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Happy Trails, Bill Fleischli
Thanks for the Memories!

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Proactive Steps When Opening a New Location

by Samantha Brown

If your business is tallying healthy growth and is profitable enough to consider expansion, you've already reached an incredible milestone and understandably want to increase your potential for success. Congratulations on taking that next step! But just as with opening your first location — or locations — there are still a lot of risks, expenses and plans to consider before jumping into this kind of growth.

Identify Objectives

One of the first steps in business is to establish clear goals before breaking ground on a new location. For example, is the primary goal for expansion to satisfy existing customer demand or to reach a new market? If the main objective is to satisfy existing customer demand, have you explored alternative solutions to an entirely new location? For many c-store and travel center owners, that can mean integrating new amenities in your existing location, like automatic car washes, adding new food service options, or adding more square footage to your location.

If you've already examined alternative growth options and still feel expansion is the best route to take, your main goal may be to

get ahead on new market potential. If that's the case, consider your zoning needs as well as infrastructure demands. For example, if a project is underway on a main thoroughfare to add a new exit ramp, that's a perfect opportunity to take advantage of potential real estate. Be sure to thoroughly familiarize yourself with any zoning or tax regulations, building permits, visibility and potential competitors before committing to that new location. In order to analyze high-traffic areas with minimal competition and low cost of rent, the Small Business Administration's Small Business Development Corporation offers reports, no-cost support and expert advice. Conducting this market research by measuring the strength of your existing demand against current and anticipated

competition or by analyzing the strength of the industry against the strength of your new local market can help produce pilot test sales and projections for growth.

Determine Your Cash Flow

Based on your market research and data-driven projections, an important next step is to figure out a time frame for your second location to generate self-sustaining revenue to fund operations without any further investment. Identify necessary sources for funding, including loans, outside investors or dollars you plan to contribute out of pocket. To determine how much money you need, make a list of all expenses, including any hidden costs like taxes and permits.

Remember that it's advised never to count on your existing location for any funding and instead to consider the new location an entirely separate business venture. One can assume the first location is profitable if the notion of expansion is in play, but the question to ask is if the first location can adequately support a new location if the new addition doesn't break even as projected. If not, you must get outside capital, and it's vital to write out your business plan and budget to secure funding.

Solidify Employee Hiring, Training and Onboarding Processes

No matter how hands-on you may be as a business owner, you simply can't be in two places at once. You will need to hire people to help run the second location. You'll need to hire a manager to monitor day-to-day operations while you're not there, and you'll want the staff to have a consistent set of parameters and responsibilities across all locations.

Another component to consider is comprehensively identifying the processes that make your first location successful. Thoroughly documenting your business processes is essential to pinpoint the practices that make success attainable and makes them easier to pass on to new employees at subsequent locations.

Whether you're a franchise owner or operate independently, keeping your company culture intact by ensuring your employees are familiar

Assess your Current Situation to See if It's Time to Grow

- Is your business space too small to handle customer demand?
- Can you access a market outside of your current location?
- Do you have enough money to expand?
- Will a second location increase revenue?

Source: www.lightspeedhq.com

with and connected to its mission and values is an important part of maintaining success. That begins with the hiring, training and onboarding process. Establishing a clear and consistent set of boundaries, expectations and responsibilities helps ensure the company's message will be communicated effectively to all individuals at all locations.

Build Your Brand

Whether you're expanding to a new city, county, state or even a new country, finding that prime location isn't the only key to attracting new business. Marketing doesn't always come in the form of buying advertisements. You're already armed with one of the most useful tools for targeting new business — your existing location.

Leverage your current market to spread the word to your new location. Perhaps your existing local customers live or work in the area of the new development, or maybe your commercial customers drive that route weekly. You can advertise your new location free of cost by word of mouth, social media or email blasts. Make sure you're promoting a grand opening date well in advance to get a jump on consumer traffic.

Finally, determine whether your expansion extends to your vendors or whether you'll be setting up relationships with new vendors and suppliers. While expansion is inevitably a high-risk investment, it's one of the best ways to drive growth for your business. Keeping the above tips in consideration will improve your second location's chances for success and may set you up for much more room for growth in the future.

Sources:

- www.entrepreneur.com
- www.forbes.com
- www.lightspeedhq.com
- smallbusiness.chron.com

Anticipate the Needs of Customer Groups

C-store customers fall into one of four groups:

- Regulars who rely on your store for everyday needs and are notably brand loyal. Identifying this group and keeping their brands in stock ensures longevity.
- Neighbors who want recognition as well as c-store items. They come to your store to experience community and appreciate friendliness.
- Last-minute shoppers who want a specific item. They need to get in and out. Stocking grab-and-go items at the front of the store ensures they get what they need and are on their way.
- Thrill-seekers look for items that demonstrate their uniqueness. They typically want something unusual — like flavored or craft beers or specialty desserts.

Source: smallbusiness.chron.com