R DASH

HOW A CO-WORKING COMPANY **REDUCED CONSTRUCTION COST BY 12%**

CASE STUDY

EMERGING CO-WORKING SPACE LANDSCAPE IN INDIA

The India co-working office spaces market size was estimated at USD 1.94 billion in 2023, and is expected to reach USD 2.72 billion by 2029, growing at a CAGR of 7% during the forecast period (2024-2029).

The COVID-19 pandemic accelerated the growth of co-working spaces in the country, as traditional workspaces faced challenges during the crisis. Many enterprises moved towards co-working spaces because of affordable prices and flexibility in working areas.

The sector is driven by increasing demand from freelancers, small and medium-sized enterprises (SMEs), and startups. Because the sector provides top facilities at affordable prices.
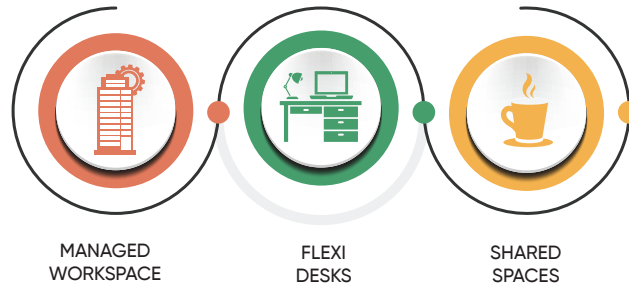
2024

Co-Work Market size

1.94 Billion

CAGR (2023 TO 2028): 7%

1.94					2.72
2024	2025	2026	2027	2028	2029
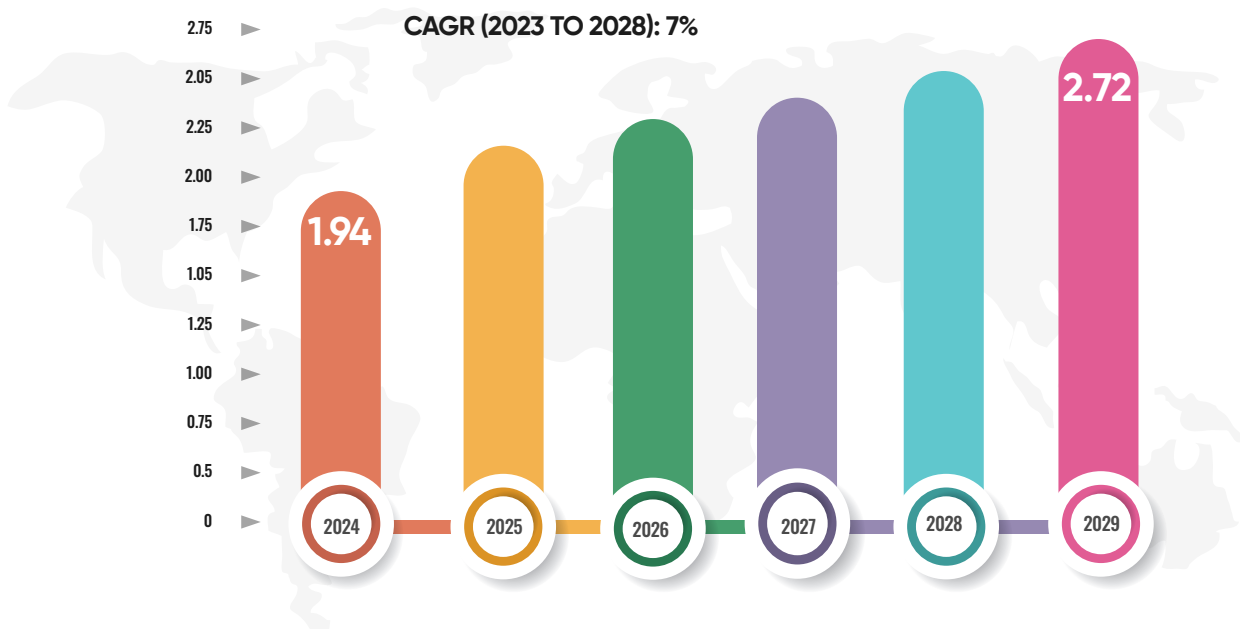
While the top seven cities - Bengaluru, Delhi NCR, Mumbai, Chennai, Kolkata, Pune, and Hyderabad account for 90% of this stock, tier 2 cities are showing signs of being the next zones of growth.

