

How to mezzanine

Check your motivations

Before you start developing your idea and thinking about how to make it real, it's a good idea to clarify why you are doing it in the first place, what it is that is motivating you and what you want to achieve. Make sure you have some specific measures that you can use to judge whether you have been successful, and check that your key stakeholders agree.

Key lessons

We found this to be a critical step and with the benefit of hindsight, we realise that it would have been useful to have devoted more time to being specific about what we wanted to achieve when we started creating the Mezzanine. We knew that we wanted to create an affordable, friendly space for social and voluntary sector organisations and we also knew we wanted to encourage them to share their ideas and resources, and to work together as much as possible, but it's taken us a while to develop the measures for these goals.

Taking the time to clarify your motivation and the end result you are working towards doesn't have to be restrictive. Your goals will more than likely change over time but having a clear statement of the end result early on will give you a point of reference and focus when it appears that everything isn't running smoothly.

In clarifying your intentions, good questions to ask yourselves could be:

- **Are we doing this to make a return on our investment?**
- **Are we doing this to fulfil a need for office space in our local area?**
- **Are we doing this to promote interaction and networking in the social sector?**
- **Is this going to be a core part of our business or a departure, something new for us? If it's the latter – what resources do we need to make sure this happens?**
- **Are we doing this as a social (i.e. non-profit distributing), profit-distributing or a grant-maintained enterprise?**
- **How big do we really want to grow?**

Be really honest with yourselves when answering these questions, as this will allow you to stay focused throughout the confusing and busy early stages of growth. Use objective measures, such as profit margin, occupancy, type of tenants or number of joint projects undertaken wherever possible. Being able to measure your progress is crucial to being able to see whether you've achieved what you set out to achieve.

The second thing to do at this stage is to identify your key stakeholders (e.g. your bank, trustees, funding agencies, local authority and other partners) and find out why they are involved in this endeavour. You could do this by asking someone external to interview them or you could do it yourselves. Once you have this information, make sure there is sufficient commonality between why you're doing it and why they're doing it. Take the time at this stage to think through what the impact of any differences could be further on down the line and what you could do to mitigate them now.

Having a clear idea of everybody's expectations will allow you to understand what you need to be communicating to your key stakeholders to keep them happy. Ask yourselves what success would look like through their eyes and create some simple measures to use when you talk to them.



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And finally, a word of warning. Choose your partners carefully and don't have too many as it can become increasingly difficult to manage their interests and expectations as they grow in number. Wherever possible, build flexibility into any agreements you have with them so that if you do decide to part company further down the line, the business is not disrupted. For example, at the Mezzanine we wrote a clause into our leases that prevented tenants leaving in the first two years; this gave us financial stability and reassurance.

Further information

- Mastering Enterprise – Sue Birley, Dan Muzyka, published in 1997 by FT Prentice Hall is a useful guide to the realities of setting up in business. It is available from good book shops or on-line booksellers (e.g. <http://www.amazon.co.uk>)
- The Beermat Entrepreneur, by Mike Southon and Chris West, covers the issues every entrepreneur needs to consider in an easy to read manner. Published by Prentice Hall in 2002 it is available from good book shops or on-line booksellers.



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Explore your property options

Selecting the right property for your venture is important – not just in terms of economics, but also because location and layout of the premises are key to making your workplace desirable and building your reputation with your prospective tenants. Finding the right property will take time and effort so make sure you are clear about what it is that you are looking for.

Key lessons

Firstly, be aware that although property searching is one of the most exciting aspects of doing a mezzanine project, finding the **right** property can be frustrating, time-consuming, demoralising and expensive. It is a complicated area and we strongly advise you to take professional advice. Find a good commercial property agent who can do the searching for you.

Secondly, know what it is that you are looking for – and that means more than just knowing your budget. Invest some time and effort in finding out what your prospective tenants want in terms of location, size and facilities, and compare that to what they actually need. Your eventual choice will be the result of a trade-off between location, the building and the cost factors, so develop a list of 'must haves' and 'nice to haves' and then stick to them when you're out scouting for what's available.

Things to consider include;

- **Location** – think in terms not only proximity to public transport, but also the nature of the local community, relationships with the local authority and its attitude to social enterprises.
- **The building** – choosing the right building is as much a function of space and use requirements as it is location and cost factors. Start by defining your current and future needs as far as possible. The shape of the space as well as how it's arranged (e.g. the locations of toilets, kitchens, stairwells, corridors, fire escapes etc) can also have an enormous impact on how efficiently you can fit out and use the space.
- **Rates** – charities are usually rate exempt but you should check with your local authority as these charges can represent a major proportion of a tenant's occupation costs. Talk to a rating surveyor to see if there is a case for appealing against the assessment if there is one.
- **Service charges** – the buildings operating expenses, including management services, are passed on to tenants in the form of service charges and can be substantial (in London they are of the order of £5-9 per sq ft). You should look into the management of the building as carefully as you look at its physical structure.
- **Building survey** – before entering into a lease, commission a building survey to determine the condition of the building and identify any defects. This will be useful not only in deciding whether to take on a lease or not, but may also provide ammunition in negotiations.

When looking at property, be aware of the messages you want to give about your organisation. Workspaces usually reflect the style and personality of an organisation, just as domestic interiors do. For example, a trendy, open plan loft-type space or a factory conversion with bright colours and lots of light would say and do something completely different for your organisation than a purpose-built cellular office with blue carpets and magnolia walls.



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Think about how you want the office environment to impact on the people who work there. For example, if integration and networking is important to you, you will have to use your space so that those behaviours are encouraged – provide seating areas, a space where pretty much everyone can get together, points where people have to gather (water coolers, kitchens and photocopiers are good examples). Speak to designers or architects – they will give you ideas for how best to use the space, but make sure they are fully aware of your budget from the start.

Use your network of contacts to find potential properties. Consult your local commercial estate agents but also talk to other businesses and charities, as well as your local authority, to see what's available in terms of property and funding for acquiring or developing property.

When you're out looking at properties, be clear and up front with your agent (and yourself) about what you are looking for – in terms of size, price, accessibility, parking, location, style etc. Then STICK TO IT!

Further information

- London Office Guide, published by Office Report Limited but also available at <http://www.london-office-guide.co.uk>. Don't be put off if you're not in London - this guide has a wealth of information about what to consider when choosing a building, negotiating a tenancy and moving in.
- You may also find 'New Workplace, New Culture; Office Design as a Catalyst for Change' by Gavin Turner and Jeremy Myerson (Gower Publishing, 1998) interesting food for thought. The authors look at how office design can influence organisational culture and performance. It is available from good book shops or on-line booksellers.
- Royal Institute of British Architects, RIBA – for finding a local architect, getting ideas and finding out what to expect. <http://www.architecture.com>
- Royal Institution of Chartered Surveyors, RICS – for help in finding property surveyors and commercial property experts. <http://www.rics.org.uk>

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Plan your finances

It takes time and effort to get this right and always requires a number of goes before it really works. In CAN's experience it's usually the weakest area for social enterprises and we'd like to encourage you to do this thoroughly.

