

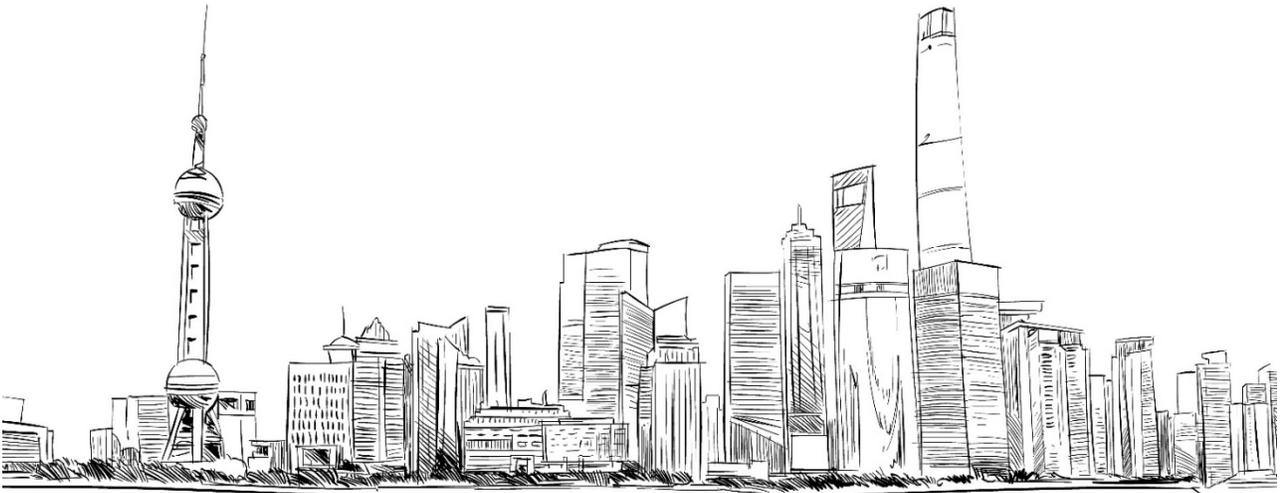


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Are managed office spaces the smarter choice for your China startup?

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'Ideas are easy. Implementation is hard.'

One thing we all learn as aspiring businesses is that there is a whole lot more to be a business owner than just coming up with the initial concept. This is true in China as well where image of a company and a business owner are important. Choosing the right office space or working environment for a startup is on the list of essentials. **And a 'one size fits all' approach simply doesn't work in China.** Each new business is unique, so we need to consider the needs of the business and which working style will meet them at the best possible price. Not long ago, the business office was an asset in itself; something that a business owner would pay for and maintain themselves. However recent years have seen a real shift in the way we work and how office spaces are perceived. The rise of the managed office has been a slow and steady one but these days many businesses are reaping the benefits of this style of working environment.

Six benefits of choosing a managed office space (i.e. business center) in China

It's hardly surprising that managed offices have become a popular alternative to old-school leasing options, with furnished and fully equipped offices, amenities, WIFI and communication services, as well as meeting rooms and conference facilities all typically included in today's agreements. **But what are the real benefits of opting for this type of office when starting a new business in China?**

1. Save money on startup costs:

We all understand that the costs of starting up a new business in China are significant, and we must evaluate fully each one as part of our initial research. **Office costs may be low on many people's priority list, but they can soon add up to a monumental figure.** When going down the traditional office hire route, there are many things to consider. The business owner will have to furnish the space themselves, cover the cost of WIFI and phone lines, utility bills, cleaning services, and even hire reception staff. In a managed office, all the above comes under one fee, helping to reduce the operational costs of the startup to the lowest possible point.

2. Office space can grow with the business:

Flexibility is key when a business is in its initial phase. Some companies take off overnight while others achieve more of a 'slow burn' effect. A challenge that many companies face is not knowing which way their business will go and being unsure whether to commit to a fixed office contract. Managed offices are a viable option in just this scenario, since many of them allow customers the flexibility to upgrade or downgrade their plan according to the growth of their business. If the startup grows more quickly than expected, the company can simply upgrade their managed office plan to obtain more space, rather than having to move rapidly to entirely new premises. What's more, research published in the *Journal of Facilities Management* has found that different office types have their own strengths. For example, smaller individual offices help workers boost their productivity levels, whereas larger, 'combo'-type setups are generally better for communication. **Overall, having the choice to tailor your space to the needs of your business at any given time is a huge bonus for the startup in China.**

3. No need for large, long-term contracts:

In China a one-year lease agreement must be signed – any agreement shorter than this will be denied during the



registration process. As soon as you sign the lease agreement use it for the registration process. Delaying the company registration process, may cause the government bodies to reject the lease agreement. An example, if you delay the process by 6 months and there is only 6 months remaining on the lease agreement, then the government may ask you to re-sign the agreement accordingly, so it is one-years old from the date of submission.