POPLUAR OFFERINGS OF COWORKING OPERATORS

MANAGED WORKSPACE

FLEXI DESKS

SHARED SPACES

COST OPERATIONS OF CO-WORK SPACES

A co-work operator's business comprises of revenue and cost operations. Revenue operations include sales and marketing through channels like property consultants, digital marketing (SEM, SEO, Google adwords), social media marketing (FB, Instagram, LinkedIn), events (networking, workshops, open mics), referrals, content marketing & PR. These strategic initiatives are pivotal for enhancing visibility and footfall, ultimately leading to client acquisition and revenue generation.

On the other hand, cost operations of a co-work company can be broadly divided into 3 major activities-

01

LEASING - Renting from the Owner:
- Co-work companies benefit from engaging with space owners with a commitment of 7-10+ years, securing rental rates 20-30% lower than those for traditional office seekers.

FIT-OUTS & FURNISHING:

- Architects and projects heads continuously value engineer interior design to achieve a functional, aesthetically pleasing, and agile workspace.
- Fit-out and furnishing projects involve activities such as demolition, civil works, tiling, electrical, HVAC, plumbing, furniture & carpentry, painting, wallpapers, landscaping, and planters.

02

03

MANAGING or RUNNING THE SPACE:
- Utilities (electricity, maintenance, repairs, leased internet lines, housekeeping, pantry consumables, basic stationery, etc.)
- Salaries of office assistants, housekeeping and security staff, community managers, sales managers, accounts team, etc.
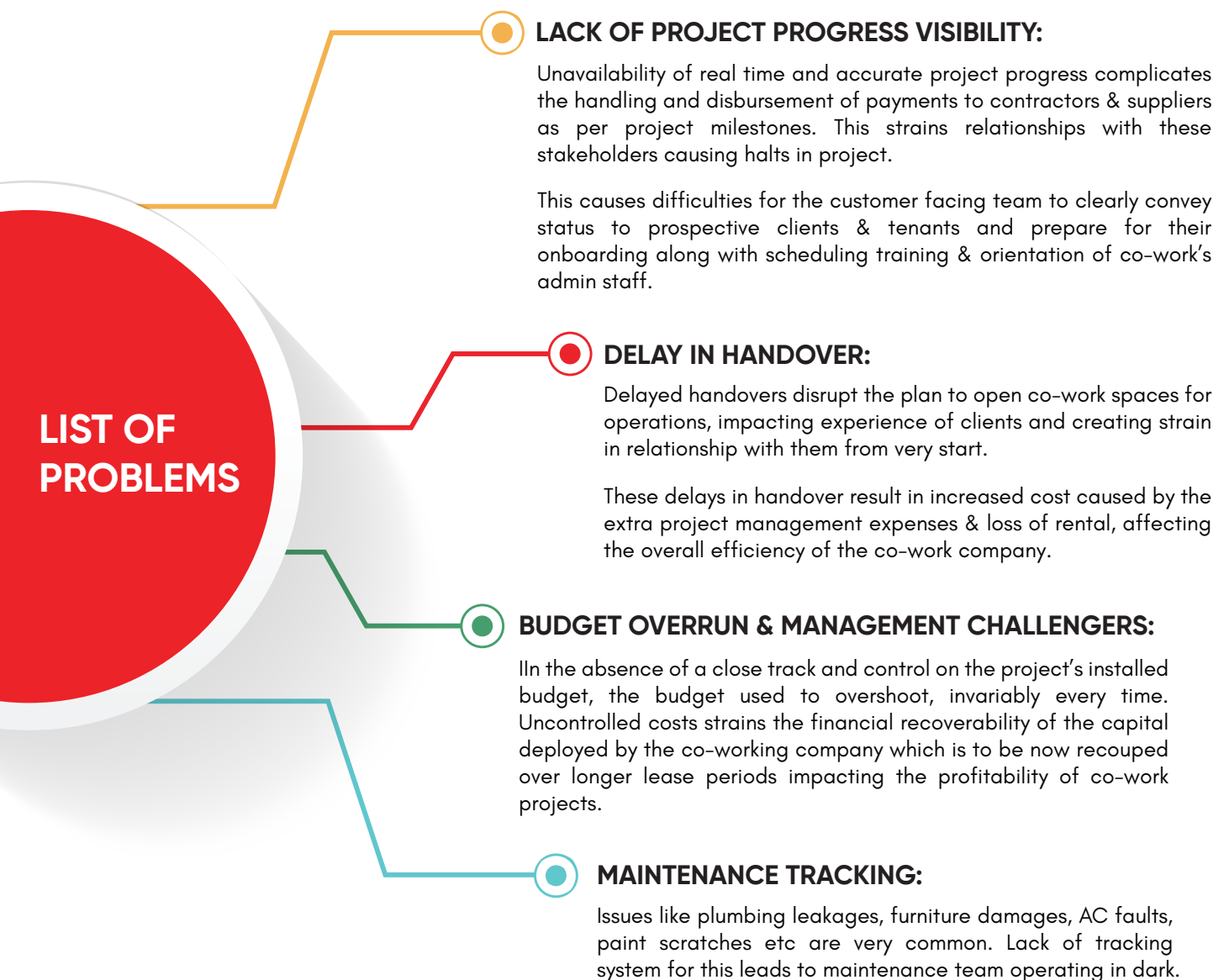- Other costs like compliance, insurance, and accounting.

