

The rise of the virtual office

by Chris Calnan

When people call Web development company Live Oak 360 Inc. looking for the CEO, the first employee to answer is usually in Leander. The call would probably be transferred to the CEO's assistant in Cedar Park, who could connect the caller to CEO Andy Meadows, who could be just about anywhere.

The 12-person company has operated with a virtual office since October 2009, when it was having trouble finding an ideal office location as its previous lease was running out. Founded in 2002, many of Live Oak 360's workers often worked remotely anyway, so Meadows decided to make operations remote full time. Seven months later, he doesn't plan to go back to a conventional office arrangement because money once used to lease a physical space is now spent on more important things like developing products.

"It's really helped us as a company to do things that we likely wouldn't have been able to do otherwise," he said.

Virtual offices are not new, especially for one- or two-person service providers. But technology is enabling larger small and medium-sized businesses, such as Live Oak 360, to shed their physical confines. As a result, companies can combine a scaled-down version of the traditional model with tech tools to create a hybrid that may not be totally virtual but still cuts costs.

For example, Localiter LLC, an Austin-based company that operates a group-buying website, keeps an office at the Texas Coworking space on Sixth Street as a place for meetings and a mailing address. But co-founder Kristina Garza spends most of her time out visiting clients and potential customers. She only visits the Coworking location a couple times a week, especially when it's important to let clients see the person behind the website.

Sometimes, a coffee shop just isn't suitable to discuss confidential business, Garza said.

"There's definitely value in having a more formal setting when you're talking shop," she said. "The Coworking space is something that gives us that legitimacy."

It also provides a benefit not available to someone working solo in a home office. Garza said working among a bevy of businesses enables her to tap into a network that provides her with tips on everything from finding a good accountant to the best place to hold a business lunch.

In March, Addison-based Regus released a survey of 11,000 corporations in 15 countries that found that 59 percent of those surveyed said "working fewer days in the office" and setting up shop at home or in remote workplaces would make a positive impact on retaining staff. The average commute time for those surveyed was 22.6 minutes. About 19.3 percent of those surveyed have to spend 30 minutes to an hour on the road. In addition, it takes about 5.4 percent of those surveyed one to two hours to get to work, Regus reported.

About 16 percent of the respondents said they considered leaving a job in the last year because of longer commute times.

In Austin, another office option for cost-cutting businesses is the Conjoined house, a co-working space that opened in a renovated house on East Seventh Street in August 2008.

During its formation, Conjoined pooled money from its four co-founders and members. It also used the traditional barter system to get the office painted in exchange for a membership.

The Conjoined office — equipped with desks, tables and a galley kitchen — serves members who pay a \$250 monthly fee to have access to a quiet workspace.

Conjoined founder David Walker said the house is now operating at capacity with 26 members. About 65 percent of them are technology companies, but he said the concentration of tech companies should settle at about 50 percent within six months.

Conjoined has given local businesspeople a reasonable middle ground between working cheaply from a home office and spending scarce capital on leasing an office. Also, working beside other businesses is less distracting and less lonely for most members, Walker said.

The approach has proven to be so successful that one of the four founders, John Erik Metcalf, is now setting up a similar venture in China.

Still, for single proprietorships, working at home is a viable alternative that has gotten easier because of Web-based tools such as voice-over-Internet protocol and online banking. About 85 to 90 percent of the members of the International Virtual Assistants Association are one-person companies, association President Jeannine Clontz said.

During the last 12 years, operating from a home office has become more acceptable.

Association member Candy Beauchamp, founder of Austin-based OffAssist, agrees. The bookkeeping company, which Beauchamp started in 2002, operates with seven subcontractors.

Instead of working from a kitchen table, she recommends that virtual office workers always establish a room that can be closed off when the work is completed at home. The practice is important because it enables the proprietor to keep structured hours that don't bleed into personal time.

The only major drawback to operating remotely is periodic difficulty contacting a client. Otherwise, there's little difference in the geographical location, Beauchamp said.

"With my clients, it doesn't matter where we're located," she said. "I always tell them I do anything but bring them coffee."