today.

About Storey

At Storey, we believe that as SME decision makers you should be free to focus on what you do best - driving your businesses, not managing your environment.

Storey provides a great new space and service that better serves your needs. Storey provides the opportunity for private workspace, branded your way.

With Storey, you will enjoy the following benefits:

- **Personalised.** Space and services - you can design and brand your own, private space.
- **Productive**. High speed, resilient Wi-Fi and offices designed for wellbeing to help attract and retain talent, providing an environment to excel at work.
- **Flexible.** Length of agreement and office size, that can grow as your business needs change.
- **Simple**. Jargon free agreements with an all-inclusive rate (includes business rates, utilities, service charges, cleaning, furniture). No surprise bills or hours spent managing the office.
- **Shared space.** Our extensive shared facilities (from kitchens, to break out space, cycle racks to showers) mean you will have access to services you may not normally be able to justify, as well as the opportunity to network and collaborate.

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