DIVING INTO A CO-WORK'S CHALLENGES: A case study

Let's get into the case of one of our customers, a leading co-work operator in the country, which faced problems in its cost operations: specifically in fit-outs furnishing and managing the space.

> *The co-work operator has 35 properties across 14 cities with 2 Mn+ sqft. rolling stock. It offers managed office service as well as hybrid co-work spaces to its clients.*

35 PROPERTIES **14** CITIES **2** MILLION SQUARE FEET

While its business pipeline & projection has picked up after end of second wave of covid due to rising demand and strong marketing and business initiatives (cost operations), there are a lot of challenges that the company faced in rolling out new properties and on demand managed offices designed for its clients. Listing those problems out as discovered by our customer success team during the initial phase of problem understanding:

LIST OF PROBLEMS

LACK OF PROJECT PROGRESS VISIBILITY:

Unavailability of real time and accurate project progress complicates the handling and disbursement of payments to contractors & suppliers as per project milestones. This strains relationships with these stakeholders causing halts in project.

This causes difficulties for the customer facing team to clearly convey status to prospective clients & tenants and prepare for their onboarding along with scheduling training & orientation of co-work's admin staff.

DELAY IN HANDOVER:

Delayed handovers disrupt the plan to open co-work spaces for operations, impacting experience of clients and creating strain in relationship with them from very start.

These delays in handover result in increased cost caused by the extra project management expenses & loss of rental, affecting the overall efficiency of the co-work company.

BUDGET OVERRUN & MANAGEMENT CHALLENGERS:

IIn the absence of a close track and control on the project's installed budget, the budget used to overshoot, invariably every time. Uncontrolled costs strains the financial recoverability of the capital deployed by the co-working company which is to be now recouped over longer lease periods impacting the profitability of co-work projects.

MAINTENANCE TRACKING:

Issues like plumbing leakages, furniture damages, AC faults, paint scratches etc are very common. Lack of tracking system for this leads to maintenance team operating in dark.