The benefits of a managed office space is the flexibility, which lies at the very heart of the managed office service. A big drawback for entrepreneurs who are just starting out is often the fact that they must commit to a long, drawn-out office contract, locking them into a deal, regardless of what the future may hold for their business. It's a leap of faith that few are willing to take right away. Conversely, most managed office space providers don't require customers to sign up to a lengthy contract. Contrary to what we find with standard office leasing, these setups mean that businesses can rent space for just a year, a few weeks or even a single day at a time. This high level of control over the service really helps give the customer peace of mind.

4. Opportunity to join a co-working community:

For smaller enterprises, having a closed-off office space may not be the most logical solution to their needs. Luckily, many managed office spaces have a co-working option available and it's one that many businesses are finding valuable. Perhaps the first industry to truly embrace this modern style of working is the creative sector. **The co-work space 'brings independent creatives together but lets them work alone'**. In that sense, this kind of setup means that people who work in the same field can be in the same office space without necessarily being employed by the same business. It facilitates communities of people working in similar fields, along with a wealth of networking opportunities, which brings us to the next point.

5. Collaborate with like-minded professionals:

No business is an island. For a fledgling company to flourish, it's crucial that the overseas headquarter make meaningful external connections. And the office environment which the company inhabits plays a leading role in this process. **The idea is that the opportunity to regularly 'bump into' like-minded professionals could enhance your business network in a big way.** Managed office spaces may well be the best option to encourage these chance (or even planned) meetings. Many of the contracts include added extras such as monthly professional meet-ups, networking sessions, and even dedicated social media platforms which are exclusive to the spaces.

6. The low-cost option of virtual offices:

Shoestring setups will, of course, benefit from low-cost alternatives to the traditional office space. As it happens, many managed office space providers have just the solution for this. The 'virtual office' allows a company to use some of the core facilities of a managed space, without physically working in the building. Companies who opt for this style of working can use the space's address as their registered business address, have access to call-answering facilities, and can also have their mail handled by on-site staff. This modern type of setup is proving extremely popular, among both startup businesses and established enterprises, as a flexible and affordable option for their space needs. While some people have the impression that remote working or using a virtual space hinders productivity, in fact the opposite is true.

A small comment to mention from a legal perspective in China is that virtual office addresses are illegal and should be avoided (if possible). Business centers do offer this option to companies looking to have just a



registered office address option, however it should not be a long-term solution. If you decide to make this your long-term registered office address option, problems may occur later when site visits are conducted by certain government bodies, for example during initial registration inspections, approval processes from the State Administration of Taxation (SAT) or just general spot-checks. Currently most government bodies are relaxed about this, but there is no guarantee that your company will not be targeted or just simply will not be picked out of a lottery for inspection.

A Typical Serviced Office Space

Business Center office solutions can include:

- **Fast WIFI connection and phone lines:** Usually it takes a lot of time for a new business to establish individual contracts with communications companies for WIFI and phone lines. In a business center these facilities are offered as standard, at no additional cost.
- **Fully-furnished office space:** Whether a company opts for a co-working contract or an individual self-contained office, each space is fully furnished and ready to use.
- **Staffed reception:** Reception staff members are available during work hours to take calls and even collect mail as it's delivered. This means that companies no longer must pay dedicated staff for these roles.
- **The option to scale up:** Contracts can be flexible so that companies can scale up the size of their office as their business grows. This is particularly useful for startup businesses.
- **Regular events and meet-ups:** The ability to network with other businesses on the flow is invaluable. Business Center community events and activities give professionals a chance to do just that, making an excellent addition to their regular networking operations.

Ultimately, the type of office setup you choose should directly align to your business requirements. It's worth taking the time to consider all the options available before committing to a contract. **Managed offices offer a flexible, affordable, and easy-to-understand service, and are certainly worth considering before making the big decision for your business.**

For more information:

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