

8 tips to finding the right location for your business

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It's often said that the three most important things to consider when buying a home are location, location, location. I believe it's the same when you're looking for a place to put up your business. Especially for retail stores, restaurants and many other enterprises, finding the right location is a crucial step to ensure immediate profits and initial success.

So how do you find that most suitable place to put up your business? Do you simply look for a commercial area with a lot of people? What role does competition play when choosing your business location?

Here are eight tips that can help you check if that space available for lease that you're considering is the right one for your business.

1. Study the demographics of the area

There are two things to bear in mind when studying the demographics of a potential location. First is your target market and second is your manpower requirement. Your location should be able to provide you not only with customers but also with employees as well. The second factor is not as important as the first, but employing people from the area will greatly help in your marketing efforts. Do some due diligence and study the communities within and around your prospective location.

2. Determine the sources of foot traffic

Foot traffic or the number of people who pass by the area is important if your business will mostly rely on walk-in customers. You can do a physical count during different times and days to come up with an estimate of the foot traffic.

But beside that, you should also consider the sources and quality of this traffic. Where are they coming from and where are they going to?

This will help you determine the mindset of the crowd and check if your business can catch their attention or if they'll just ignore and pass you by.

3. Evaluate the security and accessibility of the location

There are three groups you should think about when studying the security and accessibility of an area—your employees, your customers, and your suppliers.

Some of the questions you should ask yourself are: Is it safe to do your planned business in the area? Is it accessible to you and your employees? Will it be easy for your customers to

find you? Is there ample parking for customers who have cars? Are there accessible suppliers in the area?

4. Analyze the competition

Who will be and where are your competitors? How is their business doing? If these establishments are already having a hard time keeping themselves afloat, then putting up a similar business in the locality is close to suicide.

However, if you believe that the business is indeed profitable and you want to penetrate the existing market, then the best place to put your business is as close to your competition as possible. Why? Because by doing so, you are likewise making yourself closer and more available to your target market.

5. Get to know your neighbors

Always consider what businesses are operating near your planned location. These can affect the image of your business and may give wrong impressions to your potential customers.

For example, a laundry shop will probably not do well if it's located beside a vulcanizing shop because these establishments give conflicting images of cleanliness. However, a coffee shop may be able to drive customers in if it's located near a video rental shop because both businesses usually have the same target market.

6. Check it against your space, facility and utility requirements

Will the area be enough for your business? It may be tempting to lease out an area because it's in a good location or because the rent is cheap, but always make sure that it can also satisfy your space requirements and has all the facilities you need.

Additionally, check your utility service providers if the place is within their coverage area. A friend of mine almost rented a place to put up an internet cafe but he canceled his plans when he found out that there is no broadband internet service available for the area.

7. Be aware of the local ordinances and zoning policies

Don't jeopardize your business by operating illegally.

Make sure that your business location will not break any city ordinance or zoning policy. For example, adult entertainment establishments are normally banned from operating within a certain distance from schools.

Furthermore, you should also be aware of other local regulations that could affect your business operations. For example, most homeowners' associations ask for monthly fees to operate a business inside their subdivision. You should become aware of this and include it in your initial capitalization and list of overhead costs.

8. Consider possible plans for expansion

This may not be an immediate concern, but optimistically thinking about business expansion helps in determining the potential of your desired location. Moving your business to another location is not an easy task. That's why you have to consider the options available if ever your business would grow and require more space.

If it's not possible to rent out the adjacent lots or do a reconstruction of the place, then at least go around the area to see if there are bigger and better spaces you can move into when the time comes.