



Finding the Best Site for Your Next Distribution Center

Selecting the right site for your future distribution center requires a lot of research and planning. The good news is that there are plenty of resources you can tap.

by Bill King

Even in today's down economy, businesses all over the country are expanding. Perhaps even yours.

Imagine, if you will, that sales are up dramatically and your company isn't able to keep up with orders for new widgets. In fact, the demand is so great in the Southeastern United States that you aren't able to make all your deliveries on time. Not only that, but transportation costs are eroding profits.

Clearly, it's time to open a new distribution facility somewhere in the Southeast, but the question is where? How do you know when

you've found the right site? For that matter, how do you even know what to look for?

On the strategic level, basic business considerations will drive you to a certain region of the country (or world). From there, operating costs and labor availability will narrow your search to a few metro areas. At that point, real estate considerations take over.

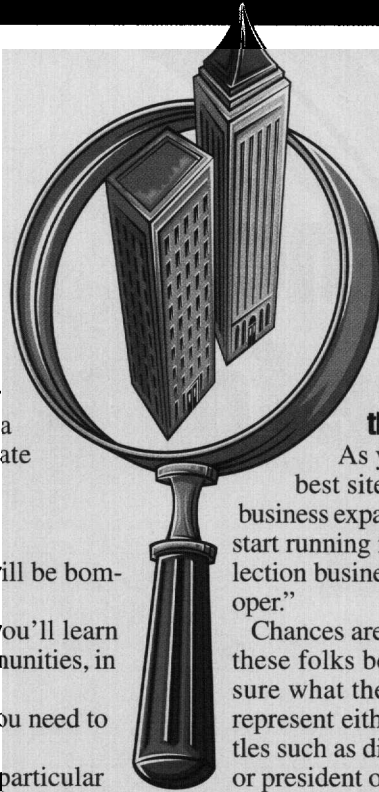
Manage your information

Throughout the entire process, you will be bombarded with information.

If you are thorough in your search, you'll learn more about a community — many communities, in fact — than do the “city fathers.”

Before you make your final choice, you need to answer, in the affirmative, these points:

- Will locating your facility in this particular community enable your company to be more competitive in terms of operating costs?
- Will this move allow you to offer competitive



pricing that will enable your company to be more profitable? Remember, in the final analysis, it's still a business decision.

Get to know the local economic developer

As you get serious about finding the best site for your company's impending business expansion, it won't be long before you start running into what is known in the site selection business as the “local economic developer.”

Chances are good that you've never heard of these folks before or, if you have, you're not sure what they do for a living. They usually represent either a city or a region and have titles such as director of economic development or president of the chamber of commerce.

About one thing there should be no doubt — they are unabashed advocates for their community, and their mission in life is to convince people like you to

Organize your space reduce costs

Mecalux offers intelligent solutions for every storage need



CHICAGO

1600 North 25th Ave.
Melrose Park, IL 60160
Tel (708) 344-9999
Fax (708) 343-9788

LOS ANGELES

980 Via Rodeo
Placentia, CA 92670
Tel (714) 223-9590
Fax (714) 223-0824

DALLAS

3236 Garden Brook Dr.
Farmers Branch, TX 75234-2309
Tel (972) 280-9060
Fax (972) 280-9061

Argentina, Austria, Belgium, Chile, Czech Republic, France, Germany, Italy, Mexico, Poland, Portugal, Spain, United Kingdom



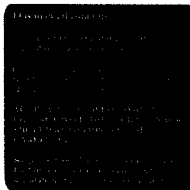
www.mecalux.com
e-mail: userservice@mecalux.com

Concerned About Rack Safety?

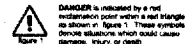
Pallet Rack User's Manual



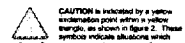
So are we. Proper installation, maintenance and use of pallet rack are important factors in helping to prevent rack failure and accidents. That's why Steel King has created the Pallet Rack User's Manual. The User's Manual is designed to help educate you on the proper installation and uses of pallet rack. Additionally, areas of concern and caution are highlighted for review.



Guide to symbols in this manual:



DANGER is indicated by a red exclamation mark within a red triangle, as shown in Figure 1. These symbols denote situations which could cause damage, injury, or death.



CAUTION is indicated by a yellow exclamation mark within a yellow triangle, as shown in Figure 2. These symbols indicate situations which require an extra measure of your attention.



