

Video: Location

Subject	Notes
Location, Location, Location	The factors for locations are different depending upon which type of industry you are in.
Demographics – Selling to customers at your location	Accessibility Customers: <ul style="list-style-type: none"> -Customers -Foot traffic -Public Transportation -Parking -Major Roads -Workforce
Demographics – Distribution and manufacturing	Accessibility for shipments: <ul style="list-style-type: none"> - Loading docks - Parking for delivery trucks - Main highways - Transportation in area (costs and times) - Competition for transportation (not stuck to one shipper) - Distance from your suppliers (lead time) - Workforce
Brand	Does the location fit with your brand? You don't want an upscale restaurant in a factory area.
Compare to competitor	Compare your location to the competitor's location. Who has the competitive advantage? Which location is better for the customers and your future employees. <ul style="list-style-type: none"> -Easier to get in and out -Better parking -Access to public transportation -Easier to find -More aesthetically appealing -Surrounding businesses draw potential customers -Surrounding businesses can steal customers -Surrounding businesses compete for labor resources -Better work environment for your labor
Other factors	Other factors that need to be considered: <ul style="list-style-type: none"> Crime Rate Regulations and rules Proximity to where you live Future developments in the area Any planned road construction History of area (upward swing or decline) Area jobs supported by single industry (automobile industry story – town collapses when plant closes)

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Your future	<p>How does the location fit your current and future business plans?</p> <ul style="list-style-type: none"> - What are the operating costs? - How efficient is the building? - What upgrades are needed? - Is there room to expand?
Lease or buy?	<p>At Entrepreneur org, we believe that it's always important to limit the risk as much as possible when you start. At first, you should lease. You don't want to extend yourself with purchasing property until after you have been in business for a period where your business has proven that it can support the costs of purchasing property or buildings.</p>
Strategies for leasing	<ol style="list-style-type: none"> (1) Price: Rent should be as low as 5% of gross income and not exceed 10% (Check for your industry) (2) Short term versus Long term: Since leases are not easy to change or break a short-term lease is less risky. A new business concept may face financial strain or grow quickly. You need a lease term that allows for you to be flexible and change as needed. (3) Triple Net (NNN) or net lease: Low base rent lease with all additional expenses (common area, maintenance, property tax, property insurance, electricity, water, gas, janitorial) paid separately (4) Gross lease: Includes the base rent and all additional expenses in the payment. (5) Build outs: What is agreed to be changed, who will pay for the changes, and who will own the fixtures after the lease ends. (6) Signage: What are the specifications and regulations (Sizes and locations they can be used). (7) Personal guarantee: Most leases will require the business owner to sign a personal guarantee. This means that even if the business fails, the business owner will be personally responsible to make the lease payments. (8) Escalation clause: For long term leases landlords may try to add an escalation clause that allows them to raise the rent according different factors. This can be a very costly risk and needs to be evaluated.
Lawyer	<p>Have a lawyer check your lease and provide guidance.</p>
Negotiation Tip	<p>Ask for free months when you negotiate your lease.</p>
Real savings?	<p>Cheaper rent may sometimes be offset by higher costs for labor or other resources.</p>
Users Additional Notes:	