Deciding to Expand Your Business

Yesterday, I visited with a SCORE Mentor colleague of mine about the decision they made as they expanded their business to another city. Brian and Kimberly Alwin co-own their business called “A Smooth Move”. Their business tagline is "We make moving a pleasant experience for older adults!". He said the time had come for them to expand and broaden their area of service. So, I asked him what kinds of considerations you made to be ready for this expansion. Brian said, “A couple of keys items: 1) we immediately went to SCORE in that city to "take the temperature" - get their opinion on the chances of success in that community, 2) the age of the population was favorable, 3) there was no other company offering the services we offer and 4) we visited with the local Chamber of Commerce.”

Has your business concept taken off to the point where you can barely handle the crowds? Are your customers begging for another location? That’s a great problem to have, but where should you locate your new store or service depends on your goals. Perhaps you need another location in the same town, or maybe you’re attracting customers outside your area, indicating demand for your concept in a neighboring city.

How do you know if you’re ready for a second location? I suggest that you ask yourself the following questions:

- Are you financially stable enough to open another location?
- Will expanding help you lower your costs overall and increase your profits?
- Are your competitors expanding?
- Is there enough demand for your business concept?
- Are you emotionally ready to make the move?
- Are you willing to put in the extra hours to get a new location off the ground?

If you, like Brian, want to run your expansion ideas and concerns by a local expert, start with making an appointment at your local SCORE office for personalized advice.

If you’ve decided to go for it, opening a second location means you’ll need to be bouncing back and forth between locations until the new one is up and running. Opening closer to your current location could be simpler in that regard. Being in the same city also means you’ll be familiar with all the local ordinances and fees required.

I have found some real helpful websites to assist your search for information. If you’re looking for a similar community outside your area in which to start your second location, try www.ZoomProspector. You can input information such as community type, population and labor force requirements, and www.ZoomProspector will find similar communities and even list locations open for lease. On the other hand, if you’re looking for a different city to expand (with possibly an even better target market and economy), start with www.City-Data.com. Search on any city and you’ll discover information such as population, gender, residents’ ages, median household income, home prices and more.
Also check the city’s website for more business location information. You can tell if the city seems inviting to new businesses if they are offering incentives to move there and if there are programs to help businesses succeed. Before making a decision, make an in-person visit and talk to local business owners to get their opinions. Talk to local commercial realtors; they should have all the traffic numbers, car counts and demographics for different locations.

Do it right, and adding a second location can be the first of many steps to even greater success for your business.

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