

What makes a location great?

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I am looking to purchase a franchise but am concerned that all of the great locations for my new business will have already been taken. I have a few questions:

1. What makes a location great?
2. How do I find a great location?
3. Once I find it, how do I negotiate a lease that is fair?
4. How do I go about building out the location?

You've asked some of the most important questions for getting your new business off to a right start. To give your questions justice, we are going to spend the next few months focusing on site selection and development.

Let's start with the basics. No matter what you have heard, and what you have read, the three things that you need to be successful in business are not Location - Location - Location. While for some businesses, having a great location is important, it is the combination of having the right location, a great product or service that consumers want to buy, superb customer service, a marketing message that is supported by your brand, consistency in delivery, and the right price that make businesses successful. Without great operations and a focus on the consumer, having the best location in the world, will not make you successful.

Think we are exaggerating? You're looking for a site for your new business. On your way home from work you pass by an intersection that has a new retail center under construction. It's a guarantee that the center will have extremely high traffic as it is down the road from the major regional mall, directly off of the major highways and is easily accessed from the local streets. Every car in the neighborhood has to pass that spot at least once every day. Two major retail anchors – a regional grocer and drug store - have already signed leases and when you met with the landlord, you found that except for that one space, the center is totally leased by nationally branded retailers and restaurants. The one space left is 4,000 square feet and it is located on the end cap ensuring that whoever gets that space will have the best visibility in the entire center. Best news yet, if you want it, the space is yours. Location – Location – Location – goes through your mind. You're guaranteed success- aren't you? If you're a retailer or a restaurant, that site might be perfect – if you can afford it. But if you're in the carpet cleaning business or the pest control business - the site will likely be a disaster. Picking the right location depends on the type of business you are in.

Selecting a site for your business requires you to have knowledge of what locations are right and possibly more important what locations are wrong for your business. That's called the site criteria and providing you with site criteria is one area that makes becoming a franchisee worth every penny your future franchisor will charge you. Well-established franchisors have

experience, not only in different markets but also in locations that vary in size, surroundings and customer draws. Strong and competent franchisors will be able to give you not only the site criteria but will be able to provide you with training and other assistance in finding your site. The ability of a franchisor to provide this kind of assistance is one of the principal areas we recommend you look at when making your franchise selection.

There are no stock definitions of a great site because every business requires different types of locations. If your customers will be coming to your place of business then visibility and ease of accessibility should be foremost on your mind. However, if you are in a service business that goes to a customer's home or place of business then highways, a place to park your vehicles and warehouse space may be most important. You need to consider what your location will do for you. You also will need to determine how much location you can afford. If your business plan calls for space that is \$13.00 per square foot and the available space is \$26.00 per square foot, will the more expensive space bring in enough additional customers to justify the price? If it doesn't, how long will it be before you no longer can afford the rent? If you need 2,000 square feet, but get a bargain price for 4,000 square foot, is bigger better? Maybe not, at 2,000 square feet your business will look busy. At 4,000 square feet it may look empty – and less appealing. Those are just some of the basics. But there are other criteria for you to consider.

- Population density – How many people or businesses are in your trading area? Are they the right background, age, family size, family income for your type of business? Companies like CACI – www.infods.com - can provide you with demographic reports telling you who lives and works around your location.
- Traffic generators: It is always beneficial, if you're expecting customers to come to your location, that other businesses help you draw customers. Traffic generators such as malls, office complexes, schools or hospitals may bring you the right traffic. Anchors like grocery stores, drug stores and department stores may also bring you the traffic you need. If your business is a women's hair salon and your center has several women's clothing stores - that may be a perfect situation. But, if your next-door neighbor is a mattress store or the motor vehicle department – both locations that people visit infrequently, will they bring you the additional traffic, on a regular basis?
- Traffic count and accessibility: How much traffic, both by car and by foot pass by your location? Traffic counts aren't enough though. If the traffic is going 60 miles per hour and can't get into your center, then having a high traffic count won't be very helpful. If foot traffic is high during the day, but your business needs an evening clientele, than noontime foot traffic isn't going to benefit you. You need to determine not only that traffic exists, but also that it is accessible and available when you need it.
- Competition: Some businesses – like quick service restaurants – often do better in areas in which other quick service restaurants are established. However, if you are a drycleaner and there is a dry cleaner on every corner, saturation may be your undoing.

- Security: Is the site safe for your customers and your staff? Is the center run down and frequented by individuals that will chase your customers away?
- Employees: Will you be able to hire people in your area? If the pool of potential employees is limited, your pay scales may go through the roof. If you need entry level, minimum wage employees and every kid in the neighborhood is driving a BMW or Porche will you find enough staff to even stay open?
- Visibility, signage and zoning: Will customers be able to see your business and sign easily?

These are just some of the site criteria you will need to review. However, there will likely to be others such as environmental concerns and zoning or other restrictions that might limit what you can sell.

A good franchisor will know what works for your type of business and should be able to provide you with detailed site criteria to get you started. Established franchisor will have site selection manuals, staff that will work with you or local realtors, experienced in your business that can help you pick the proper site.

Finding a great retail or restaurant site in many communities is very difficult today simply because many of the great sites have already been taken. But, you can limit your risk in selecting a poor site by understanding what types of sites work for your business and making certain that the site you select meets your needs.