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## **Determining the desirability of a particular location for my franchise?**

No doubt at some point you've heard that the only thing you need for success is Location – Location – Location. A bit simplistic, because unless you are committed to having a great operation focused on the needs of your customer, you can have the greatest location in the world and still fail.

To be successful, every business needs a mixture of:

- the *right location*
- a great product or service that consumers want to buy
- superb customer service
- a marketing message supported by your brand's performance
- consistency in your delivery
- the right price

When you begin to look for that perfect location, you need to first understand what type of locations will work for your business, and which ones won't. Your franchisor should be able to provide you with the site criteria required for your particular type of business. A knowledge of which types of location and at what cost works for the brand is what separates great franchisors from the rest of the pack. Well-established franchisors have experience, not only in different markets but also in locations that vary in size, shape, surroundings, and customer draws. They should be able to provide you with not only the site criteria, but also give you training and access to the network of local brokers who can assist you in finding the right location. When making your franchise selection, talk to the existing franchisees in the system and see how helpful the franchisor was in getting them the right site for their businesses.

What makes a great site varies from business to business. If your business requires customers to come to you, then visibility and ease of accessibility will be important. However, if you are a service business and you go to the customer's home, then parking spaces for your cars and trucks, warehouse space, loading docks, and access to highways will likely be the more important variables. You need to consider what your location will do for you.

Overall cost is also an important consideration. If your business plan allows for \$15.00 per square foot space and the available space is \$30.00 per square foot, you are going to need an enormous increase in customer traffic to justify the increased price. Also, if you need only 2,000 square feet, but the space you find is 4,000 square feet, even if you can get the space for half

the price, is bigger necessarily better? Maybe not. A 2,000 square foot restaurant that is full will look busy and be attractive to customers and the neighborhood place to eat. At 4,000 square feet, it may look empty and less appealing.

You need to understand some of the basics of how to evaluate real estate:

- **Population density** –How many people or businesses are in your trading area?

Are the people in the neighborhood the right background, age, family size, family income for your type of business?

- **Traffic generators** – Are there other nearby businesses or draws that will help bring you customers?

Some of the most common traffic generators are malls, office complexes, schools, hospitals, grocery stores, drug stores, and department stores. These are all high traffic locations that have repeat customer traffic. Compare these to a furniture store or motor vehicle location, which may be high traffic but which do not bring repeat customers. If you own a women's hair salon, being next door or in a center that has women's clothing and shoe stores may be a perfect. Feeding off of your neighbors' customers is the cheapest type of advertising you can have.

- **Traffic count and accessibility** – How much traffic, both by car and by foot, passes by your location?

It's not enough to simply count cars or people. Are the cars going too fast to notice you? If they see you, can they get to you easily? Are you on the right side of the road for your type of business? If not, a high traffic count won't be very helpful. If you have high foot traffic during the day but you need evening traffic, then having a lot of people walking by at noon isn't going to benefit you. You need to determine not only the existence of traffic, but also that it is accessible and available when you need it.

- **Competition** – Where is your nearest competitor? How strong is their reputation and what is it going to take for you to become competitive?

There are many businesses that thrive in areas in which their competitors are literally next door. Furniture stores and quick service restaurants are frequently in the same general area as their direct competitors. However, if you are a drug store and there is a CVS or Walgreens next door or across the street, the market may be too saturated for you to succeed.

- **Security** – Is the area and the location safe for your customers and your staff? Are the other businesses in the area run down? Is the center a hangout for people who will frighten or annoy your customers?

If your location is in an area that is run down or is known for its high crime, you can't expect customers to come to you, even if you are conveniently located. Make certain that your customers will feel safe and secure coming to you.

- **Employees** – Can employees get to you? Are there people in the area willing to work for you?

If your employees will need public transportation to get to work, is your center on a local bus route? If you plan to draw upon a local pool of employees, make certain that the pool of candidates is large enough, or your pay scale may go through the roof. If you are looking for entry level, minimum-wage employees and every kid in the neighborhood is driving a BMW, will you find enough affordable staff?

- **Visibility, Signage and Zoning** – Will customers be able to see your business and sign easily?

The above are only some of the criteria your franchisor will likely discuss with you. Your franchisor should be able to provide you with information on the type of location you should be looking for.

Finding a great location can seem daunting simply because many of the great sites have already been taken. But, if you understand what you need and work with experienced commercial real estate brokers and your franchisor's real estate staff, you will limit your risk and hopefully quickly select a location that meets your needs.

Keep in mind that in most cases, when a franchisor "approves" your location they are only verifying that it meets their minimum criteria. They are not guaranteeing that you will be successful in that location or telling you that there are not better locations in the same area. Those decisions are yours along to make. Do your homework carefully.

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Headed by Managing Directors Michael Seid and Kay Ainsley, **MSA Worldwide** is the nation's leading franchise consulting firm providing strategic advice and tactical services to established and emerging franchisors in the United States and internationally. For additional information on MSA, please visit our website at [www.msaworldwide.com](http://www.msaworldwide.com) or call 860-523-4257.