

Before You Even Think of Relocating...

By Rebecca A. Morgan
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Moving or expanding your business can seem to make a lot of sense from some angles. But it's too easy to overlook some potentially disastrous issues, such as zoning – not to mention, whether geography is even the right answer to your business problem.

Do you like where you work? I mean do you like *where* you work. For years we've heard "location, location, location" but that catch-phrase doesn't make it any easier to reach a profitable decision about how many locations your company should have, much less where they should be.

The decision of expanding your current building, opening an additional facility, or moving to a new location can have wild upside, or, it can drain cash, personal energy, and even your business. Like eating the proverbial elephant, the location decision is best approached piece by piece. I offer one way to dissect the beast. The details will vary by business, but the themes apply to all.

Problem or Opportunity

First, assess the situation: What is really driving you to contemplate a location change? Legitimate business insights, the kind words of supportive customers and family, fear, Greenspan's irrational exuberance – they can all play a part.

Is there any chance that you are searching for a geographic solution to a problem not caused or exacerbated by geography? The business thinking behind the current mania of off-shoring has, for some, been triggered by relocated customers; for others by the opportunities of new markets; and for still others by reduced labor costs. For entirely too many, it has been bred of fear and desperation. Those are the ones most likely to go without first building the skill set required to make it work. Regardless of your business or your location, if fundamental thinking is specious, decisions rooted in that foundation will likely fail.

On the other hand, you may want to capture an opportunity best realized with a changing geographic footprint. Reach deep to understand both why you want to make the change and the critical success factors in doing so. Keep your eye on the ball.

Top and Bottom Lines

If you are thinking of not just relocating but expanding a small business, adding capacity raises the issue of "will you be spreading yourself too thin?" A business requiring personal attention may suffer from additional locations. The unfortunate countermeasure is that locations too close together can suffer cannibalism – a new facility merely taking business from the old: Same revenue, higher operating costs.

Typically, the goal is to raise both top and bottom line results. Consider how the new location supports the needs of target markets. Good intention can wither on the vine without good management and staff to deliver it. Oh, and another thing, your competition may not idly sit by as you invade their space.

The commonly seen shells of manufacturing plants and once vibrant fast-food stores reflect decisions that probably made sense at the time. But the current proliferation of drug stores, targeting aging baby boomers, will likely result in empty or converted-use buildings as subsequent generations require less capacity. When it's time for you to make a location decision, consider how quickly your new location must become profitable, and for what length of time. After you've signed on the dotted line is a bad time to answer these questions.

The Work of Relocation

Most of us seek a life balanced between the professional and the personal. If you intend to

Continued on back



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plan and execute your location strategy by yourself, be prepared to manage cash flow, lead a remote organization, run the relocation project while running your business, all while meeting your personal need for balance. Using contract professionals appropriately can leave you time to concentrate on the rest.

Government

When it comes time to relocate, you might find yourself distracted by the sexier parts of the decision – how it will help your business succeed, or the physical attractiveness of the geography, for example. But if you don't devote a good amount of time to considering local government and laws, you could find yourself with another distraction before long.

Some of the issues you won't want to forget include: zoning; how government leaders view your kind of business; fees and taxes; planned and needed infrastructure changes, etc. A landlord telling you there's no problem getting needed

rezoning may reflect a biased opinion with no facts to support it. Upcoming road construction on major arteries or right in front of your business can make revenues plummet. Sewers that back up can ruin your workspace. Do not commit yourself financially until you know the facts.

Remember What Business You Are In

Entering the real estate industry by becoming a property owner is very different from being a tenant leasing space. Running a major relocation project is hard work, especially when coupled with running your business. The good news is that you can utilize expert financial, tax, real estate, and legal advice to increase your odds for success.

Whatever you decide to do, stay grounded in why you wanted to make the change in the first place. It's a real shame when purpose gets lost in all the hubbub, and what could have been a brilliant move becomes a preventable failure.



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