**SPACE MODIFICATION MANAGEMENT**   
  
**Department:** BDM   
 **SOP ID:** BDM-2025-01

### **1. OBJECTIVE**

To establish a standardized procedure for managing space modifications at Novel Office, ensuring consistent handling of expansion, downsizing, and movement requests while maintaining client satisfaction, efficient space utilization, and revenue protection.

### **2. SCOPE**

This SOP applies to:

* **Facility Management Team** responsible for implementing space modifications.
* **Business Development Managers (BDMs)** for communicating with clients and ensuring proper follow-up on requests.
* **Team Leads (TLs)** for evaluating feasibility and approving modifications.
* **Projects Team** for technical feasibility checks regarding layout adjustments.
* **Layout Team** for Layout management of the modifications

### **3. DEFINITIONS**

* **Space Modification**: Any changes made to the current office space occupied by a client, including expansion, downsizing, or movement of seats.
* **Lock-in Period**: A period during which a client is committed to staying in the space as per the agreement.
* **Carpet Area Realization (CAR)**: The effective use of available space, ensuring that smaller spaces are optimized for maximum revenue generation.
* **Expansion**: Increasing the space rented by the client during the contract period.
* **Downsize**: Reducing the space rented by the client, either temporarily or permanently.
* **Movement**: Changing the client's seating location within the building occurring due to downsizing or expansion.
* **CCF (Client Change Form)**: A form used to capture and confirm all space modifications with the client. It just mentions space modification; the clauses remain the same as mentioned in the service agreement.

### **4. ROLES AND RESPONSIBILITIES**

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| **Role** | **Responsibility** |
| **Facility Management Team** | Implement space modifications (downsizing, expansion, or movement) as per the approved plan. |
| **BDM Team** | Communicate with clients, collect requirements, prepare proposals, and manage client approval for modifications. |
| **Team Lead (TL)** | Evaluate feasibility, layout impact, and CAR, approve space modifications, and ensure alignment with business goals. |
| **Projects Team** | Conduct internal feasibility checks and provide technical insights into layout adjustments. |
| **Layout Team** | Come up with a feasible layout plan for the client according to their requirement |
| **Client Relationship (CR) Team** | Act as the primary contact for the client, gather their concerns, and inform the BDM team about the space modification request. |

### **5. PROCEDURE**

#### **A. Downsizing Process**

1. **Check Lock-in Period:**
   1. If the client is within the lock-in period, downsizing is not allowed.
   2. If post-lock-in, assess whether the downsizing is required.
2. **Freezing:**
   1. Offer to freeze rentals on unused seats for up to 3 months, with the client remaining in the same cabin but paying less.
3. **Downsizing:**
   1. Evaluate whether the client can stay in the same cabin and restrict access to extra space.
   2. If necessary, move the client to a smaller cabin in another area to optimize the space.
4. **Feasibility Assessment by TL:**
   1. Assess the impact on layout and Carpet Area Realization (CAR) before confirming the downsizing plan.

#### **B. Expansion Process**

1. **Space Availability:**
   1. Expansion requests are honored if sufficient space is available.
2. **Pricing for Expansion:**
   1. No per-seat price increment is applied for expanded seats for a year unless specified for negotiation purposes (e.g., free parking).
3. **Client Movement:**
   1. Clients are not moved unless absolutely required, with movement options available on the same floor, on a different floor, or even another building if permitted by the client.

#### **C. Movement Process**

1. **Movement Criteria:**
   1. Movement may occur during downsizing or expansion, especially if internal restructuring is not feasible (e.g., downsizing from 20 to 5 seats in a fixed cabin).
2. **Feasibility Assessment by TL:**
   1. TL evaluates the impact on layout optimization and the retention of larger inventory pockets.
3. **Impact on Seating:**
   1. Movement may cause seat loss (e.g., from 100-seat cabin to 80+14 due to added walls). Layout optimization is critical to avoid unnecessary loss of space.
   2. In case during the movement, if the space is not ready a temporary layout can be provided to the clients.   
      Refer to the SOP attached below to under Temporary movement better: [Temporary Space Policy SOP](https://novelteam.sharepoint.com/:w:/r/sites/Noveloffice/Shared%20Documents/Operations/MR/BDM/To%20be%20Reviewed/Temporary%20Space%20Policy%20SOP.docx?d=wa3363de433f94a67a2d9e15740d55cd7&csf=1&web=1&e=zLeHzF)

#### **D. Client Communication and Approval**

1. **Client Concern Handling:**
   1. The client shares concerns with the CR team either over a call or via email.
   2. CR informs the BDM, who conducts an internal review, checking for dependencies, eligibility for modification, and feasibility with the projects team.
2. **Internal Review Checklist:**
   1. Lock-in period or commitment clauses.
   2. Minimum seat requirement, layout feasibility, and post-3-month stay eligibility.
3. **Final Approval:**
   1. Once feasibility is determined, the BDM seeks approval from TL and management if necessary
   2. Management approval is mandatory in the following cases:  
      - Large/Important clients   
      - The modification affects pricing  
      - It results in revenue loss  
      - It deviates from standard policy
4. **Layout Implementation:**
   1. The layout team implements the approved changes based on the new configuration.
5. **Proposal and CCF Generation:**
   1. Once the pricing is confirmed and the proposal is ready, a CCF is generated and confirmed with the client. Any changes requested are incorporated.
6. **ERP Update:**
   1. The BDM updates the ERP system with the finalized changes, ensuring accurate records of the modified space and pricing.

