



Reaching More Customers
Through a Second Location

Contents

Introduction	01
Defining expected benefits	02
Finding the right location	03
Assessing potential risks	04
Addressing operational needs	05
Financing that supports business growth	06

Introduction

A new location could be your organization's path to increased production, higher sales and more customer volume, increased service area and many other potential benefits.

Adding another storefront, warehouse, factory or other type of facility doesn't guarantee success, however. Your company must identify all of the potential benefits and drawbacks that come along with this sort of expansion to make a truly informed decision. Then, your leadership must choose a path forward that maximizes those advantages and minimizes the risks.

While circumstances can vary greatly from one business to the next, every company with an eye on expansion has one thing in common: A desire to change, grow and succeed. Let's look at some key steps your company can take to turn that objective into a reality.

**Let's look at some key steps
your company can take to turn
that objective into a reality.**



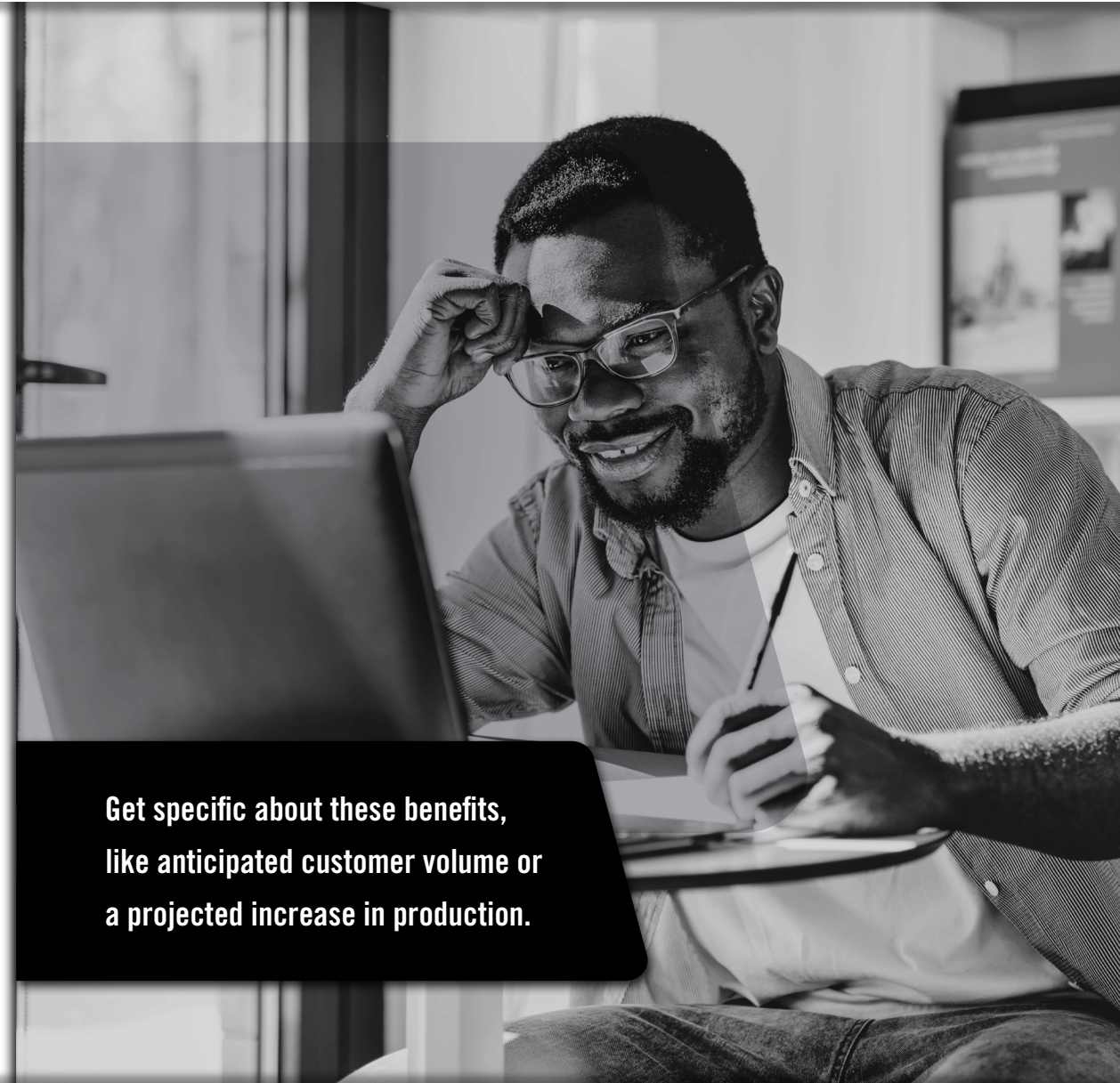
Come in, we're
OPEN