STEEL KING

Steel King Industries, Inc. 2700 Chandler Street Sparks, PA 15481 (717) 341-5100 marketing@steelking.com

Call today for a **FREE**
Pallet Rack User's Manual

STEEL KING

Steel King Industries
(800) 553-3096

Or Download a PDF copy at
our website:

WWW.STEELKING.COM

Write 34

Write 35

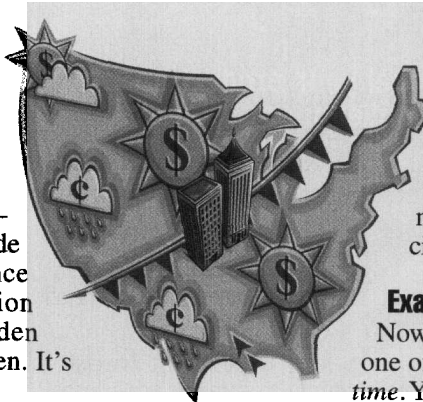
move your company to their region, bringing with you jobs, capital investment and future tax revenue.

They have also been in this business for a long time and can provide an enormous amount of assistance and advice about the site-selection process. Don't worry about hidden agendas because theirs isn't hidden. It's there for all to see.

Most developers will tell you up front if they think your company wouldn't be a good fit in their community. That's because they understand that the only way for them to succeed in their mission of building a better future for their community is if your business succeeds.

They exist to provide a valuable service to your company. Look at them for what they are — knowledgeable representatives of their communities skilled at helping a company like yours navigate its way through the complex site-selection process.

And they're everywhere. Every state, county and city has one, as do the vast majority of utilities. Call



them. Use them. They're a valuable resource that can provide much of the information needed to make an intelligent site location decision.

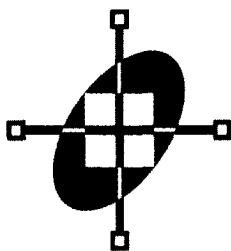
Examine the costs

Now that you know whom to contact, one of your biggest constraints will be *time*. You probably need to have your facility

up and running as quickly as possible so that it can start receiving and shipping product. This is where factors such as *existing buildings* and *streamlined permitting* are really important, because they will greatly reduce the time needed to have your facility operational.

When you examine your *annualized costs*, look closely at your *labor costs*. How much are you going to have to pay in wages and benefits to operate your plant? Have you taken advantage of new material handling equipment and technology to reduce existing labor costs?

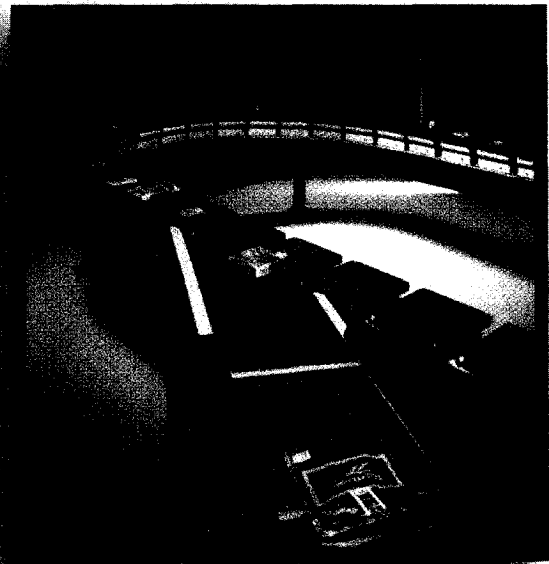
Look at your *facility occupancy costs*. This is what



FKI Logistex Crisplant

The Future of Sortation

- RETAIL
- COURIER
- MAIL ORDER
- eCOMMERCE
- BAGGAGE HANDLING



Crisplant Inc.
7495 New Technology Way T 301-663-8710 E pwh@crisplantinc.com
Frederick, MD 21703-9401 F 301-662-0449 www.crisplantinc.com

INTRODUCING

D-2100 | D-2300

Machines that will propel your production into the new millennium



FEATURES

- ◆ New, state-of-the-art innovative design with functional silver metallic appearance
- ◆ Compact, lightweight assembly and lubricant free sealer head
- ◆ Stainless steel tensioning roller
- ◆ Cycle time capable of a throughput of 50 straps per minute
- ◆ Loop kick out feature eliminates strap jams



Solutions

it will cost you in rent or mortgage to use your new facility. Have you reduced operating expenses here? If not, have your increased expenses here led to savings in other areas (e.g., labor)?