SOLVING THE PROBLEM

Keeping the co-work operators' problems in mind, the customer success team of RDash implemented a set of solutions for the client and trained the team on those key features.

01 **ENHANCED PROJECT VISIBILITY:**

The platform offers comprehensive project visibility, showcasing each project's stage and associated deadlines. This empowers the leadership team to oversee site progress seamlessly from their office.

02 **EFFECTIVE COLLABRATION:**

The platform facilitates efficient collaboration among team members by providing contextual discussions on design changes, purchase orders, and runtime issues.

03 **DELAY TRACKER AND NOTIFICATIONS:**

Real-time site progress reports, coupled with delay trackers and alerts for all activities, enable timely intervention by relevant stakeholders, preventing significant deviations in timelines and budgets.

04 **FINANCIAL MANAGEMENT:**

The platform eliminates overspending and malpractices by accurately mapping all project overheads to specific cost centers, such as material cost, contractors' bills, travel, imprests, onsite purchases, etc. With automated approvals and documentation at each project stage, reconciliation and financial closures become streamlined, ensuring transparency for future reference.

After implementing the above solutions, the customer experienced the following results in project costs and performance:
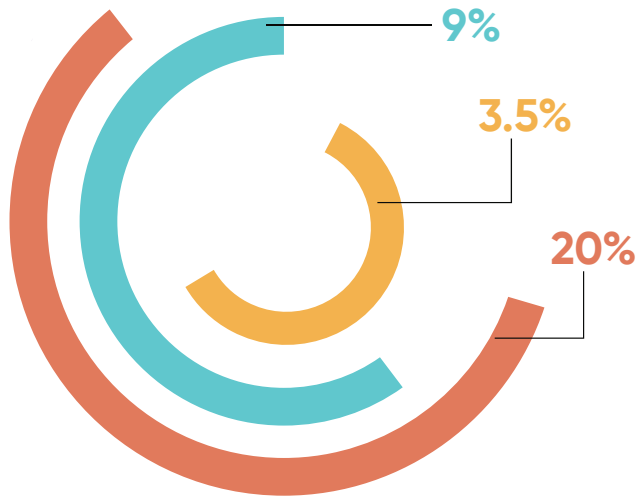
09% Reduction in overall Project Expenditure

3.5% – By means of improved Rate Contracts, 3% due to unnecessary manpower & Travel cost, 2.5 % Due to avoiding rework.

3.5% Additional Save

(which earlier went in dead rentals)

20% Faster execution

Average delay due to unplanned site issues reduced to 1.5 days, Drastic cut-down in Pre-construction & planning time, 60% of delay alerts attended by management and action taken.

The starting point of reducing cost is to recognise contributing costs under various cost heads for all projects, however small the cost head might seem. Then, deploy an engine that alerts these cost heads for each project level as well as the company level.

Unlike traditional project management ERPs, RDash made sure that as a project progressed, the costs got allocated under the right heads. Whenever the cost head's limit reaches, the system raises alerts and every penny gets accounted for. Moreover, with alerts on delays of milestones, the management could take timely action and bring the project activities back on track. This meant a real-time project control tower in the hands of management through which they could fastrack projects and keep a check on cost, at the same time.

SUMMARISING:

To establish a competitive advantage, co-work operators need to strategically bifurcate their operations into two core aspects - the "legs" focusing on cost operations and the "wings" centered around revenue operations. Demonstrating robust leadership in sales and employing innovative marketing practices are pivotal in expanding and strengthening the wings. Meanwhile, the legs represent activities that demand operational intensity, such as leasing operations, proficiency in executing fit-out projects, and efficiently managing the workspace. In crafting a long-term strategy, these enterprises must consistently endeavour to enhance their leg strength, fortifying their foundational capabilities to stay well-prepared for forthcoming market opportunities.

SUPERCHARGE YOUR
CONSTRUCTION & INTERIOR BUSINESS

R DASH