



## **Opening a Second Location**

**Q: My goal is to modestly expand my owner-operated grocery business but I am constrained by limited financial and managerial resources. How do I determine if opening a second location is a good idea? What are the first steps I should take? What are the benefits?**

A.

Fortunately, opening a new location successfully isn't just about your budget. There are many ways you can creatively gain the admiration, loyalty and buying power of a new community. But first, you need to know if your potential new market location, brand identity and demographic clarity are strong enough to provide the basis for a second location. If they aren't, you should probably take the time to consider these factors closely. The following steps will help you decide if opening a second location is a profitable option for you.

### **Formalize your business plan.**

If you're considering growing your current business into a second location, you'll need to invest time into building upon your current business plan and making sure it's solid.

If you've been in business for more than a few years, you've got the benefit of hindsight. Ask yourself a few questions starting with: Has your business plan worked well for your first location? What have your challenges and obstacles been so far? Do your systems work well? Have you been meeting your financial goals? Carefully consider the ways you can address the factors relating to your business plan, more effectively in your next venture.

### **Create a budget.**

As you've already experienced with your first location, a budget is the most effective tool for setting and reaching your financial targets.

Based on an analysis of your current business plan and your current operating budget, you should be able to reasonably forecast a budget for your potential new location. Once you determine what your estimated start up costs will be for the first year of operations at your new location, you can begin looking for financing.

When you meet with financiers, I suggest you bring your current Analysis Manual with you to these meetings, to demonstrate to the ways your projections are based on your experience running a similar enterprise.

### **Develop your brand.**

Typically, any challenges that have presented themselves in your overall business plan will be reflected in the day-to-day operations that brand your store.

If you decide to open a second location, you'll need to create guidelines that will ensure your customers experience consistent and predictable service every time they visit a store with your name on it. So take a close look at how your store is currently running and determine what things could be changed to make the customer experience more reflective of the type of store you are trying to brand yourself as.

Your brand is much more than just your business logo. Your brand is about developing a consistent customer experience. For example, no matter which Safeway or IGA you go into, the experience is predictable.

### **Chose the right location.**

Location is critical, so work with a commercial realtor who has local knowledge.

Research your neighbouring target markets. Ask yourself, how does your new demographic compare to your current demographic? Will you need to change up your product lines to serve the needs of this new demographic? Can you attract new customers by meeting any special ethnic needs or age-related needs? Do you have any brand awareness in this area or will your brand be unfamiliar your potential new customers?

The location you chose will determine how you proceed with promoting your new store. If you do have a solid business plan, budget and a strong brand, opening a second location should be a profitable undertaking for you. All you need to do next is proceed with the actual opening, effectively promote your new location and watch as the opening day customer line-up grows!

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