Key lessons

Developing an effective financial model means you have to have a sound understanding of the economic model of the business, i.e. what drives your revenues and where your costs come from.

At the Mezzanine, our tenants pay on a per-square-foot basis, which includes rent, rates, service charge (levied by our landlord), cleaning, recycling, telephone connections, repairs, maintenance, coffee/tea/water and the services of an office manager. The costs of telephone calls, photocopying and franking are passed on with a small mark-up.

There are a number of resources we have developed which may be useful to you at the initial stages of planning. The first is a set of decision filters that we found useful when assessing whether to take up an opportunity to replicate the Mezzanine. These are:

- **What is the maximum charge per desk that our market will bear?**
- **Can we make the business work by charging that rate?**
- **Is the demand there to guarantee near 100% occupancy?**
- **Can we get a property at a below-market rate?**
- **Does it stack up?**

The second resource is a list of some 'rules of thumb', which we use to check whether an opportunity is actually viable. We have prepared a spreadsheet, which is based on the Mezzanine figures and allows you to calculate the minimum you could charge your tenants based on the rent and service charge that you will be charged locally in your area. The spreadsheet is available for download from our website and it allows you to experiment with the figures, but going on the Mezzanine experience, you should allow;

- **90 sq ft per desk/workstation, which includes a generous amount of space for meeting rooms and circulation**
- **Set-up costs of £20 per sq ft**
- **An average occupancy rate of 85% over the year**
- **£5 per sq ft for management costs (rates, office manager, cleaning etc)**
- **A 10-20% mark up on costs charged to your tenants**

The final resource is a spreadsheet with which you can analyse in more detail what targets you should be hitting in order to be financially sustainable. It's a little more complex than the 'rules of thumb' and should be used when you have a clearer picture of the actual costs that will be involved. It allows you to look at how operating and set up costs, mark-ups, occupancy and length of lease affect whether this opportunity is going to break even and be a worthwhile investment in terms of financial return, i.e. would you be better off putting your money in the bank?



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Go through this step thoroughly, and involve your accountant or bank manager. We have seen many projects that promised to be self-sustaining, yet within a few years they are entirely dependent on grants. It is much easier to reduce charges later on rather than try to negotiate an increase because you set them too low at the beginning.

Further information

- The spreadsheets are available on the CAN website. <http://www.can-online.org.uk/publications/>
- Lloyds TSB has prepared a series of fact sheets as part of their service to small businesses. These are available for free , when registered on their website <http://www.success4business.com>



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Find your core employees

Understanding what makes up an organisational culture requires clarity around the roles played by key individuals. At the Mezzanine, we have identified three key roles that are championed by individuals and form fundamental drivers of our culture. These roles developed out of our desire to promote interaction between our tenants, but you may have other priorities, in which case you should think about the roles you would need to create to fulfil your goals.

Key lessons

We were clear from the beginning that we wanted an open, lively, sharing and supporting culture but weren't sure how to achieve that. In the early days, we started managing the Mezzanine intuitively and it is only more recently that we have been able to articulate more specifically what is actually happening and how it has contributed to our success.

The culture at the Mezzanine is generated through three key roles that are played by CAN staff and the Mezzanine Services Limited (MSL) office manager. These roles underpin interaction, which is one of the fundamental drivers of our culture:

Animator

The Animator is the manager and instigator of internal relationships. Currently Adele Blakebrough, one of CAN's co-founders and joint Executive Director, champions this role. The Animator's job is to spend time seeking internal opportunities for synergy and joint working. He or she has to be a classic 'networker' and be aware of tenants' strengths, weaknesses and future.

Tone Setter

The Tone Setter's role is to lead by example; to constantly demonstrate, articulate and reinforce the culture of the organisation, in other words to live and breathe the values of the organisation (for the Mezzanine these values are being supportive, collaborative, respectful, tolerant, ethical, pragmatic, humble, generous and compliant). At the Mezzanine both Adele and her co-founder and fellow Executive Director Andrew Mawson champion this role.

Enforcer

The job of the Enforcer(s) is to moderate or arbitrate between tenants and the organisation. We find it works best if there are two people sharing this function, taking on the classic good cop/bad cop roles. At the Mezzanine, this translates to a partnership between Adele again and the MSL office manager. These individuals have to be able to operate on both a formal and informal basis in order to make sure that the space runs smoothly and that no one is unhappy.

When operating together, these roles stimulate the culture and interaction that we wanted to generate. Your priorities may be different and you should think through what roles will drive the culture you are trying to create. You can then start interviewing and recruiting people with the right maturity, skills and experience to join your team.

You should also note that only one of these roles is a full-time position. Adele and Andrew both work for CAN and spend only a small proportion of their time performing these roles. Think about how you can engage your tenants (particularly the primary tenants) in working with you to generate your culture.



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Get early legal advice

Setting up the right legal structure for you at the very beginning will save you time, money and energy later on. It is crucial to make early contact with a lawyer who has experience of working with social enterprises and small businesses. It is also worth asking around to find someone who has good references and genuine expertise in this area.

Key lessons

In law, all businesses are either a person trading with personal responsibility for all liabilities and rights, a firm of partners sharing rights and liabilities or a company with a separate legal status from the people within it. Legal incorporation (i.e. becoming a company) can also take a variety of forms, most commonly as a Company limited by Shares or as a Company Limited by Guarantee.

The company documents that set out what you can and cannot do are the Memorandum of Association and the Articles of Association, and it is here that you must make sure that their wording supports your goals. As you are developing them with your lawyer, it's critical that you keep checking that what you are proposing is actually capable of delivering the outcomes you want.