### **6. CAR Impact and Pricing Adjustments**

1. **CAR Maintenance:**
   1. Any downsizing or reconfiguration must maintain or improve Carpet Area Realization (CAR).
   2. Smaller cabins are harder to optimize, and hence, they are priced higher to account for reduced CAR efficiency.
2. **Price Adjustments for Downsizing:**
   1. If downsizing results in smaller space, new pricing must reflect the reduced efficiency. For example, downsizing from a 100-seater to a 50-seater cabin will require a price increase to protect CAR and revenue.
   2. BDMs must justify new rates based on space efficiency and not just business sympathy.

### **7. Annual/Composite Increment Handling**

1. **Composite Increment Calculation:**
   1. If seats are expanded in mid-term (e.g., 10 seats in January, 5 more in June), all seats are proportionally adjusted for future increments to align with the anniversary date.
2. **Justification to Clients:**
   1. This method avoids staggered cash outflows and simplifies accounting, ensuring the process remains revenue-neutral over time.

### **8. KEY PERFORMANCE INDICATORS (KPIs)**

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| **Process Area** | **Target** |
| **Response Time** | Within 2 business days for space modification requests |
| **Client Satisfaction** | 95% or higher based on post-modification feedback |
| **CAR Maintenance** | Maintain or improve CAR after any downsizing or reconfiguration |

### **9. EXCEPTIONS**

1. Client Requests Beyond Contractual Terms

* **Scenario:** A client requests a space modification (downsizing or expansion) that exceeds their contractual terms or violates the agreed-upon lock-in period or commitment clauses.
* **Exception Process:** These types of requests should be reviewed by **Management** on a case-by-case basis. The **BDM Team** must negotiate with the client for potential new terms, including revising the contract or offering temporary solutions.
* **Pricing Adjustment:** Special pricing considerations might be needed, especially if the request leads to a substantial deviation from the original agreement.

2. **Conflict Between Client Needs and Space Availability**

* **Scenario:** A client requests a modification (expansion or downsizing) but the required space is not available, or the internal layout does not support the change.
* **Exception Process:** The **Facility Management Team** and **BDM Team** must jointly negotiate a solution, which could include a temporary move or an alternative option (e.g., offering a different space that aligns with the client’s needs or temporarily moving the client to a different location).
* **Pricing Adjustment:** If a temporary move or alternative space is offered, the pricing should be adjusted to reflect the short-term nature or suitability of the new location.

3. **Emergency Client Relocation Due to Building Issues**

* **Scenario:** A sudden issue arises in the building, such as a malfunctioning HVAC system or plumbing issues, which makes a client’s current space uninhabitable.
* **Exception Process:** The **Facility Management** team must quickly arrange an emergency relocation for the affected client. In such cases, space modifications for movement would be immediate, and the regular review steps could be bypassed to meet the urgent need.
* **Pricing Adjustment:** Pricing adjustments may be necessary if the client is moved to a new space temporarily, especially if the new space is less desirable or requires further adjustments.

4. **Temporary Modifications Due to Client Request for Expansion in Short-Term**

* **Scenario:** A client requests temporary space expansion, with a possibility of returning to the original setup after a few months.
* **Exception Process:** A **temporary space** can be offered with short-term pricing adjustments to accommodate the client's needs. The **Layout Team** should plan for flexible space usage during the temporary expansion.
* **Pricing Adjustment:** Temporary pricing for expansion can be adjusted to ensure that it is fair while also protecting revenue.

5. **Expansion Requires Neighboring Company to Move**

* **Scenario:** A client requests an expansion, but the only available adjacent space is currently occupied by a neighboring company. In this case, the expansion for the requesting client can only occur if the neighboring company agrees to move.
* **Exception Process:**
  + The **BDM Team** will initiate discussions with the neighboring company to request their relocation, explaining the need for space for expansion. The **Facility Management Team** will work with both the requesting client and the neighboring company to explore options for moving.
  + **Incentives/Benefits for Neighboring Company:** To encourage the neighboring company to move, incentives such as discounted rent, improved office layout, or additional services (e.g., free parking, extended lease terms, or customized office design) should be offered. These incentives must be reviewed and approved by **Management** before presenting them to the neighboring company.
* **Pricing Adjustment:**
* The neighboring company's new space may come with a revised pricing structure based on the new lease agreement and any offered incentives. The **BDM Team** will need to work out the financial details, ensuring that the relocation is financially beneficial for both the neighboring company and Novel Office.
* The **BDM Team** must also ensure that any incentives offered to the neighboring company do not compromise the overall profitability of the expansion for the requesting client.

### **10. TOOLS USED**

* **ERP System:** For updating and tracking space modifications.
* **CCF (Client Change Form):** For documenting and confirming space modification requests with clients.
* **Layout Planning Tools:** For assessing feasibility and impact on layout.

### **11. ESCALATION PATH AND TROUBLESHOOTING**

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| **Issue / Exception** | **First Contact** | **Escalation Level 1** | **Escalation Level 2** |
| **Modification Delays** | BDM Team | Facility TL | Head of Facility Management |
| **CAR Impact Concerns** | TL | BDM Manager | Management |
| **Client Disputes** | CR Team | BDM | BDM Manager |

### **12. REVIEW AND REVISION HISTORY**

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| --- | --- | --- | --- | --- |
| **Version** | **Date** | **Description** | **Author** | **Approved By** |
| 1.0 | 2025-07-02 | Initial creation of SOP | Khushi Kaushik | Head of Facility Management |