Defining expected benefits

A clear reason to open a second location is critical for generating organizational buy-in and moving forward. Before scouting locations and factoring in potential risks, you and your team must define the reasons why a new facility makes sense for your business.

If there is an existing pain point or obstacle that a new location could address, that's a strong indication to move forward with planning. If you can draw a direct connection between an opportunity and why a new location will help your organization seize it, that's a positive sign as well.

Get specific about these benefits, like anticipated customer volume or a projected increase in production. Projections and research related to revenue and other metrics provide context to help determine if opening a second location can be financially and operationally viable.



**Get specific about these benefits,
like anticipated customer volume or
a projected increase in production.**

Finding the right location

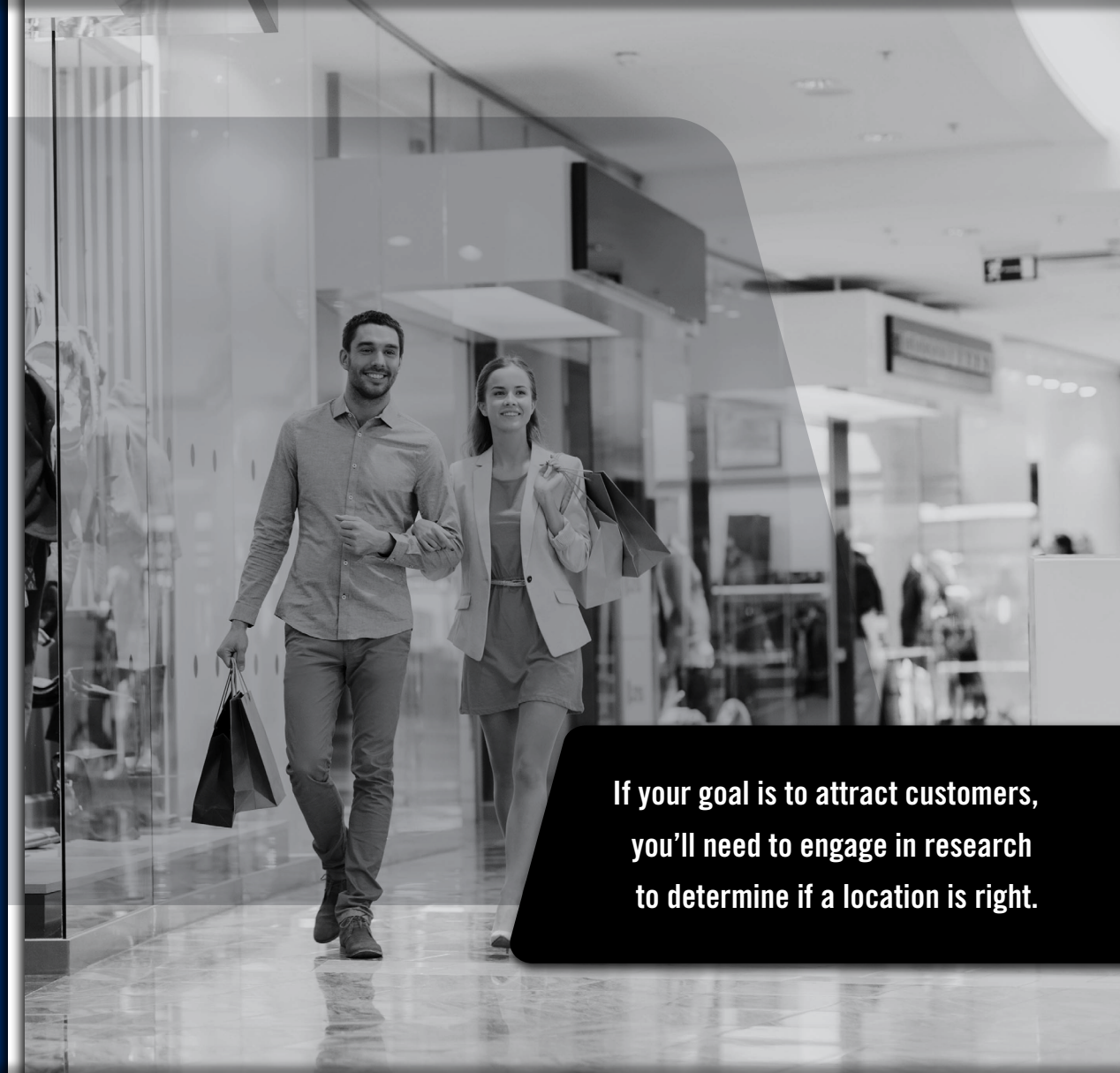
Whether your organization wants to build a brand-new facility to its exact specifications or take advantage of an existing building, finding the right location is crucial.

