

Silver Advantage **Consulting Alert**

Location, Location, Location

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There are many aspects that affect a company's success rate. The three most important are location, location, location. Where to locate your business can mean the difference between success and failure. The same principle applies to all businesses, but is even more important for international companies. It is advised that any international company entering the U.S. develop a written strategic plan and selecting the ideal location should be a part of that plan.

Location, Location, Location – The Right City, The Right State, The Right Property Location

Selecting the right city and state is critical. It is important to know that some states provide tax advantages. For instance, Florida doesn't have a state income tax. Illinois has a state income tax, but offers tax credits for things such as research and development and capital asset purchases. This decision should also consider the below factors:

- Available skilled labor – Will you need a highly educated and technologically advanced employees or lower paid assembly workers?
- Quality of life for employees – Temperature, natural resources, cultural attractions, quality of education, quality of health care, etc.
- Proximity to your target market – If your customers are in California, it makes little sense to locate in New York.
- Convenience for air travel – If travel is an important aspect to your business, having a major airport located nearby is important. You can fly anywhere in the U.S. and back in the same day from Chicago. Also, when travelling internationally, Chicago offers the ability to fly non-stop to most major cities around the world on multiple airlines.
- If you are selling or distributing products, having great transportation systems is critical.

Once you have selected a city and state, the next task is to find the specific property location. Most companies will lease their space versus purchasing it. When leasing property, there are many similar factors to consider including:

- Expense – Consider rents and improvement costs, as well as future increases to each.
- Image
 - A high end retail business may want to locate at a prestigious address, such as Michigan Avenue in Chicago or Rodeo Drive in Beverly Hills.

- A business that does not need the image can expect lower business cost. A suburban location may be preferred in a “C” building if customers do not visit your facilities.
- A high level consulting firm may need the image of a class “A” building.
- Safety could be a factor as you don’t want your employees worrying about security.
- Proximity to transportation is important to employees.
- Future growth opportunities – It is expensive for a company to relocate. Utilizing a small space with no room for growth is usually not a good idea.
- Zoning ordinances may become a problem – You would not want to open a service business in an area zoned for retail.
- Know your potential neighbors – An adult store would not be compatible with a religious store. Beware of obnoxious sights, sounds, and odors. Consider locating near a compatible business like a restaurant that is near a movie theater.
- Reputation of the landlord could be either helpful or harmful.
- Readily available parking can be important.
- If signage is important, make sure it will not be difficult to obtain.
- The building layout must be considered, including the locations of columns, vents, and other obstructions.
- The availability of the property can make a difference, i.e., a retail business wouldn’t want to miss the holiday selling season.

These are just some of the many factors in deciding Location, Location, Location.

At Michael Silver & Company, we help our clients by providing them with advice on various strategic matters including selecting the right location. Our expertise in this area has helped many businesses save money with lease negotiations and site selection. Please contact Steven Handler, Certified Management Consultant, at 847-213-2107 or Stevenh@msco.net to discuss your specific needs.