

# BMGT 299: Entrepreneurship Capstone

## Unit 4 Course Materials



### Site Selection

On your short list of “most important” decisions is “*WHERE*” you choose to run your business. Your decision will impact your sales, operating hours, overhead costs, advertising requirements, availability of good employees, volume of traffic and profitability. Successful business owners are especially careful about where they locate their businesses. Remember real estate investors’ top three criteria? (Location, location, location!)

Maybe you will be a home based business, maybe you will function entirely online, if so, possibly you do not have this decision to make – but if you do, give this decision your utmost attention. Before you even contemplate this decision, ask yourself:

1. Who is my competition? (If you sell fast-food, being located near your competition may be helpful, if you provide neighborhood groceries, then maybe I want to be exclusive)
2. Where are they located? Why?
3. Who are my customers?
4. What products and services do they want?
5. Must I provide delivery?
6. How will be customer buy my services? (Will they drive to my location? – Will I be coming to them, say to sell home window coverings?)

Where to start.....

Begin your search using a map available on the internet – highlight various “Points of Interest” (POI’s) – and see if you complement the area businesses, or are adding to an already saturated marketplace. If you don’t know the area well, talk to area real estate agents – they typically know the area well – who lives there – whether they are retired, working or a bedroom community and so on....Learn from them – let them school you on the needs of the community and the markets that are over served.

Your criteria will depend on your business, your business model, especially by the purchasing habits of your customers. In any case, here is a list of important criteria:

1. Trade Area: You must find your customers within this trade area.
2. Think like your customer – when do they buy your product – going to work, returning to home? Which side of the street is the best?
3. Population:
  1. Ethnic Characteristics: (Mexican restaurants tend to do better in Hispanic neighborhoods)
  2. Religious Characteristics
  3. Income Statistics (If you sell exclusively high-end products, a more affluent area will be more successful)

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4. Age Characteristics: (Does your target audience require public transportation? Delivery?)
5. Population Shifts (Is the population stable? Or is it boom/bust in an oil town? (Bakken anyone?))
6. Progressiveness of the community?
7. New Construction: If you are opening a Home & Garden store, a new development can be profitable.

### The Competition:

A word about your competition. Ignore them at your peril! You must “Shop” the competition to know what they do well – and where their weaknesses can be exploited. Do a simple mystery shopping activity to find out:

For Example:

	Sales Staff	Knowledge	Parking	Customer Service	Delivery
Competitor A	X	X		X	
Competitor B	X		X	X	X
Competitor C		X			
Competitor D	X		X	X	X

Shop the competitor. Take note on how long it takes to be noticed – what is the appearance of the store? – How knowledgeable are the salespeople? Make a report along with a statement of what you must do to improve the shopping experience of your customers. Do this often – never take your customers for granted – nor think you don’t have competition. (They exist for a reason!)

Lastly – and most helpful to you – be sure to pick up any literature, price lists, catalogs and so forth....these will be helpful in the near future.

### Other Issues to consider:

1. Obtain as much information about your marketplace as possible.
2. Locate information from real estate agencies, local banks, other business entrepreneurs, the Chamber of Commerce, even state and local offices.
3. Anticipate future market trends by studying population shifts, the progressiveness of the community, distribution of wealth, and the amount of new construction along with mobility characteristics.
4. Shop the competition and try to determine customer satisfaction rates.
5. Study traffic flows and parking opportunities for your customers.
6. Prepare a list of requirements for the space you need to help determine the best locations available to you.

Proceed to the Unit 4 Assignment (Competitor / Location Analysis)

