

Austin's Top Ten Things You Need to Know About Site Location

The Austin Company's Food and Beverage Group has the experience and knowledge you need to help you choose the optimum location for your next food plant construction project. At The Austin Company, we understand that this decision takes into account factors beyond just the land and building.

Here are our Top 10 Tips for Site Location:

1. Locate logically in your supply chain

The first step is to determine the optimal supply chain network – the number, function and general location of facilities. This is determined by evaluating existing and proposed suppliers, plants, and customers in all possible combinations to determine the best transportation cost structure and service network. The study should employ simple spreadsheet analysis or sophisticated network modeling software as required. For a single facility the study should identify the geographic region that offers the most favorable operating costs and service characteristics.

2. Rate labor at necessary wage/skill levels

The ability to hire the skills you need at competitive wages is growing increasingly difficult. A careful study is necessary to ensure that the required skill levels and local training programs are available and there is a good worker-management tradition in the community. Private meetings should be conducted with local employers with similar skill requirements as the proposed operation and the high paying firms in the community. These meetings will shine light on the local work ethic, productivity, availability of workers, wage and benefit structure, skill levels and community support for business. Confirmation of what is learned can come from tours of schools and training facilities and a review of training programs. Also, meet with state and local workforce development officials.

3. Evaluate energy costs in the market

A basic requirement for food plants is the availability of low or reasonably priced utility services, especially electric power. Today's energy markets are volatile and a general upward trend in energy costs is forecast for much of North America. Low cost alternatives are available, sometimes in unlikely places. There are small pockets of low cost provided by municipal power agencies across the country and irrigation districts in California. Now may also be the time to consider alternatives. Consider the feasibility of co-generation or renewable power like solar and wind.

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4. Research reliability of utility services

Food plants depend on the availability of reliable utility services including electric power and natural gas. Make certain that utility providers are reliable and reputable. Do providers seem to have a good plan for handling the changing utility needs of the community, both residential and industrial? Running new power lines to a candidate property can be a costly undertaking. There are industrial properties that already possess the desired infrastructure; it just takes a careful eye to find them.

5. Consider water quality/sewer capacity

Water and waste water are often critical components of food manufacturing. Care must be taken in assessing water service to a candidate property to ensure that system capacity and water characteristics do not fluctuate significantly during the year. The same goes for waste water. Does the system have sufficient capacity to handle your hydraulic and waste loading profile? What will water and waste water cost? Is on site treatment an option? And don't forget fire-protection requirements. The water system must be sufficient to support all facility needs. Your objective is to flag potential problems. Evaluation of water and waste water systems can identify "red flags" that could spell problems for the project like high cost, poor quality or aging infrastructure.

6. Appraise permitting approval process

With market share at stake and narrow profit margins the norm, food companies are often driven by demanding project schedules. Food companies cannot afford to have projects delayed due to cumbersome and unpredictable permitting. Make sure the community you select has a program for expedited permitting that supports your aggressive project schedule.

7. Survey available land/existing buildings

No sense in spending time looking at property that won't meet project needs. By defining early an ideal site layout and building specifications investigated properties can be quickly assessed. If you're looking for an existing building, be sure to consider your project requirements including square footage and dimensions for functional areas of the building, clear heights, truck docks, mechanical systems and available parking. Site characteristics are also important including topography, size, shape and neighboring land uses. Be sure to investigate how trucks access the site and how storm water drainage will be handled. Also determine if the site has a positive image within the community?

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8. Ascertain surrounding environment is clean

The reputation of your company can hang on what the public believes about your production operations. Don't leave anything to chance. Make sure the plant environment is free of manmade hazards such as hazardous wastes, undesirable local conditions or incompatible previous land uses. Likewise, natural hazards should be avoided such as flood plain, wetlands, areas infringing on endangered species habitat and other issues that may hinder facility operation.

9. Quantify available incentive programs

No amount of incentives will make a bad location good. Austin recommends that serious incentive negotiations only begin when two locations well suited for the proposed operation have been identified. Now is the time to begin a systematic process of discovery, negotiation and contract development for incentives. This should involve a careful alignment of your project investment and job creation estimates and your "wish list" of project needs with incentives the community has available. It can be a cat and mouse game but be persistent and look for creative solutions that make you and the community winners.

10. Rate industrial supplier base

The best communities for business are those that are home to a wide array of industrial support services. Local plant managers know if the things needed to keep a business humming are ready-at-hand, less time will be spent hunting resources and more time running the business. When evaluating communities, be sure to investigate the availability of industrial equipment supplies, plant maintenance services, welding, refrigeration and other specialized services unique to your operation. Your supplier base can also include a pipeline of skilled workers. Consider the quality of local technical schools for training the workers you need.

The Austin Food and Beverage Groups' expertise and experience in site location extends well beyond the information in our Top Ten list. Contact us today to find out how we can help you design your facility.

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