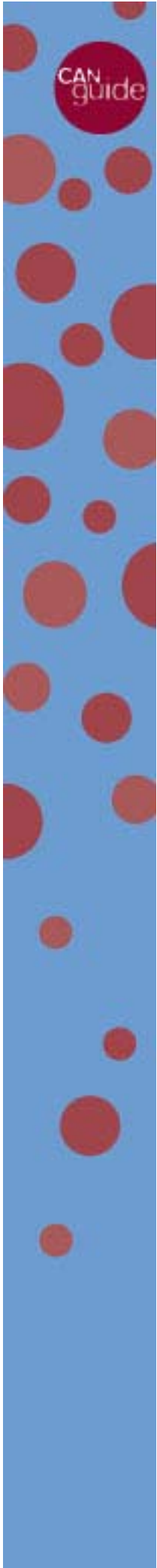
If you are doing something new or extending your activities, you may want to consider the following questions;

- **Can I do it under the existing memorandum and articles of association or do I have to change them and set up a new body?**
- **What will happen if the business becomes really successful? Will the legal and governance arrangements still be suitable?**
- **What happens if it does not succeed? Will it bring down my existing venture and should I ring-fence it in a separate legal entity?**

CAN knew that it didn't want to take on sole responsibility for the Mezzanine and that a better solution would be for all the tenants to be equally liable. As a result, we set up Mezzanine Services Ltd (MSL) to manage the operation of the Mezzanine. MSL is a Company Limited by Guarantee and therefore a membership organisation with all the tenants named as jointly liable members. Three of its five Directors are from CAN and the other two come from other member organisations. MSL has one employee, our full-time Business Manager, who takes care of day-to-day operations. In the interests of running things smoothly, our Articles of Association give only the five directors of MSL voting rights. All Members meet twice a year to discuss and propose any major management issues whereas Directors meet annually to formally agree them.

Overall, our structure works very well for us. By having all our tenants jointly responsible, everyone has an incentive to make sure that all accounts are settled and that everyone behaves. As a result, administering the Mezzanine takes minimal time.

We need to emphasise here that this is a structure that was appropriate for us and it may not suit everyone. You must explore with your lawyers what the right legal structure for you might be – and be aware that it is highly unlikely to be the one you first thought of! A good lawyer always asks to be involved early on to make sure that your structure is appropriate and workable, not a 'bolt on'.



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Further information

- The No Nonsense Guide to Government Rules and Regulations for Setting Your Business Up – an excellent general introduction from the DTI about the range of Government and legal issues.
<http://www.dti.gov.uk>
- Business Link is also a key source of basic information for anyone setting up and managing businesses.
<http://www.businesslink.org>
- Social Enterprise London has information about setting up and funding social enterprises.
<http://www.sel.org.uk>



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Write a business plan

Think of your business plan as a tool rather than a hurdle or obstacle that has to be negotiated. There are at least five different reasons for writing a business plan;

- To help you understand an opportunity and what it will take to exploit it.
- To recruit prospective partners and senior colleagues.
- To monitor progress and keep you on track after start up.
- To rejuvenate and re-focus an existing business.
- To raise finance from investors.

Think about what you want your business plan to do for you.

Key lessons

There are a number of templates and models that you can use to give your business plan a structure and these are available from various small business support services and resources.

One of the most common reasons for writing a business plan is to raise finance, so what we think it is useful is to share with you the basic questions that your business plan should answer in order to sell your idea to potential investors:

1. *Where is your business now?*
Start off by providing an engaging snapshot of where you've got to and underpin it with a compelling statement of who's involved – the team's track record, experience and commitment.
2. *What is your service?*
Describe it succinctly and set out:
 - **How it comes out of a real market opportunity**
 - **The benefits your customers will derive from using it**
 - **How those benefits can be quantified**
 - **The distinctive advantages of your product**It's essential to establish from the very beginning of the plan the link between the market opportunity and your service. It's easy at this stage to be so close to the service that you cannot describe it clearly and assume that the benefits to the customer are self evident – they may only be obvious to you alone.
3. *What is your market?*
Paint a clear picture of your customers, their number and location and how the market might be changing. Look at how others are already making money in this market; who are your competitors, both direct and indirect? Think about how you'll compete, how you will price your service and how you will keep your customers happy once you have them. Beware of using market data that is unsupported by factual or first hand evidence, and avoid under-pricing.
4. *How will you reach your market?*
Every new venture has to build a bridge to its market: how is your bridge constructed? You'll need to define your strategy in regard to marketing, promotion and selling.



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5. *Who will you be competing against?*
Think about what you can see already: who's out there providing accommodation services to the organisations you want to have as customers; how are they selling; how do they price their services? Then think about how each of these factors might change in the future and what might cause that. Many business plans falter at this point by suggesting that a concept is so unique it has no competition and assuming that today's competitors will be tomorrow's.
6. *How will your service be produced?*
This is the operational part of the Business Plan and should set out what's involved in delivering the service. Think about the resources (labour, facilities, materials) and the timing and amount of capital expenditure you will require. Don't give too much detail at this stage or assume that the reader is as fascinated with the screening, moving in or housekeeping processes as you are.
7. *Who are the people?*
This is the question most investors start with. Focus on any directly relevant experience, accomplishments and track record (both individually and as a team), the quality of your contacts and the nature of the commitment you have all made. Don't be afraid to identify any key gaps in your management team and describe what you are doing to fill them.
8. *What are your financial projections?*
This part of the plan should focus on the core assumptions behind the financial model and the key financial indicators (projected cash flows, cash requirements, profit and loss and balance sheet). Take some time to think through what could happen if everything went wrong (and conversely, what if everything went right). Business plans often come off the rails at this point with too many spreadsheets, too much data and too long devoted to the financials. Focus on articulating each core assumption, validating it and demonstrating how it contributes to your success.
9. *How much money do you need?*
Your summary financial projections will show how much investment you need and what you need it for. Private investors will be interested in how they will get their money back so you should outline the timelines and target times to break even, generate positive cash flows and profit.
10. *What are the risks?*
There are risks inherent in starting all businesses and your aim in the Business Plan should be to identify and minimise as many of them as possible. List all risks that are relevant to key aspects of your service; market, service, technology, management team. Identify which ones are critical and work out what you can do to manage them. Keep working on this until you are left with a clear summary of the core risks; those that present the greatest threat but where you can do least to mitigate them.

The process of writing a business plan will be easier if you start writing as soon as possible, identify the gaps and keep writing and filling the gaps as you go along. Focus on understanding the economic model of the business before you start producing financial projections. And finally, get others to read what you've done.

Further information

Business Links, the national business advice service, has lots of information on its website – <http://www.businesslink.org> - about setting up and running a small business.



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Design the workspace

Ideally, you should have developed a good understanding of your tenants' needs, as well as the nature of the culture you want to create, before you started looking for a suitable building. It is the design of the workspace that determines whether these requirements get fulfilled as the workplace environment can have a huge effect on morale. Work closely with your designer or architect to ensure that these softer issues are dealt with effectively as they are subtle and can be costly and time consuming to rectify at a later date.

Be aware that any internal work has to comply with Building Regulations, so even if you have been awarded planning permission, make contact with and involve your Building Inspector at the earliest possible stage.

Key lessons

The success of the Mezzanine was in a large part due to the radical nature of the idea: providing attractive, flexible, affordable, stylish and friendly offices for a sector that historically had not had access to something like this at prices they could afford.

