

## AdvanceMe's Small Business Tip: November 17, 2008

### Location, Location, Location

It has been said that three of the most important things to small business success are location, location, and location. If you are seeking the right place for your small business idea to take root and grow, what should you know about the power of these three little words?



- **Target Your Customers.** Determine the demographic that your business will serve, and find out where they live and where they shop/spend time. For instance, if you are opening an upscale restaurant, you'll want to be in a part of town that people who spend \$100 or more on dinner are likely to congregate. Likewise, if you are considering a discount clothing store, you probably wouldn't want to target an upscale neighborhood, but instead look for something more attractive to median-income households.
- **Evaluate the Local Competition.** Once you have targeted a general area to explore, look into how many businesses you will be competing with, head-to-head. For example, if you are opening a drycleaners, you probably wouldn't want to be too close to other drycleaners. If your targeted customers have to drive past four other drycleaners to get to yours, they probably won't.
- **Evaluate the Local Business Culture.** While being close to direct competition may present challenges, being close to other businesses also serving your demographic presents lots of opportunity. For example, setting up a new retail store in a heavily trafficked commercial cluster can offer you an opportunity to benefit from the traffic pulled in by these other businesses. See where your demographic is spending their time and money and determine where your business can add the most value to these consumer visits. Also, determine if all days are about equal in traffic, or if some are better than others.
- **Look into City Planning.** Check with local officials to see what the plans are for your desired area. Are any new roads or sewer lines planned? Is there easy access and ample parking, or is it being designed? Are any new buildings being constructed during your lease term? Are there any signage or construction restrictions? Is there room to grow? Knowing as much as you can about the physical attributes and plans for your potential location can help to keep you from incurring costly mistakes.
- **Ask the Chamber of Commerce.** There is a wealth of pertinent geographical business statistics for you to investigate through your local Chamber of Commerce. You can find out which types of businesses are doing well in your area, or where any commercial "hot spots" might be. Learn about where a business idea like yours might find the most success, or where others have tried and failed. You can get a solid feel for the competitive landscape in your niche, and also seek advice from other local business owners and advisors. If you have not yet joined your local Chamber of Commerce, you certainly should consider doing so; this is often a solid step forward in becoming an active member of your local small business community. To search for local Chambers of Commerce within the US: <http://www.uschamber.com/chambers/directory/default.htm?d=false>. If your business is global, you can also reference the International Chamber of Commerce: <http://www.iccwbo.org/>.
- **Rent Before You Buy.** Most small business experts will advise to lease or rent your new business space as opposed to buying it outright. In doing so, you will typically reduce your initial costs and liabilities—two things new business owners work hard to properly manage. This is especially true if your new business is an untried idea. If your business idea does

not find success, you do not want to be left with a building or a space that you can no longer afford. Researching a potential landlord's reputation before you commit can also help you to avoid many potential problems.

There are many aspects to selecting the right location, and not all of them are obvious. Ask for help, and refer to experienced advisors. Take your time and do your research. Don't rush into a decision before you are ready for a commitment. It's true that the right location can literally make a business—so be diligent to ensure that when you do jump in, you can do so with confidence.