

# Troubleshooting on location

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By **Shelley Frost**

**There are many factors to consider when locating a business. Shelley Frost offers 10 pointers**

Decisions about where to locate a business are becoming ever more complex, as technology has enabled organisations to operate in increasingly distant parts of the globe. Companies also have to take cost constraints into account when considering relocating.

But such changes can lead to more serious costs, and companies should consider the following issues when weighing up locations.

- **Data** - There are many issues surrounding data in terms of its availability, reliability, accuracy and relevance. Ensure the choice of data is pragmatic and that a reliable data source is used that can cover a variety of locations in a consistent manner. Also, do not be tempted to overweight factors, such as real estate costs, even if a particular building or location appears like a great deal.
- **Future proofing** - Much of the data available is out of date, such as census information.

Use forward-looking data or indicators where available, such as local forecasts, to ensure an accurate and relevant picture.

- **Stakeholder engagement** - There is a need to identify early on all stakeholders that are going to be involved or influenced by the project.
- **Internal communication** - This is important, particularly if staff are relocating.
- **External communication and PR** - Press coverage can be inflammatory. The timing of the announcement should also be considered.
- **Ability to test the labour market** - While a lot of desktop analysis can be undertaken, it is often hard to test a new labour market before a company arrives and starts advertising for staff (see graph).

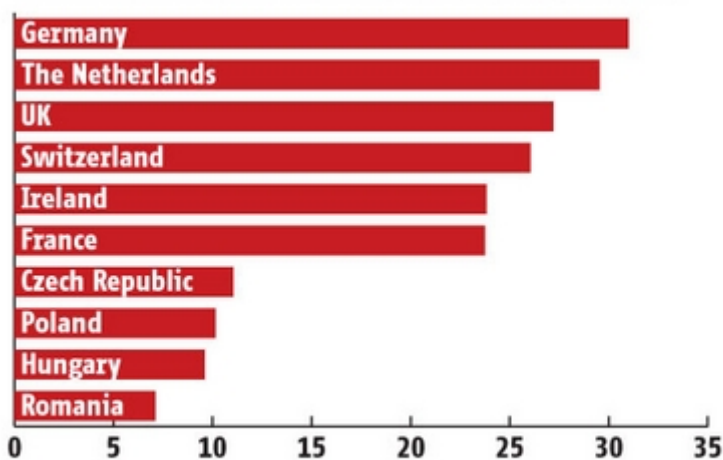
**Social change** - Location decisions should be regarded in a commercial, rather than a philanthropic, light. One way to avoid negative publicity associated with withdrawal from a particular location is to work with a forward-looking local authority or investment agency to yield benefits for both parties.

- **Types of incentives** - To avoid over-optimism and to ensure the sustainability of a project, incentives on offer from international organisations, such as the European Union, local authorities and

private bodies should be excluded from any business case for relocation. Furthermore, as some incentives may be connected to a project's timeline, payment of incentives, such as tax breaks, can be an issue.

- Incentive availability Requirements to qualify for incentives are stringent, and can involve staged payments over time. Often, incentives are only available for companies that are net job creators within a country or region.
- Competition Know what your competitors are doing to avoid convergence in one location. Local economic development agencies should be used to ensure you do not arrive somewhere at the same time as a rival.

### PREDICTED 2012 LABOUR COSTS (€/HOUR)



SOURCE: ECONOMIST INTELLIGENCE UNIT/JONES LANG LASALLE

Predicted 2012 Labour costs (€/hour)

Postscript :

Shelley Frost is director and head of European consulting at Jones Lang LaSalle

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