This was an attitudinal shift that had a huge influence on the way we designed the physical interior of the Mezzanine, the way we developed our processes and indeed the way we now communicate what we are about.

In designing the space, we started by identifying the various levels of need that it had to fulfil for our tenants and us. These could be grouped into three categories;

- **A functional need for serviced, affordable, quality, office accommodation in the right location**
- **A financial need to be self sustaining and not grant dependent, and to save its occupants' money**
- **An emotional need for a safe and mutually-supportive environment where tenants could devote scarce resources to fulfilling their purpose rather than dealing with the mundane administrative details of managing leases, landlords or suppliers.**

This gave us the beginnings of a design brief for our architects, who worked with us to design the interior. We already knew we were not going to have a formal administrative structure and so the traditional office layout (i.e. individual offices that act as symbols of power, segregation of the rest of the staff and corridors that inhibit communication) that often characterises such organisations would also not be right for us. We wanted an office environment that would promote, support and sustain a collaborative, vibrant, self-regulating, open and generous culture, and one that could be created within our budget. These prerequisites led us to an open plan approach that gave us a non-territorial workplace and encouraged interaction.

The key elements of our design specification were as follows:

- **Shared facilities, conference room, kitchen, meeting rooms**
- **No reception**
- **One entrance**
- **Event friendly layout and facilities**
- **Neutral aesthetic**
- **Quality detailing**



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- **Flexible / adjustable layout**
- **Separate IT facilities but an integrated infrastructure**

Much of the internal separation between organisations is done through furniture such as filing cabinets. Although we decided not to provide furniture for our tenants we do encourage them to use certain suppliers (namely IKEA and Greenworks, a supplier of quality, recycled office furniture that is also a social enterprise and one of our tenants). We also check new tenants' furniture to make sure it is in keeping with the style of the space.

Developing the design and making it happen effectively and without too many traumas requires good project management skills. The process starts with a consultation with your architect or interior designer to talk through any analysis that has been done on the needs you have identified, develop concept design proposals and create an overall design direction. At the end of this stage you will have an early picture of the quality of the environment, including furniture and partition layouts, presentation panels indicating finishes, initial concepts for specialist areas such as meeting rooms or kitchens, and preliminary budgets. You will be able to assess and approve the ideas and enable the detailed design to progress.

The detailed design stage is where your architect or designer creates drawings and plans to further illustrate the proposals and form the basis for contractors to carry out the work. He or she may also carry out detailed studies for furniture, signage and furnishings. Take the time to check you are happy with everything at this stage as from this point on, things move quickly.

After the contractors have been engaged to do the work, your architect or designer should work with the construction manager to check the detailed plan and ensure that it can be done within the time and budget available. The fit out process is always fast so that buildings are ready for occupation as soon after lease commencement as possible, so specifications for the contractors must be detailed and comprehensive as mistakes or omissions can be expensive to rectify.

Further information

- Greenworks, suppliers of high quality, recycled office furniture. <http://www.green-work.co.uk/>
- Royal Institute of British Architects, RIBA – for finding a local architect, getting ideas and finding out what to expect. <http://www.architecture.com>
- Royal Institution of Chartered Surveyors, RICS – for help in finding property surveyors and commercial property experts. <http://www.rics.org.uk>
- Find out more about Building Regulations in 'Understanding Building Regulations' by Simon Polley (published by Spon publishing). Available from specialist book shops or on-line book sellers Try <http://www.amazon.co.uk/>



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Meet your legal obligations

The legal obligations of commercial entities are often surrounded by complex language. Don't be put off as the underlying principles and issues are relatively simple. Take the time to get to grips with what you are required to do, where you may be exposing yourself to risk and what you can do to mitigate against it.

This document outlines the basics and gives you pointers for where you can find out more, but it is not intended to be a substitute for professional legal advice based on your particular circumstances.

Key lessons

Corporation Tax

All businesses are liable for corporation tax, however, if you have charitable status and the services you provide fall within your charitable objectives then you should not be liable for corporation tax. MSL managed to reduce its tax bill (perfectly legitimately!) through the way it was set up; as a company limited by guarantee owned by its members, the majority of the profits (such as they were) are deemed to be mutual and therefore not taxable. If you are unclear, talk to the Inland Revenue and your accountants.

Income Tax

Generally, you deduct tax at source for your employees but there are exceptions in cases where you use contractors from the IT sector or in the construction industry. Check with the Inland Revenue, as non-operation of PAYE is an offence.
<http://www.inlandrevenue.gov.uk/>

VAT

Keeping meticulous VAT records is crucial as Customs and Excise powers are draconian and retrospective. The key issue here is whether you or your landlord has opted to tax. If you are unclear as to the VAT-able status of your building or your business, then seek professional advice, as it is not worth falling foul of Customs and Excise. If you are charging VAT on your services, then you should be able to reclaim VAT on your purchases. Complications can arise if you are receiving grants to provide services as well as charging for them commercially. In this instance you may not be able to reclaim VAT and you should talk to Customs and Excise as early as possible. The good news is that in general they are approachable and are as keen as you to sort out something straightforward and sensible. This doesn't mean that VAT accounting has to be a huge headache as most modern accounting packages can, if set up properly, produce comprehensive VAT returns very simply at the touch of a button.

Business Rates

You will be liable for business rates payable on your property from the moment you become legally responsible for it, regardless of whether your tenants have moved in or not. Business Rates are charged by local authorities who generally do not hesitate chasing up any non-payment through the courts. If you can successfully demonstrate to your local authority that the services you are providing are charitable (whether or not you are actually a charity), you should be able to reclaim mandatory rates relief. At the Mezzanine, we were able to successfully argue that our operations are charitable which gave us an 80% relief, and then we successfully applied for a further 20% discretionary relief on the grounds that we were providing a service of benefit to Lambeth. In addition, gaining these reliefs took about 6 months to secure during which we had to carry on paying full rates, together with taking up a lot of staff time with the associated costs. Make no unreasonable assumptions about gaining the relief and build it into your cash flows until it has been secured.



