

Making a move

How to analyze your real estate needs when contemplating a move **Interviewed by Sue Ostrowski**

If your business is growing and you're thinking about moving, you need to start analyzing your needs as early as possible.

Business owners should start planning at least 12 to 24 months before a potential move, and they should be thinking not just in terms of years at the new location but in terms of decades, says Simon Caplan, SIOR, a partner with CRESCO Real Estate.

"Most established businesses need to start analyzing their needs for a move by establishing a long-range growth estimate of 10 to 20 years, and some manufacturers should contemplate their growth needs for 30 to 40 years," says Caplan.

Smart Business spoke with Caplan about how to determine your real estate needs, both in the short term and long term, and why getting the input of your employees when doing so is critical.

Where should a business begin when analyzing its real estate needs?

If your company is office oriented, there are several questions you need to answer. How many people do you currently have in each department? How do those people interact with each other? How does each department interact with the others? Which departments require an open environment or shared space and which need privacy? You should also assess growth projections by department.

Can business owners undertake this analysis on their own?

Most businesses are better off hiring a professional to help them. An outside consultant, working with major input from the owner, management team and key employees at all levels, can provide valuable suggestions that help develop a working plan for senior management approval.

If you own a business and are successful, which suggests you are in an expansion mode and requiring a move, you are more valuable running the business than concentrating on the intricacies of a relocation. Let an experienced professional utilize their skills then submit a plan for you to evaluate and make the ultimate decision.

There's nothing worse than moving into a facility and experiencing difficulties or imperfections due to lack of experience or attention to detail. It's far less expensive to do it right up front; the cost is miniscule when compared to the alternative, and it will absolutely save you money in the long run to have it orchestrated



Simon Caplan, SIOR
Partner
CRESCO Real Estate

right the first time.

How can a consultant help analyze needs?

The best consultants ask the most questions in the best way to elicit responses from individuals as it relates to making the entire process more efficient.

For a manufacturing and assembly business, the consultant should also examine existing manufacturing processes and equipment. Does the company need new equipment in order to advance its technology, add additional products or increase its capacity? The consultant would analyze processes and the space requirements that go with positive change, and thoroughly evaluate the required building size and infrastructure, which include clear height, docks, drive-ins, cranes, power and other manufacturing amenities, as well as future expansion.

If it is a warehouse operation, how are goods delivered, separated, stored and shipped out? How do you store product — on racks or the floor? Will you require only heat or air conditioning? Do you require freezer, cooler or lab space? If so, what is 'state of the art' or perhaps the most cost efficient? How do you plan for future growth and expansion? A professional real estate consultant will ask the right questions and work in conjunction with people at all levels of the business in order to understand needs and maximize results.

SIMON CAPLAN, SIOR, is a partner with CRESCO Real Estate. Reach him at (216) 525-1472 or scaplan@crescoreal estate.com.

How important is it to involve employees at all levels in this process?

It is critical. Owners often think they know how everything works, but the employee driving the forklift often knows more about a specific procedure than the owner does. He or she may have ideas about how to speed up a process, run things more efficiently, or shape something differently. But you won't know if you don't ask. Get the input of the people actually doing the work!

How do you assess whether leasing or buying is the better option?

For most businesses, if you're moving often because of growth, you're probably better off leasing. But if you're a manufacturer or in a technology related business that requires specific and expensive infrastructure, you're usually better off purchasing.

For some businesses, building may also be an option. The right consultant can help you with budgets and compare alternatives. Building from scratch is expensive, therefore, most build-to-suits are done by manufacturers who need specific amenities and can't find that perfect facility.

How long does the process take, from analysis to move?

The bigger the move, the more important it is to think the plan out logically. Depending on your size and what you're doing, you should begin this process 12 to 36 months ahead of the move. If you're just moving office space, the search process to identify a new location can take weeks to years.

There's the initial search process, negotiating the offer and the letter of intent. The next step is legalizing it through a purchase or lease agreement. If you're purchasing, there's a due diligence process, closing and the move itself. All of that takes time. Additionally, if you are building or modifying an existing structure, you will be required to receive governmental approvals, which can add more time.

Companies that can move easily can move more often. But if you're relocating a major operation, you want to plan for the long term. Therefore, it is imperative to do it right the first time and invest in the proper resources that result in a seamless process with positive results. <<

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