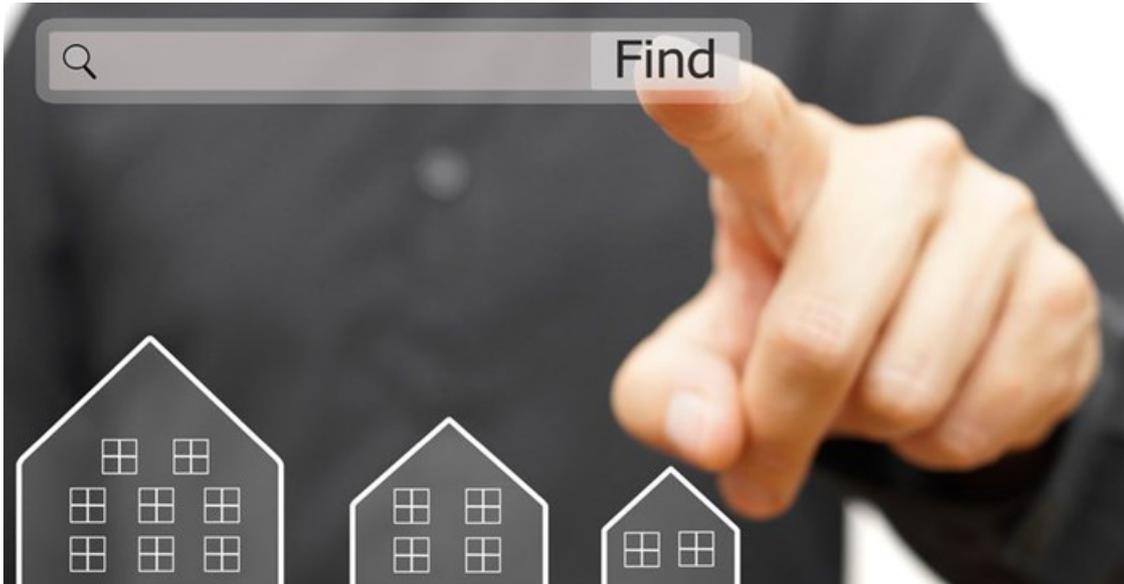


Five S-words to make your store site pay for itself

By  Richard Mukheibir

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The combination of continuing trading uncertainty in South Africa and the new financial year for many businesses are adding up to widespread, careful reviewing of costs, including leases on premises. Choosing a site to set up or relocate your business can be just as stressful as deciding where to buy a house - and just as fundamental to its health, finances and sustainability.



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This is not the time to snap up the property with the cheapest rental. That might turn out to be something you regret in the long run. Nor is it the time to be dazzled by the swankiest premises you can find. The potential for bragging rights could turn out to be poor value for money.

Regardless of the industry you trade in, make sure your head rules your heart when you decide on new premises. The real-estate mantra of “location, location, location” works just as effectively in commercial as it does in private property, though you will often be looking for rather different factors.

Start by narrowing down the areas where you will consider locating your business – first at the macro level, focus in further to the meso level, then look more closely at the micro level. Only then start weighing up specific sites. I have worked out a 5-S strategy to prompt us on the key points to look for:

1. Strategy

Remind yourself of the medium and long-term strategies you have developed for your business. Keep your understanding of your business’s customers, purpose and growth prospects top of mind when you are selecting the areas where you will start looking for sites.

2. Scope

Within those areas, redline any sections where you feel the competition from other businesses will detract from your potential to grow your market. Greenline areas where there are good synergies between the people who live or work there and the demographic that you have identified as your target market.

3. Synergy

Make sure there is clearly a good pool of potential customers for you – size definitely matters when it comes to ensuring that there are plenty of customers available to you. Look specifically for facilities that cater for the kind of customers you want to attract. Sports stores benefit from being close to schools and tertiary colleges, for example.

4. Sight

Although many businesses now have an online element, most still benefit from attracting customers to walk through the door. For your premises to be a good fit for your business, you should be located in plain sight and ensure that your ability to market yourself locally through signage and lamp-post posters is not restricted by local bylaws.

5. Security

You will attract and retain good customers and staff if they feel they're secure in the area. This perception includes factors such as easy, safe parking and a welcoming environment. There is much more to making a success of your business than simply your product or your branding. Finding a good site that works hard for you is also a fundamental because if you get this right, it could end up paying for itself.

To achieve this, your chosen site must offer you a well-calculated gap in the market where the strong demand for the product or service that your business offers ensures sales and profit. If you have considered all these steps carefully, you will never worry about making rent and wages payment again.

ABOUT RICHARD MUKHEIBIR

Richard Mukheibir is MD at Cash Converters. Mukheibir co-founded Cash Converters and personally opened its initial pilot store at Parow in the Cape.

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