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Health & Safety

It is your obligation in Law to ensure the safety of premises, equipment and the working environment for your employees and self-employed contractors. This extends to homes if these people work from home. You are also required to carry out a risk assessment, which must be written down if you employ more than four people. A key source of information on these issues is the Health & Safety Executive. <http://www.hse.gov.uk>

Employment contracts

If you expect to employ a person for more than a month, then you must have a written statement, which sets out the conditions of their employment. Details can be obtained from the Employment Relations Directorate's part of the DTI website: <http://www.dti.gov.uk/er/>

National Minimum Wage – get further information from the Tailored Interactive Guide on Employment Rights. <http://www.tiger.gov.uk>

Statutory Sick Pay - applies after 4 days. Find out more from the Inland Revenue website. <http://www.inlandrevenue.gov.uk/employers>

Flexible Working

If the employee has children less than 6 years of age or disabled children under 18 and has worked for you continuously for 26 weeks you must consider their request for flexible working. Leaflet PL520 from the DTI gives you more details, or visit <http://www.dti.gov.uk/workingparents>

Pensions

A stakeholder pension must be offered to staff if you employ more than 5 people. You are not required to make contributions but must deduct contributions if asked to by your staff. Exemptions apply if they earn less than the lower National Insurance Earnings Limit, if you offer an occupational scheme open to all or if you pay a contribution of at least 3% of basic pay to a personal pension. Contact the Occupational Pensions Authority or the Pension Service for more details. <http://www.thepensionsservice.gov.uk>

Accessibility

The Disability Discrimination Act 1995 has significant obligations, particularly if you are providing a service and the Disability Rights Commission publishes a booklet (DLE9) for businesses that will give you more information. <http://www.disability.gov.uk/>

Insurance

As an employer, you must have Employers Liability Insurance to cover claims for accidents or sickness your employees may suffer as a result of working for you. The minimum cover is £5m and the certificate must be displayed at the place of work. Have a look at the Health and Safety Executive website for more details: <http://www.hse.org.uk>.

You may also want to consider taking out additional insurance for:

- Product liability – if you are making or distributing a product.
- Professional indemnity - if you are providing consultancy or professional guidance.
- Third party damage – if you are working (or expect to be working) on somebody else's premises.
- Critical incident cover – e.g. rain for a major outside event, or medical cover for a vital staff member in the event of illness.



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We advise you to seek advice from a specialist insurance broker, especially if you are undertaking any risky activities such as food preparation, or are operating outside the UK where different product liability laws may apply.

Data Protection

If you hold personal details or information on paper or in electronic form you must comply with the Data Protection Act and may need to notify the Information Commissioner. You are exempt from notification only if you process personal data for 'core business processes' such as payroll or personnel systems. More information can be obtained from the Information Commissioner, <http://www.dpr.gov.uk>

Intellectual property

There are two classes of intellectual property;

- Registerable IP, which can be protected by law, and
- Un-registerable IP, or know-how.

Patents, trademarks and registered designs are all registerable and are granted by the Patent Office. <http://www.patent.gov.uk/>

Copyright is registerable IP, but there is no registration system in the UK. It is automatically assigned to the creator of the work and it is up to him or her to decide how it can be used and enforced. Copyright can be bought, sold and licensed and it has a finite lifespan. If you are involved in creating work, be careful to make sure who owns the copyright when using contractors for creative work such as photography, editorial, or graphic or web design.

Further information

- A key reference work for employment law is *Introduction to Employment Law* by Robert Upex (Croner CCH Group, ISBN 1854520636)
- Business Link – <http://www.businesslink.org> - the national business advice service website has a section that gives a comprehensive overview of relevant regulations.



How to mezzanine

Negotiate and manage leases and contracts

Negotiating and then managing leases and contracts is an important part of making the Mezzanine work. Make sure that you have covered all the bases in your contracts and set up a simple but effective system to manage them from day one. Also train your staff in maintaining it.

Key lessons

Property leases

Make sure that you are able to pass any obligations and restrictions that your landlord or the local authority imposes in your lease, on to your tenants. Examples might be increased insurance premiums or compliance with additional building or fire regulations. At the Mezzanine, MSL chose to accept some liabilities rather than pass them on but you should be clear about where and why you are doing this. Get a copy of your proposed lease early as possible and use a property professional or lawyer to work with you in checking its terms allow you to do what you intend to do. We discovered rather late in the day that our lease did not allow us to sub-let and we were able to get around this by setting ourselves up as a company limited by guarantee, with the organisations occupying the space as members of the company. Adopting this structure had a number of additional benefits;

- **We enhanced the sense of ownership of the space.**
- **It helps our negotiations around Business Rates.**
- **We reduced our liability to Corporation Tax.**
- **It enables the members, should they wish, to carry out other business activities jointly e.g. joint marketing of services or running of projects.**

Statutory obligations

For the construction phase of the project, ensure you are clear about what is involved in complying with statutory requirements (Health & Safety, Building and Fire Regulations etc) so that you are sure you can budget to cover the work! Work with your architect or interior designer to make sure that all of your obligations have been considered and dealt with. Make early contact with your local authority and talk to the Building Regulations people as well as the Fire Inspectors as it is critical that you keep them on side during the construction and fit out process.

Suppliers

You will be dealing with a variety of suppliers who could be involved in installing, setting up and maintaining IT, voice and data networks, cleaning, providing filtered water, franking supplies, recycling, refreshments, stationery, photocopier and legal services. When choosing any supplier, be led by personal recommendation and then check them out for yourselves and get references if appropriate. Make sure they are affiliated with the appropriate professional bodies. It is important also to shop around and compare products and prices. At this stage, consider what your tenants would want, e.g. will they want fair-trade coffee and sugar, recycled paper or suppliers who are themselves social ventures?



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Once you have chosen whom to appoint, always have a contract that sets out what you both expect. Suppliers who provide a service usually have their own standard contracts and if they don't, get suspicious! Always make sure there is a way for you to terminate the contract and never assume they know as much about running your business as you do; always explain your structure to them.

Make sure that you are always on top of what your suppliers are doing so that if there are any questions or complaints from your tenants, you can deal with them swiftly and effectively. It's also worthwhile regularly soliciting feedback from your tenants on how they perceive suppliers' performance; not only does it give tenants a sense of involvement but it also allows you to spot any problems early.

Don't be afraid to change the terms of any contract if they don't work for you; don't be afraid to ask questions about anything you don't understand, and don't be afraid to negotiate better terms. Be clear and stand firm on timekeeping. If you are working on a project with a supplier, set a timeline and make it clear what the consequences will be of not meeting deadlines.

Leases

When you are filling the space, ask your lawyer to draft a standard lease agreement and have an electronic version that you can send to new tenants together with a map that shows their exact area. To get an idea of what it might look like, you can download a copy of ours from this website but bear in mind that there are things we wish we'd added; for example, clauses about maintaining tidiness in the space and moving around within the space to make the best use of it. However you word your lease agreements, make sure they make clear what you are responsible for and what your tenants' responsibilities are.

Finally, make sure that you have a proper record of all contracts – your auditors will ask for them. This includes contracts with all your tenants, suppliers, landlord and funders. Make sure the contracts are between the relevant parties (particularly important if you are sub-leasing space) and that they are signed by the people with the relevant authority to sign them; again, this is something your auditors will pick up and it may cost you time, money and energy to put right.

