

# CFABL1

## Decide on a business location



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### Overview

Choosing the right location for your business can be a complex task and may have a significant impact on the customers you attract and new and existing staff, as well as the suppliers you deal with. It can also be a big investment in time and money. You will need to consider public transport links and access by road for customers, suppliers and business partners. Many businesses rely on a local network of other businesses to provide printing, IT support, office staff, legal and marketing services, your new location may require setting up a new support network and you should be clear on the advantages of a move.

You might need to do this if you:

1. setting up a new business or social enterprise
2. reviewing your current location
3. expanding your business or social enterprise

This unit involves deciding on a business location:

1. working out how close your business needs to be to key people, such as customers, competitors, suppliers, and any staff
2. considering various location options
3. deciding which location most meets the needs of your business in the short and long term

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### Performance criteria

*You must be able to:*

- P1 work out where your customers are and how close you need to be to them
- P2 decide how close your business needs to be to suppliers and business services
- P3 decide how close your business needs to be to your existing staff
- P4 investigate where there are sufficient skills available for your future staffing needs
- P5 decide how close to other competitors or related businesses you want to be
- P6 decide on the need for access to transport links for customers, suppliers and staff
- P7 investigate what incentive schemes or enterprise zones are available and any conditions involved
- P8 make a list of location options
- P9 calculate the financial affect of different locations on your business
- P10 investigate the legal requirements you need to take into account when you decide on your needs for a business location
- P11 consider the advantages and disadvantages of different locations

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### Knowledge and understanding

*You need to know and understand:*

#### **Suppliers**

- K1 how your location will affect the service suppliers provide to you (for example will they increase their charges if your new location is further away from them, or will you need to source new suppliers)
- K2 what business services you need to use on a regular basis and how close you need to be to them (for example bank or post office)

#### **Competitors**

- K3 the impact your competitors will have on your choice of location (for example is it important to be near your competitors or related businesses as that is where customers expect to find you, or is it more important to be located away from other competition)

#### **Staff**

- K4 what effect different locations will have on your existing staff (for example will they have to travel to work, will a new location help with motivation)
- K5 what options are available for staff regarding their place of work (for example do all staff need to be based at the new location, or could they work from home, or both)

#### **Skills**

- K6 how to identify what future skills your business needs as it develops
- K7 how to identify whether there are sufficient skilled people in the location to meet future needs

#### **Business location**

- K8 who your customers are and where they are located
- K9 how your location will affect the service you provide to customers (for example do you need to be in a location accessible to customers or attract passing trade; or is most of your business conducted by telephone or on the internet)
- K10 what the different location options are and how to evaluate the advantages and disadvantages of them (for example working from home, a rural, urban or possibly an overseas location)
- K11 what incentives are available to small businesses to attract them to certain locations (for example start up grants, subsidized premises or incubator units, enterprise zones, additional support packages)
- K12 what access is needed to transport links for you, your staff, customers, and suppliers (for example road, rail, air or sea ports)
- K13 what facilities are available locally (for example leisure facilities, childcare, libraries, post office, shops or bank)

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K14 how different locations will affect fixed costs, cash flow and the profitability (for example business rates and congestion charges)

### **Laws and regulations**

K15 what the laws and regulations are that apply to your type of business, and how this may affect your choice of location – you will need to think about national and local requirements

### **Information and advice**

K16 where to find advice and information on finding a suitable location (for example an estate agent, location finder or business adviser)

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### Additional Information

#### Links to other NOS

1. WB1 Check what customers need from your business
2. BL2 Choose a business premises
3. BL3 Contract for a business premises
4. BS1 Identify needs and suppliers for your business

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