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Q & A: Gates Gets Real About Serviced Office Industry

Carrie Gates is a bold woman—and one who understands the challenges the office business center industry faces today.

Gates, vice president of sales and marketing for Barrister Executive Suites, a business center operator in Southern California, and former president of the Office Business Center Association International, is a true leader in the executive office suites industry. She not only cares about the success of her company. She also cares about the success of her competitors.

aBetterOffice.com caught up with Gates to learn more about how she views the challenges facing the business center industry today, as well as impactful trends she sees. If you didn't read part one of Gates' interview, be sure to go back and check it out. And stay tuned for part 3 tomorrow.

What do you see as the biggest challenges in the business center industry today?

It's our lack of unity and a weak financial position.

As a relatively new industry, it's imperative to our success that our stakeholders understand who we are. This is accomplished by communicating a clear, concise and consistent message. The lack thereof leaves our stakeholders confused about our industry. We cannot expect them to recognize who we are and see our benefits if we lack the ability as an industry to communicate cohesively. We will not truly evolve until we can agree on things such as whether we are "executive suites," "serviced offices" or "OBCs."

What's the biggest threat to our industry?

The biggest threat to our industry is inadequate financial resources. Like any business, it's difficult to compete if you don't have adequate capital to support business innovation and growth. The timing in the market is favorable for us, and workplace trends are moving in a favorable direction for our business model.

Our clients' needs are evolving at a much more accelerated pace than we anticipated. We need to deploy new technology and develop new products and services at a faster pace if we expect to maintain our edge—basically speaking, we need to evolve at a faster pace in order to remain relevant to the needs of our clients and maintain our advantage over other alternatives. As an industry, we lack the cash reserves to do that—so it's a risky and difficult position to be in. I think it's no surprise that we've seen so much consolidation in the last decade—and I predict that will continue. We live in an era where it is harder and harder for the little guy to compete.

If you look at the composition of our demographics, we are comprised of primarily small privately held, individually-operated companies.

The majority of our owners are baby boomers nearing retirement, many of whom have suffered a huge depreciation in their personal wealth and asset valuation as result of the financial crisis, and who typically rely on personal lines of credit and small business loans to manage their cash flow.

Tightening capital markets and lending practices have made it much harder to access the cash they need in order to manage the ebb and flow of business and maintain their operation effectively. It would be great to see some of our industry's vendors invest in some of the research and development on our behalf, and even obtain business grants and other forms of cash relief to help ease that burden.

Where do OBCAI industry surveys come into play in this equation?

The Industry Survey plays a key part in our ability to overcome this obstacle. I encourage everyone to participate, regardless of membership status. The trend data provided by the survey provides important insight into our industry. That data will not only drive marketing and PR, it also has a big impact on our ability to obtain funding from potential lenders. Federal grants agencies, private investors, and venture capitalists all want more data on our industry before making an investment decision. Historically, we have very weak participation, which negatively impacts our growth and ability to compete. This is something that I feel passionate about.

I give kudos to John Jordan for boosting our participation on the last two surveys. I hope that we will continue with that trend and continue to have more participation in years to come, so that we can all reap the benefits. As I said before: unity and teamwork produces results, we need everyone's participation to be successful.

What current trends do you see in the business center industries that are making an impact?

The virtual office market and e-commerce services are growing exponentially and I think it's fantastic. I think what many OBCs are doing to expand their platform and marketing is an example of business innovation and creativity at it's finest. It's a prime example of how we can all use technology advancements and the Internet to increase our market share, add new revenue with minimal overhead expense, and provide better service to the consumer.

The expansion we've seen in the virtual office market not only provides better service to the consumer by offering greater accessibility and easier use through Web-based services, it allows us to capture more revenue by harnessing more potential from some of our existing infrastructure.

It's so great to see how members like Davinci, and OBCAI Past President Lori Speiss are evolving with the times and paving the way for the rest of us. We live in a mobile world. Today, a client can have a Beverly Hills virtual office, book a conference room in Minneapolis, while using their credit card to pay for their service at any time of day. Well done guys!

Be sure to come back tomorrow for the conclusion of Gates' interview.