Further information

A copy of our standard lease for tenants can be downloaded from the CAN website.
<http://www.can-online.org.uk/publications/>



How to mezzanine

Set up financial systems

Sound financial management will be critical to the long-term success of your mezzanine. Start with setting up robust systems and develop the discipline to use and maintain them from then on.

Key learning

There are two systems that you will have to set up as soon as you start trading.

The first is a system to deal with external parties, namely your bank. This will have to follow the legal structure you have created for your enterprise, which will dictate who the signatories are.

You will also have to set up an internal structure to deal with payments from tenants and to suppliers. Our advice is to invest in a robust accounting IT package (e.g. Sage) and a person who knows how to use it from day one as this will save you time and stress as the organisation grows. It is a good idea to do this with the advice of your accountant, to ensure you are both working with the same software and can therefore exchange accounting information easily. Strongly consider employing a dedicated finance manager as well as a part-time bookkeeper.

Take care over the timings of the inflows and outflows of funds to maximise cash flow. One tip is to make sure that the credit terms you give your tenants are lower than your external credit terms (e.g. tenants have 10 days to pay their invoices while you have 30 days to pay yours to your suppliers). Make sure that these terms are written in to the membership or tenancy contracts and make the consequences of not complying with them clear from the very beginning (e.g. for every 30 days your account is outstanding we will charge you 2% over base rate). At the Mezzanine, if one member doesn't pay on time it impacts everyone.

Develop a relationship with your external suppliers and make sure they understand how your business operates. At the Mezzanine, our suppliers see our role as collecting money from our tenants on their behalf and this has often allowed us to negotiate some leeway with them.

We would also strongly recommend that you join the Direct Debit procedure at your bank to allow you to debit your tenants' accounts directly, both for rent (quarterly) and payment for facilities (monthly) otherwise you will spend precious time and money chasing invoices. The bank will charge you for Direct Debits but we cannot emphasise enough how good an investment this is.

Finally, get yourselves VAT registered and make sure that you keep meticulous records to show Customs and Excise.

Further information

- HM Customs and Excise - <http://www.hmce.gov.uk/>
- Sage provides accounting packages to many businesses worldwide. <http://www.sage.co.uk/>
- Lloyds TSB has prepared a series of fact sheets as part of their service to small businesses. These are available for free (although you will have to register) on their website. <http://www.success4business.com/>



How to mezzanine

Filling the space and keeping it full

Filling the space quickly and keeping it full will always be high on your list of priorities. At the Mezzanine we have not found it hard to do this as we have developed a good reputation very quickly. As a result, we are able to rely on word of mouth advertising to make sure we get quality tenants with whom we can develop long lasting relationships.

Key lessons

In many ways, it is your first tenants who are the most important ones. They are the first to demonstrate commitment to your project and should act as a draw to others. We value our first tenants very highly as they have helped to set the tone of the space internally as well as establish its credibility to the outside world.

Marketing of the Mezzanine to subsequent tenants was, and still is, done exclusively through personal recommendation through our networks. This gives us some reassurance that we share common values and goals. Further, the membership structure of MSL means that our tenants don't recommend fellow tenants lightly and our reputation means that the threat of being blackballed by us is a powerful weapon (which, we hasten to add, we have never used!).

We get numerous phone calls from prospective tenants who want to be put on our waiting list. The first stage in the screening process for people going on to the waiting list is a series of questions we ask to make sure that the basics are in place;

- **Are you a social enterprise, not-for-profit or a charity? (This is an important factor.)**
- **How did you hear about it? (We prefer word of mouth.)**
- **Do you want an open plan office space? (If the answer is no, the Mezzanine is not for them!)**
- **How many people are you? (We don't want any one tenant to dominate so we have a practical limit of about 20 people.)**
- **What's your timescale?**
- **Do you have any privacy or security requirements?**

We then ask people to come and have a look to see if the Mezzanine is what they are really looking for. If they are still interested, we put them on a waiting list which we update every six months or so.

We don't operate any break clauses in the Deeds. Our tenants at the Mezzanine sign up for the full period of the lease (up to 2004) and they are liable for the rent for that whole period – even if they move out (unless we find someone to replace them). They must also give us a three-month deposit when they move in and two months' notice if they want to move out. In this way we keep our income secure, at least in the medium term, and minimise 'churn' and disruption.

MSL doesn't provide any furniture at the Mezzanine but we do check new tenants' furniture before they move in to make sure it fits with the look and feel of the space. Most of our tenants end up buying their furniture from IKEA or a high quality, recycled furniture supplier, such as Greenworks.



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Keep reviewing the service

Reviewing your impact on a regular basis is essential to managing your enterprise effectively today and making plans for the future. Early on you should set up a framework for assessing the impact of your enterprise and then set up a system to review your performance on a regular basis.

Key lessons

There is no universal way of assessing and reporting the impact of an enterprise on the environment and communities in which it operates; the process has to be customised to be appropriate for every organisation's goals and purpose. A common approach used in the corporate sector is known as the Balanced Scorecard, based on the Harvard Business School model, which seeks to integrate all aspects of a business in the strategic planning process. Much has been written about this in the business press. It is only more recently that workable social accounting and auditing techniques have been developed for the social economy sectors.

These are generally more 'user friendly' than the Balanced Scorecard approach and should, in our opinion, be adopted as a matter of good practice and organisational hygiene. Social accounting allows organisations to honestly and openly monitor, evaluate and report their performance to all stakeholders. This is particularly critical for social enterprises where stakeholders are often customers buying into specific social outcomes. The process of social auditing requires a degree of discipline. It can allow organisations to manage themselves more professionally and represent themselves with greater confidence.

There is much literature on the subject of social accounting for the social economy sector, so we will cover only the basics here. There are six basic principles of social accounting that should be borne in mind throughout the process. These are that it is:

- **Multiperspective.** Ensuring that all voices of the key stakeholders are heard.
- **Comprehensive.** Ensuring that the social accounts report on all aspects of an organisations work, not just certain parts.
- **Regular.** Preparing accounts on a regular basis (e.g. annually) and embedding the process in the organisations processes and systems.
- **Comparative.** Ensuring that like is compared with like, year-on-year, allowing performance to be compared to appropriate benchmarks and allowing stakeholders to compare and choose between organisations.
- **Verified.** Ensuring that social accounts are independently checked and approved.
- **Disclosed.** Ensuring that the findings are reported to stakeholders.