You also need to look at your *future tax liabilities*: not only your corporate and personal income taxes, but also taxes on real estate and inventories. And don't forget worker-related taxes such as unemployment insurance and workers' compensation.

Then there are the *utility costs* to operate your new facility. By utilities, I don't mean only electricity or gas. This category also includes

Warehouse: Vacancy

1. Louisville, KY.
2. Pittsburgh, PA.
3. San Antonio, TX.
4. Raleigh-Durham, NC.
5. Charlotte, NC.

Source: Grubb & Ellis, Industrial Market Trends, Spring 2001.

telecommunications, water and sewage. Depending upon your business, even a simple half-cent break in your rate can mean tens of thousands of dollars annually in savings. But even if you have to pay a little bit more in one area — say, electricity — as long as you can reduce your overall utility costs, you've done well.

Don't forget to investigate whether there are any additional costs you'll be paying due to environmental or regulatory constraints.

Finally, does your new location afford you greater *access to customers, services or markets*? After all, that's probably one of the major reasons why you're looking for a new location in the first place.

Looking at the real estate

Once you've narrowed your search to a few communities, it's time to start looking at the real estate and asking all the right questions.

The most obvious feature is



Rack up your product with Efficient Parts Racks & Structures from Quixxsmart™ Structures. Create high strength equipment with an industry proven system of rugged steel tubing, accessories and fittings. In minimum time you can quickly tailor a rack to your requirements.



3 Lakeland Park Drive
Peabody, MA 01960
(978) 536-5000 Fax (978) 536-5055
email sales@worksmartsystems.com
Visit our website at www.quixxsmart.com

whether there is an adequate building already in place. After all, moving into an existing facility, and retrofitting it, is usually a lot cheaper than building a facility from scratch. More importantly, it will enable your company to be up and running sooner.

Next is adequate room for expansion. This is important whether the site has an existing building on it or not. Businesses prosper. Companies grow. Will the site accommodate that growth?

Is there adequate transportation access to the site? Which modes of transportation are most important to

Warehouse: Lowest Rental Price

1. Memphis, TN.
2. Birmingham, AL.
3. El Paso, TX.
4. Tulsa, OK.
5. Columbus, OH.

Source: National Real Estate Index

your company? Are there roads or highways in place to support the new operation?

Is the basic infrastructure in place and is it adequate for your needs? An undeveloped piece of land (often called a greenfield site) is not a showstopper, but it sure helps to have electricity, water and gas — as well as at least a gravel or dirt road — out to the site.

Is the site properly zoned so that your company can do what it wants to do with the plot of land or existing building? If there are any zoning ordinances or environmental restrictions that will preclude your smooth transition into a manufacturing environment, you should know that.

Is the site free of environmental problems? The site you have in mind might be perfect as far as the previous criteria are concerned because it was the former site of a paint or battery factory. However, there might be EPA or cleanup is-

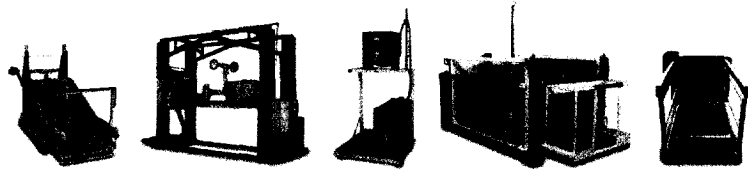
Write 39

One Source. One Solution.



SINCE 1946

In today's fast-paced facilities and warehouses, productivity is the name of the game. That's why MTC designs and manufactures the most complete line of battery changing equipment in the industry. From Power Changers to portable systems, we'll keep your electric lift trucks moving — whether your fleet is just one truck or one thousand. The solution is state-of-the-art, cost efficient equipment along with the know-how to make it work. The source is MTC.



