Location

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Despite the high pace of technological progress and an increasing number of digital enterprises, a business needs to have a physical location to give itself a physical presence. Location is the place where a business decides to site its operations. Location decisions are very important for a business because they have a great impact on cost, revenues and financial returns of a business. A business takes location decision based on many factors. Customer convenience is one of the considerations made while choosing the business location. Some decisions are based on the availability of staff and workers while support services are also considered important before making a location decision. The most vital factor which impact the decision is cost, which is impacted by different aspects such as prime location or a business hub is costly to initiate a business but it offers returns in long-run.

A good business location is always strategic, which means that a business has made s strategic decision while choosing its location. The good location has a basic characteristic of accessibility. This means that the place should be convenient and easy to access in terms of transportation for the customers and other business partners. The second characteristic of a good business location is the allowance for expansion. If there is any need for business expansion in the future then that specific site must provide possibilities to acquire additional space. Product demand is another factor which is vital, the business products and services must be a good fit for the population near location. The population around the business site must need or want the business offerings.

The good location has the access and availability of the basic resources such as water supply, fuel, and power. The resources are important factors especially for the manufacturing business and for construction and other activities. The abundance of supply material needed in the production and for business inventory is essential to save cost, time and other resources of the business. A business near all the competing businesses is not a good location as it limits the number of customers due to lack of uniqueness and high competition. In such cases, businesses are only successful if they have a unique value proposition. A good business location decision is based on objective assessment techniques and not just random experiences (Reynolds, 2010).

The good location is determined by a number of factors which must be evaluated by the business team before choosing the right location for business. The location decision may differ for a product and service business, therefore the decision must be based on business needs. One of the factors that must not be ignored is a good infrastructure, which facilitates everyday economic activities. Whatever is the nature of business, good infrastructure such as good roads, phone, and gas lines are very important. A good transport network enables people, and customers to get to the business easily and it also facilitates supplies to be brought from far locations and the finished goods can also be supplied to markets cheaply and easily.

The nature of the business is an important concern, for instance, a restaurant must prefer suitability of customers, inexpensive delivery and easy takeaways. A business must analyze the population near the business location, such as studying the demographic factors can be helpful in making the right decisions and providing the products and services best suitable for the population. The demographic profile consists of studying the purchasing power of the population, their residences, and the mean of transportation they use, age, family statuses, and their activities. Such demographic information can be obtained from the state and country facts and other established businesses. The decision must incorporate some research about the community business is going to serve.

A manufacturing business is usually restricted to the industrial areas and they must look into factors such as suitability for loading facilities, the availability of supplier and raw material, availability of labor and staff (Ellram, 2013). In the same way, a wholesaler must consider the proximity to the local market and cost that a buyer will have to bear to get inventory from them. It is possible to encounter ordinances and regulations that restrict access to the ideal site. The restrictive ordinance must also be considered in this regard because these regulations may be concerned with certain hours in which trucks are permitted operations or certain restrictions within different zones wherein sites are reserved for industrial, commercial or residential development. Furthermore, some commercial zones restrict certain types of businesses to operate; therefore, it is necessary to be acquainted with such regulations before spending resources on a particular site. Moreover, knowing the history of the site being considered can also provide vital information about the type of businesses that operated there, and whether the location proved to be a factor in that business failing.

The secondary factors that should be thought about in making the final decision of location comprise are the lease agreement, the advertising cost, rental expenses, opportunity cost and proximity to other businesses. Anticipated sales, parking facilities for customers and access to prospective customers can also give insight into the suitability of a specific business location being considered. The government also offers some assistance and grants to the businesses which are located in specific areas and contribute towards its unemployment issues. Such grants vary from tax breaks, loans and reduced cost of power and other resources.

To conclude location decisions are vital for the success of the business, at the same time poor location choices, not backed by valid and ample research results in business failure and loss. Therefore, business location decision must be taken wisely to obtain various benefits that most of the locations offer and thwart failure.

# References

Ellram, L. M. (2013). Offshoring and reshoring: an update on the manufacturing location decision. *Journal of Supply Chain Management, 49(2)*, 14-22.

Reynolds, J. &. (2010). Location decision making in retail firms: evolution and challenge. *International Journal of Retail & Distribution Management, 38(11/12)*, 828-845.