The basic process of social accounting starts with stating the values and objectives of an organisation and creating a framework that fills in the gaps left by the regular reporting structures (for example, financial accounts). The next stage is to then identify and map out the key stakeholders and understand the nature of the impacts that they will be concerned with. Once these limits are set and you have defined the boundaries of where the impacts of your organisation will be felt, the next stage is agreeing how you will measure these impacts.

You will have to clarify who does the measuring, how it's done and how frequently. You may also have to allocate resources (time, people and money) to carrying this out. Once your framework is set up and responsibilities allocated, you can start the process



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of measuring, collecting and analysing data and interpreting the results and reviewing your strategy and operations in the light of what is emerging. The final stage of the social accounting process is the presentation and verification of your social accounts by an independent auditor or audit panel, and any actions that come out of that.

Although this may sound like a daunting prospect for a small organisation, it does not have to be particularly onerous. It's advisable to start with a simple process and then add complexity as it becomes embedded in your way of doing things. Prepare by giving yourself the time to assess the time and energy that it will require and make sure that the people who are going to be involved are thoroughly briefed and have bought in to the process.

Further information

- A supplement on social accounting has been published by Social Enterprise magazine, which is part-owned by CAN. The supplement, written in partnership with Cat's Pyjamas and the DTI Social Enterprise Unit, can be downloaded from the magazine's website. <http://www.socialenterprisemag.co.uk>
- Further information on social accounting is available on the Community Business Scotland Network website. <http://www.cbs-network.org.uk>
- Institute of Social and Ethical Accountability (AccountAbility) has created a standard for social and ethical accounting known as AA1000. It can be downloaded from their website. They also provide training in social auditing. <http://www.accountability.org.uk>
- Cat's Pyjamas provide training in social auditing.
- <http://www.the-cats-pyjamas.com>
- The Global Reporting Initiative provides a set of indicators on environmental, economic and social effects of business from which you can draw inspiration. <http://www.globalreporting.org>



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Manage conflicts

Managing any conflicts or disputes that arise will be the priority of your 'Enforcer' (see the section entitled 'Find your core employees') and it is critical that he/she is prepared and equipped to do this. We minimised the potential for conflicts through our membership structure, which means that it is in everybody's interests to make sure that any difficulties are resolved quickly and easily. We also have a clear and effective channel of communication for resolving those minor conflicts and disputes.

Key lessons

The key to minimising the potential for conflicts in a shared workspace such as the Mezzanine is encouraging a collective responsibility, rather than having one person (probably the Enforcer) imposing their view of the appropriate etiquette. We've found that there are several key practices we've adopted that help us to do this;

- **We set out the values that we will operate by at the first meeting with the potential tenant.**
- **We reinforce the message regularly through emails and in conversations with tenants.**
- **We regularly solicit feedback on how the Mezzanine is being run in order to flush out concerns before they become serious complaints.**

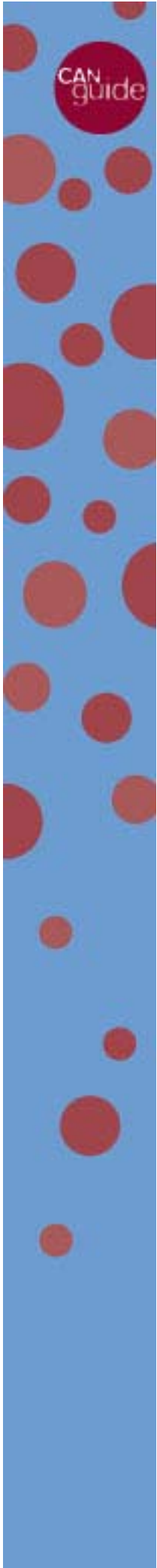
One thing we could have done was to create a 'Handbook' for tenants, which sets out the basics of how the space is organised and run, although we suspect that talking people through it is probably still the best option. The advantage of a written document would be that it would be easy to have this on-line to allow for easy updating and dissemination to existing and new tenants.

We've also found, through experience, that there has to be one point of contact through which conflicts and disputes are channelled; in our case this is the MSL office manager who is also our Enforcer. If she is unable to resolve the dispute, she speaks to the MSL Directors. The requirement for the person you choose to act as this point of contact means that he/she will have to have the skills and experience to be able to deal with conflict in a constructive way. When assessing candidates for this position, our advice would be to look for evidence of these general qualities:

- **Not taking disputes personally.**
- **Being committed to resolving them.**
- **Being open and empathetic.**
- **Being sensitive and a good listener.**
- **Being able to build respect at all levels of seniority.**

In our experience, most disputes and conflicts can be resolved at this level. However, more serious conflicts (such as a member ceasing trading) are handled at Director level.

A common area where conflicts arise is over money, specifically non-payment of rent. In the social sector, this is a commonly faced problem and one that has to be dealt with sympathetically and with flexibility. One suggestion would be for your mezzanine to have an arrangement with a loan fund or investment trust to help tenants out, rather than subsidising them through your own cash flow.



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Further information

- The Community Development Finance Association, the trade association for CDFI's, which are sustainable, independent financial institutions that provide capital and support to enable individuals or organisations to develop and create wealth in disadvantaged communities or under-served markets. <http://www.cdfa.org.uk/>
- The Charity Bank is a not-for-profit bank whose sole business is providing affordable finance for charitable work. <http://www.charitybank.org/>



How to mezzanine

Enforce housekeeping

Effective housekeeping is a critical part of running a successful mezzanine. It encompasses dealing with suppliers, landlords, local authorities and tenants and requires the person or people responsible to be organised, thorough and proactive.

Key lessons

It takes time to figure out the housekeeping systems; allow yourselves a minimum of six months to get everything working smoothly and for systems to become embedded. The early phases will probably require more time to set up and refine housekeeping processes, so assess the resources you will require and build them into your budgets if necessary.

Typical housekeeping duties at the Mezzanine include:

- **Making sure supplies are stocked up (tea, coffee, milk, toner, paper, stationery, franking labels etc).**
- **Reading meters and account balances.**
- **Liaising with the landlord's building manager.**
- **Checking the standard of cleaning.**
- **Creating and maintaining documents such as the office directory.**
- **Resolving problems with the telephone, IT and communications systems.**

It's easy to fall into the trap of striving to provide a gold plated service in the early days. Beware. Be careful to manage your tenants' expectations; you have to balance the desire to please them and provide a good service with the amount of time this takes and the amount of money it costs. What they can afford to pay for their space sets the budgets and any requests have to be looked at in this context. You will have to develop a sense of what the limits are through trial and error.

Maintaining tidiness is a big area of responsibility for the housekeeping team. Decide at an early stage what level of collective responsibility you want to achieve and don't assume that people will treat the space as they do their homes. Having said this, you can't be over-sensitive to what your tenants are doing in the areas they have paid for. We suggest that you make sure you get a written commitment to maintain tidiness in the general space (from CAN's experience, a verbal agreement isn't enough) and be prepared to enforce it.