Walk-A-Puller

Double Stacking Power Changer

Roller Stand

Carney Battery Bull from MTC

EZ Puller



**MATERIALS
TRANSPORTATION
COMPANY™**

SINCE 1946

An Employee Owned Company

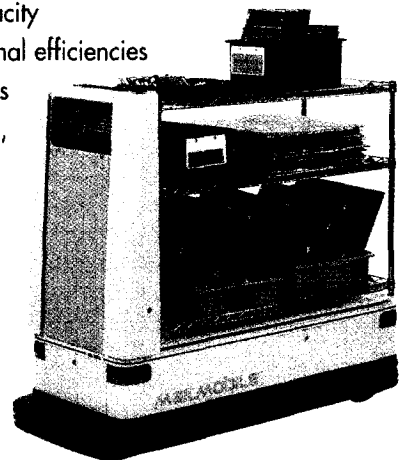
www.mtcworldwide.com • U.S. (800) 433-3110 • Canada (800) 229-5988

The
adaptable,
affordable
robot
transport
system...

Payback... IMMEDIATE!! Installation... OVERNIGHT!!

No other material handling manufacturer offers what Bell & Howell's PACKMOBILE SYSTEM offers:

- Guidepath rerouting without costly structural modifications or expensive programming
- Lowest cost AGV system with the longest performance record
- 2800 lb. total capacity
- Increased operational efficiencies
- Reduced labor costs
- Professional design, installation and ongoing support



Call today for a
detailed brochure and
Bell & Howell's
FREE site survey

BELL + HOWELL

Ph: 1-800-325-7400 Fax: 1-616-772-6380 web: bellhowell.mailmobile.com

Write 40

Design. Build. Install.



TKF Conveyors do it all!

If you've got materials to move from point A to point Z, you can count on TKF to figure out the most efficient way to get them there. We'll custom-design, build and install a complete material handling solution to improve your plant's productivity.

TKF - Providing high quality custom conveyor solutions since 1947.

Call us today **513-241-5910**

Please request catalog #8702

Check us out on the web at www.tkf.com



© 2001 TKF

Solutions

sues involved with the site. No one wants to be responsible for the expensive cleanup liability.

Is there clear title to the property? Do you know who owns it? Are you sure it's really still available? Does it involve multiple pieces of property with multiple owners?

Is the cost of the land or price of the building reasonable? How confident are you that, once the land or building owner hears that there is a prospect in sight, the price will not escalate? This becomes a more important question the greater the number of property owners involved.

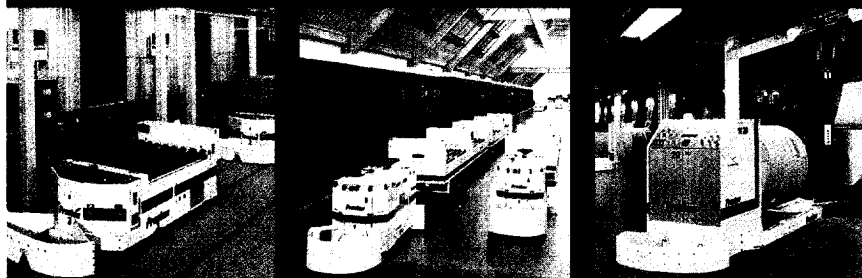
Warehouse: Lowest Purchase Price

1. Tulsa, OK.
2. New Orleans, LA.
3. Oklahoma City, OK.
4. Birmingham, AL.
5. Greensboro/Winston-Salem, NC.

Source: National Real Estate Index
(415) 733-5322

A Smart Move...

ISO 9001
CERTIFIED



Put an AGV To Work for You.

Over 30 years experience in Automatic Guided Vehicles (AGV) systems and a full product line including tuggers, fork type, and conveyor bed AGVs. Choose Non-Wire Inertial Guidance with patented SmartMark™ technology or in-floor wire guidepath options.

- Fully Programmable Operation
- Inertial Navigation
- Non-Wire Inertial Guidance with SmartMark™ Technology
- In-Floor Wire Guidepath Technology
- 24 Hour Operation Capabilities

Make the Right Move! Call 1-800-448-6521

Control Engineering Company

Subsidiary of Jervis B. Webb Company



8212 M-119, Harbor Springs, MI 49740 USA 1-616-347-3931

Do you know what financial incentives may come into play with the site? Which federal, state and local incentives might this company be eligible for with this piece of property? Don't forget the utility companies in this area.

Once you've examined everything mentioned here, and compared the costs of the various locations, then, and only then, are you in a position to make the best relocation decision.

Guess wrong and you'll be paying for those mistakes for years to come.

MM

Bill King is chief editor of *Expansion Management*, a monthly international site selection magazine for executives of companies that are actively looking for a place to expand or relocate their operations within the next one to three years. He can be reached at BillKing@penton.com.