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# Virtual Offices: The New Way to Do Business

By Steve Lewis





**A. Scott Hensley,**  
SIOR, CCIM

Since many employees of SIORs and SIORs' clients rarely spend a lot of time in their offices, does it really make sense to pay rent on such under-utilized space? According to a number of SIORs we contacted, the answer is "No."

Many SIOR members point to the considerable cost savings made possible with "virtual" offices, and also note that modern technology provides all the connectivity they need.

There are those who still see value in having a physical office, however. For example, **A. Scott Hensley, SIOR, CCIM**, of Piedmont Properties/CORFAC International in Charlotte, NC, says, "The sharing of ideas is important, and in a virtual office you kind of lose that." Piedmont Properties, he notes, has an open office, so any broker can call out about an issue they're facing and ask if anyone has a solution. "We have a relatively small firm of seven brokers. Yes, there is a cost of bricks and mortar, but we feel the benefits far outweigh the costs," Hensley asserts.

Other SIORs might take issue with Hensley. The following articles provide their individual thoughts on why more and more SIORs — and their clients — are going "virtual."

## Making the Break From Office Space



**Greg Schenk,**  
SIOR, CNE

"We made a corporate decision to go "virtual" when the market started changing about three years ago and we sold our office building," recalls **Greg Schenk, SIOR, CNE**, who heads the Columbus, OH-based company that bears his name. "We go to people — they do not come to us — so now we work out of our houses."

The move, he says, cut the company's overhead by 90 percent. "My whole philosophy is putting cash into income property that

gives me passive income rather than into a secretary's desk, and it's worked like a charm," Schenk reports. "My company has celebrated 15 years in business and our profit margin is phenomenal. In addition, I've been able to buy an investment property every year for the last 10 years and I can do what I want when I want. That's why I go around the country speaking, teaching and training."

In terms of getting his people the market information they need, "My team and I provide all the data bank information; and I'm basically the source for market information — they come to me for that," Schenk says. He in turn gets his information from key local and global companies. "I spend about

two hours a day studying the market," he continues. "Most people out there are trying to sell something; we do more advising and consulting."

Additionally, his people pay their own phone bills. "I got rid of the office phone; I pay about \$120 a month for high-speed internet and Skype, and can do whatever I need to do," Schenk shares.

Was it hard for his people to adjust? "It was no problem whatsoever," he says. "My employees want more money in their pockets, and I want more in mine. I pointed out to them that you can spend money on overhead or use it to make a life."

In terms of maintaining business since the change, "We've been very fortunate," says Schenk. "We average 30 clients a year and I've brought in at least one a year. While business has gone down for most people, business is up for me and it seems my company is most efficient this way."

Schenk concedes that you do need to be extremely disciplined to function virtually, but time-management becomes easier in a way. "You can dictate your own time. I'm a single dad with seven kids, and if I have to drop a kid off at bible study I can, because I control my time."

The only negative, he says, is the lack of camaraderie. "Sometimes you do go a bit stir crazy," he concedes.

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## Sustainability Expert Touts ‘Intelligent’ Option



**Geoff Kasselmann,**  
SIOR, LEED AP,

“We exist as a company because we bundle technology together with real estate and sustainability, and not just real estate services by themselves,” says **Geoff Kasselmann, SIOR, LEED AP**, who heads up Op2mize in Des Plaines, IL. “We call it ‘sustainable intelligence;’ that’s our niche. And one of the areas clients tend to engage us for is virtualizing their office space, or understanding how they can do more with their space — or with less space.”

A couple of years ago, he recalls, his company was hired by Panduit Corp. to virtualize its sales offices. “[Panduit] had 14 outlying sales offices around North America — all leased, all with different expirations, all different sizes,” he shares. “They were where their ‘road warriors’ were based — but they were not there very often.”

Op2mize did an assessment of all 14 locations and created a financial impact analysis as well as an exit strategy for each

of the locations, so that ultimately all of them were closed and the furniture and phone systems were liquidated.

“We aligned those people in the field with an IT package that could be supported by headquarters, and made arrangements with a suite-type operator so they could touch down somewhere if they needed a conference area with food service,” says Kasselmann. The sales people, he adds, now have home internet services, the ‘right’ mobile phones and devices, with connectivity support at central headquarters offices.

As for the client, “they saved several hundred thousand dollars each year and they’re very happy not to carry those office expenses each year,” says Kasselmann.

Having less synergy among the staff, he agrees, can be a negative. “The interesting thing about harnessing connectivity and a ubiquitous and robust internet is just because you can work virtually all of the time, does not mean you should or you will,” says Kasselmann. “There is still this innate need to come together in one physical space and generate synergy; you don’t get esprit de corps nearly as well working virtually. However, you *can* be more efficient more often.”

## Clients Sometimes Choose the ‘Middle Road’



**Tim Ruffin, SIOR, CCI**

Not all clients are willing to go totally virtual, notes **Tim Ruffin, SIOR, CCI**; senior vice president/managing partner of Northern Nevada for Colliers International. “What we sometimes see from the tenant leasing standpoint is similar to a lease we just wrapped up for a building with Hewlett Packard. They have no private offices in the entire space — just cubicles,” he shares.

“If they need a private meeting they can go to the conference room.” However, he adds, unless an employee can justify using a cubicle, a company might ask them to work totally out of their homes.

“The trend is definitely away from private offices into cubicles or hoteling, and you have to justify the reason to have one or go home,” Ruffin says. “That will mean less space for corporations going forward, but fewer tenant improvements for the landlord.”

In today’s market, how is a private office — or even a cubicle — justified? “I suspect if you travel, or are on the road, and the majority of your work is at client’s location, you work out of your home,” says Ruffin. “That’s especially true for tertiary markets like Reno.”

Even a number of executive suites have gone to a “virtual” setup, he continues. “Mail and phone are there, but you do

not physically have an office there,” he explains. “You work out of your home, and when you have a private meeting, you work out of the conference room. So, you have the appearance of having an office — but you really don’t.”

Generally, he says, the company will foot the bills for home office costs. “They will put a company line in and usually provide a computer as well,” says Ruffin.

In terms of how employees react to a virtual arrangement, “It is age- and group- specific,” says Ruffin. “A baby boomer still sees value in a private office. If you take the Millennials, however, they don’t care. When I brought it up recently to a group of younger workers, they said they just didn’t care.”

The benefit to the landlord, he continues, “is beautiful; it means less improvement. If you don’t rip out walls [and just install cubicles], you save a ton of money.”

Cubicles do create a lack of privacy, but Ruffin says the issue is not raised very often, nor has he heard of it having an impact on productivity. “I’ve always been a proponent of cubicles for brokerage because it fosters sharing of information,” he declares.

Whatever the plusses and minuses, Ruffin believes the move away from formal office space is here to stay. “I think we’re in a different world than we were 20 years ago,” he asserts. “I think the next wave is that government organizations will go away from [formal office space] as they have to trim their budgets.”