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Create an IT strategy

When you create your strategy for organising voice and data systems, the key rule is to think as a business. Offer a flexible package that people can buy into at levels that suit them, rather than allow every one to do their own thing. This will make administration and management of the system much easier than if you have a number of separate systems that have to be patched together. Find a reliable IT specialist who can help you to understand and plan for your tenants' needs, and put in as much flexibility and expandability as you can afford from the start.

Key lessons

Define what you are providing

Think about how you are going to describe the package to your tenants. What level of service will they get, what will they have to provide and how are you going to charge? One of the trickiest things to get right is planning the costs of running and maintaining the system and charging enough on an ongoing basis to cover these costs. Make sure that you charge a surcharge (which can be anything up to 20%) on top of what you are charged for telephone and internet connection to give you a pot of money from which you can pay for maintenance, repairs and upgrades.

Define the physical requirements and constraints

You will require a dedicated room for housing the racks on which the IT and telephone equipment sits. Make sure that your IT contractors and architects talk to each other as early as possible so that you allow enough room for current and future needs. We've also found that tenants like the idea of having the option of housing their IT equipment in a secure space rather than out in the open on the Mezzanine. You could use this to promote your service to new tenants.

Ideally, the communications room should also be air-conditioned. At the Mezzanine we've had problems with our systems overheating and we now wish we had spent the £2,000 or so to install AC at the beginning rather than facing a significantly higher bill later on. At the very least, ensure that the room is well-ventilated and preferably on an outside wall so that you have the option of installing air conditioning later on.

Understand the time scales

Allow yourselves a bare minimum of two months to get the connections, cabling and systems in and tested before you are ready to move in. It will take you at least six weeks to get telephones put in and a further 10 to 14 days to set up internet links. This doesn't include the time it will take to design the system and get relevant permissions and agreements in place.

Charging

Make it clear to your tenants how you will be charging for access to and use of your voice and data networks and where your system ends and theirs begin. At the Mezzanine, MSL pays for anything from the phone/data point to the server (the patch cables), whereas the tenant pays for everything from the phone/data point to the desk (the attachment cables). We have also learnt through experience that we need to charge up to 20% over the costs for the phone lines to cover the expense of maintaining and upgrading our systems.



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We would strongly recommend employing someone (preferably the company who installed it) to manage the voice and data network and prepare the billing documentation. Be aware that BT is not well equipped to deal with 'departments' on a mid-price system. Another advantage of employing someone to manage the system is that the maintenance and retainer charges can be included on your tenants' bills and they also handle all queries, repairs and changes to users and extensions. This is particularly useful when people move about.

Telephone network

When designing your telephone network one of your most important initial considerations will be the expansion plans (or even the expansion potential) of your tenant organisations. You must build in the capacity to cater for this from day one. For telephone lines, a rough rule of thumb is to provide one telephone line for every four users if there are more than 20 users; otherwise, you need to provide one line for every three users. This is based on the assumption of normal use (i.e. not everyone using the phone at the same time). If you are going to be operating a call centre facility at any point, you will have to use a higher ratio. Whatever you do, make sure you split the telephone lines over at least two cables, to allow for backup (one cable will take up to 30 lines).

When choosing and installing a telephone system, think carefully about the size of the system you need. At the Mezzanine we have 38 telephone lines for 120 people, which is actually too many (as originally we thought we'd have more call-centre oriented work than we actually do). Consider also whether you will need voicemail and a capability to divert to mobile or home.

There are a number of billing options that are easiest to set up from day one as it becomes very complicated to change them later on. The first is if your tenants require any special services (e.g. an 0845 or 0800 number); in these cases we strongly recommend that you arrange that they take this on themselves and are billed directly for it by your service provider, otherwise you will have to go through the laborious task of sorting through the phone bills to see who owes what. We would also urge you to opt for a consolidated bill from the beginning, again to avoid tedious and time-consuming reconciliation of charges.

Data networks and email

The first thing you need to resolve here is whether you are going to allow separate networks or insist on a shared Local Area Network (LAN). At the Mezzanine, the majority of our tenants are on a shared LAN although a few operate separately. We also have one tenant on a wireless network, which is not expensive but does require some planning in terms of setting up access points. We would recommend that you encourage your tenants to use a shared LAN as this makes management of the network easier for you.

The next task is to resolve security issues. Although we leave the setting up of firewalls (a piece of software that only allows known and trusted traffic into your network) and 'anti-virus' protection up to individual tenants, we do operate a firewall between our system in our building and the outside. You could also consider issuing guidance on this subject to steer your tenants in a direction that works for both of you.

When setting up the internet connection, we would recommend that you go for a common connection, preferably a leased line. At the Mezzanine we allowed our tenants to put in their own lines and as none of them could afford a fast connection individually, we all have slower (and collectively, more expensive) connections than we would have had we pooled together and gone for a leased line.

You will also have to consider whether you want static or dynamic IP (Internet Protocol) addresses, depending on whether or not you are going to be hosting your own email, file transfer protocol (ftp) or web sites on the servers physically located within your space.



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Cabling and power supplies

One of the most critical things to get right is the distribution and location of connection and power points, since mistakes or omissions are expensive to rectify later on. Allow at least 50% over capacity in the space to provide flexibility in arranging the furniture, partitions etc. You will need at least three phone outlets per person (one phone, one computer, one spare) and allow for access to power every three metres. Bear in mind that every desk could reasonably want to plug in up to five pieces of equipment (e.g. PC, monitor, phone charger, desk light, printer) so make sure you have the capacity to do this.

Consider also putting in power and network access points in your meeting rooms to allow for flexibility and running of presentations, conference calls etc.

If you don't have the luxury of a raised floor in your space, you may also have to consider Health & Safety regulations and check that your cables are not causing a hazard.

Power back-up

We decided to put in an independent power back up for when the mains electricity fails for our phone systems but not our internet and computer networks, as this was not seen as critical. Given how reliant we have now become on access to our PCs, when we replicate the Mezzanine we will now put it in!

Maintenance

You have to allocate clear responsibility for the shared IT equipment to someone who has the skills and competency to do whatever is required. This could be an employee of your mezzanine but is more likely to be an external contractor who can also deal with your tenants' requirements.

Facilities and operational concerns

With the complexity and importance of the phone and IT systems, it's critical that you have an office manager who acts as a focal point for any problems, issues or concerns. You will also have to develop (and maintain) a relationship with your landlord's building services manager as you will have to liaise with them at times when you need their support to allow you to work on the system (e.g. turning the power off).

Notes