If your goal is to attract customers, you'll need to engage in research to determine if a location is:

- Easily visible and noticeable.
- In an area that attracts sufficient customer traffic.
- An appropriate distance away from competitors and your current facility, whether that means right next door or with plenty of distance in between.

For warehouses, factories and other non-customer facing facilities, factors like proximity to transportation infrastructure (highways, sea, and airports) and local availability of qualified staff must be evaluated.

No matter what type of facility your business opens, you will have to consider cost, zoning requirements and applicable municipal, county and state taxes.



**If your goal is to attract customers,
you'll need to engage in research
to determine if a location is right.**

Assessing potential risks

When you understand the challenges that can come along with business expansion, it is that much easier to make an effective and informed decision.

While projections and predictive analysis are not guarantees, they can offer valuable context for such a significant decision. An assessment of costs, both for opening the facility and keeping it operational, is a good place to start. Compare projected obligations and revenue to start determining the overall fitness of a given location.

There are plenty of other factors to take into account:

- Is the location prone to natural disasters?
- Are there limited routes running to and from the facility, which could cause problems if extended road construction occurs or heavy traffic becomes commonplace?
- Could neighboring homes and businesses protest construction or operations?




While projections and predictive analysis are not guarantees, they can offer valuable context for such a significant decision.

Addressing operational needs

A second location will communicate with your current facility but may also take on a good deal of work independently. Your company's structure will probably have to grow and change to maintain quality standards and continue to offer the products or services that your customers expect.

A new facility likely requires some dedicated managers, as well as staff on the front line. New equipment must be sourced, purchased and installed. There isn't a single best practice or workflow that can determine how to address all of these issues. You need to consider everything from how staff and inventory will move through the location to applicable safety regulations and processes for quality control.

A new location is only useful in the long run if it operates just as well or better as your current one.



A new location is only useful in the long run if it operates just as well or better as your current one.

Financing that supports business growth

Financing is one especially common obstacle when it comes to opening a second location. The need for capital to construct or renovate, purchase or lease key equipment, staff the facility and advertise its opening can shut down what would otherwise be a strong plan for expansion.

Comerica Bank offers corporate financing solutions designed specifically for middle market businesses, including options such as commercial mortgages, equipment financing and asset-based loans. Our experienced middle market bankers take the time to build effective relationships and understand your company's unique needs. That effort positions our bankers to suggest a relevant and effective path toward opening a second location.

To learn more about the advantages of middle market financing and find options for funding a new location, [get in touch with our team today.](#)





This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal, compliance or accounting advice. You should consult your own tax, legal, compliance and accounting advisors before engaging in any transaction.

This article is provided for informational purposes only. While the information contained within has been compiled from source[s] which are believed to be reliable and accurate, Comerica Bank does not guarantee its accuracy. Consequently, it should not be considered a comprehensive statement on any matter nor be relied upon as such.

Comerica Bank
Member FDIC
Equal Opportunity Lender
© 2022 Comerica Incorporated