

Place

Chapter 15

Unit 4

Performance Objectives:

You will read and answer questions about the importance of choosing a good business location. You will use a checklist to evaluate several business locations. You will choose a business location and defend your decision. You will investigate all zoning and local ordinances and laws pertaining to your new business.

Evaluation Criteria:

Successful completion of this chapter requires you to:

- ❖ Read an article about business location.
- ❖ Evaluate business locations using the Location Evaluation Worksheet.
- ❖ Answer questions pertaining to your choice of business location.
- ❖ Read information about zoning laws.

Task 1: Location, Location, Location

Read the section below.

There is a saying that goes something like: the three most important factors in business success are location, location, location. This is truer than you might realize. In fact, poor location is generally listed as a main reason for the failure of small business. Think about it...you could have the greatest product in the world, you could have a beautiful logo and slogan, BUT, if people cannot find your storefront or it's too difficult to find a place to park, you won't get many customers.

There are many things to consider when looking at various locations. **Price** should not be the only factor. Nor should it be the main factor. Many businesses have gone under because they rented a cheap location, only to find out a few months later the reason the rent was so cheap: poor business location. Remember, if the rent is really low or seems too good to be true, it probably is.

The first thing to think about is your **type of business**:

- A manufacturing business owner is most concerned with a large space, low cost, and access to transit routes.
- A retail business owner needs a storefront in a busy location with easy customer access.
- A service business owner has to consider how they will distribute their services, so they are most concerned with low cost space and proximity to their customers.

The next point to consider is your **image**. If you want to set up an exclusive hand-made bridal gown boutique, you may want to think twice before renting the shop in the strip mall between the discount dollar store and the video rental store. Ask yourself these questions:

- How do you want your customers to perceive you and your business?
- Where do your customers shop?
- Where is your competition located?

Of course there are the basic things to consider such as **crime rate, parking, labor force, local rate of pay**, etc. These are topics which will take some research on your part. But the work you do in advance will pay off later. Denying the importance of carefully selecting a location can cost you your business.

One good piece of advice is to ask real estate agents for help. Banks can be another source of advice. In fact, your choice of location may influence your ability to get a loan. Talk to other business owners, too.

Location Evaluation Worksheet

| | | | | |
|--|-------------------------------------|------|------|-----------|
| Name of business | | | | |
| Address | | | | |
| Type of product or service | | | | |
| Description of building | Stories | 1 | 2 | More |
| | Number of windows facing street | many | some | none |
| | Physical appeal of building | good | fair | poor |
| | Landscaping | good | fair | poor |
| List neighboring businesses | | | | |
| Location in relation to target market | Draws customers from ____ miles | | | |
| Customer access | Street access | easy | | difficult |
| | Traffic lights at crosswalk: | yes | | no |
| | Mass transit stop _____ blocks away | | | |
| Supplier access | Access for deliveries | easy | | difficult |
| | Loading dock | yes | | no |
| Parking | At least _____ spaces in front | | | |
| | Metered parking: | yes | | no |
| | Lot on site | yes | | no |
| | Public or private lot nearby | yes | | no |
| Immediate area | Quality of single family homes | high | good | poor |
| | Quality of rentals | high | good | poor |
| | Quality of businesses | high | good | poor |
| Problem areas to watch out for | Litter/debris | yes | | no |
| | Vacant lots | yes | | no |
| | Graffiti/vandalism | yes | | no |
| | Abandoned cars/buildings | yes | | no |
| | Construction/detours | yes | | no |
| | Flood danger/past damage | yes | | no |
| Local labor force | High school | yes | | no |
| | Temp agency | yes | | no |
| | Community college | yes | | no |
| | Technical school | yes | | no |
| | University | yes | | no |
| | Employment Service | yes | | no |

Task 3: Zoning and Ordinance Laws

Read the information below.

Zoning is the way that governments control:

- What types of structures can be built in certain locations.
- How the land can be used.

The major zoning classifications are:

- Residential
- Commercial
- Industrial
- Agricultural

These classifications are broken down into smaller sets which dictate more specifically how the land is to be used. For example, a commercial zone may be divided into areas that permit shopping centers or warehouses.

How does this affect you? As a potential or existing business owner you need to be aware of the zoning laws in your community. For example, did you know that zoning laws in some communities prohibit home-based businesses? Other localities may charge a license fee to run a business out of your home. Some zoning laws specify what types of signs you can use or how many employees you can hire.

Since zoning laws vary so much from one community to another, it's best to check with the local authorities, your business counselor, and an attorney before setting up shop.

Notes: