**7**

**The Location and Layout Plan:**

**What Facilities Do You Need?**

**INSTRUCTOR MATERIALS**

### **Entrepreneurial Profile—Brian Grano, CEO Mickey Finn’s Brewery**

**Think it Over:**

1. **Is the downtown district in your hometown a good location to start a new business?**

Answers will vary. However, the goal is for students to consider if the downtown district is suitable for starting a business. As the case discusses, many downtown districts are quite depressed.

**2. Would opening a casino in your downtown district help turn around the area?**

At this time, Springfield, Massachusetts, is hoping that a casino located directly on Main St. will help revitalize their business community. As part of having a large MGM-type casino, the city is also requiring the casino to support local businesses for supplies, services, and even to help send their customers to small local businesses.

**The Elevator Pitch**

The link for the elevator pitch is from Jacqueline Haberfeld, designer of the patent pending Popover easy snow wear for babies. The Popover video can be found at <http://www.youtube.com/watch?v=fG7-wHfPUUI>. Jacqueline went a little over the allotted time, but the VC’s were concerned on how she could differentiate herself from her competitors.

## Answers to Review and Discussion Questions

**l. Location may be a significant factor for some types of firms and not for others. Why? Give several examples.**

Retail decisions are often influenced by personal preferences on where the entrepreneur wants to start his or her business. Wholesalers are located in areas that offer more warehouse space and a lower rent per square foot than retailers. Service firms are normally located near the customers that need the service provided.

**2. Is personal preference important in locating a company? Explain and justify.**

Your personal preferences are a big factor in determining where you want to live and work. Today with technology and the Internet, a preference for many is a home-based and/or online business.

**3. How do most small business owners choose their location?**

Most entrepreneurs decide to start their new business ventures in their home community. Here they have friends, family, relatives, and contacts they have made. They know the banks, insurance agents, and other people who would be able to extend credit or expertise. In short, the local community often has an infrastructure that is both necessary and familiar to support the small business.

**4. Using a specific type of business, if you were to locate a new venture, how would you select**

**a. the geographic area; and**

**b. the site within the area?**

You can use PRIZM (http://www.claritas.com/MyBestSegments/Default.jsp to) to help select a geographic area that matches the market segment your company wants to reach.

It will take careful investigation to reveal the good and bad aspects of any location. If you select to start your business in your local community, you still have to decide exactly what address will be your place of business, and many hybrid entrepreneurs start their businesses at home.

**5. What factors would you consider when you evaluate a region in which to locate? Where would you find appropriate information?**

A region should offer logistical advantages to setting up their organization in a certain region. It sounds logical that areas, such as in Florida or California, offer better location to waterways than many other states. The SBA (<http://www.sba.gov/tools/local-assistance/regionaloffices>) has regional offices across the United States to help evaluate small businesses within their local region.

**6. Are there circumstances that would persuade you to locate in a declining area? What are they and how would you make your decision?**

A declining area still might really need the products and services offered by your company. If your product is, for example, inexpensive food, then your company will do better in a declining area.

**7. In locating a manufacturing plant, what factors would you consider?**

(1) How important is the proximity to the market to produce or sell the product? (2) What transportation facilities exist to bring in supplies and sell the finished product? (4) What is the availability of raw materials? (5) Is there an adequate number of skilled labor supply? (6) What is the community attitude toward a new manufacturing plant? (7) Is there enough water power in the area?(8) How much are land costs? (9) What is the tax rate? (10) How will climactic conditions affect business? (11) Will we have any sister plants/warehouses nearby? (12) Are you better off in an urban, suburban, or rural site?

**8. In locating an upscale clothing store, what factors would you consider?**

Are there enough skilled workers to hire that have experience in an upscale retail environment? How much will it be to buy or rent land and a facility? Is the store better off in an urban, suburban, or rural site? Upscale usually works best in an urban area.

**9. What factors should a computer sales and service operation and an asphalt manufacturing plant consider in their selection of a location? Compare the location factors you would utilize in each decision.**

An asphalt manufacturer will most likely be found in an industrial park with similar companies such as recycle centers. They need to be as close as possible to the locations where the asphalt will be used by contractors, but their site needs to be a little off the busy streets.

A computer sales and service business would do well in a Main St. environment or in a strip mall with other larger anchors such as a supermarket and discount store. They want to be where customers can easily find them and bring in their broken machines. A retail store wants to ensure that customers, upon entering the facility, have the opportunity to select high-profit impulse items.

**10. Would it be wise to locate your firm near others of the same kind? Why or why not?**

It is often wise to be located near a competitor. The customer will most likely be more aware of the location since both stores are located next to each other. Plus, it makes it easier for customers to shop around.

**11. What part would census information play in your location decision? Where would you get it and how would you use such information?**

[www.census.gov/](http://www.census.gov/) The census helps us to know if a geographic area is increasing, staying the same, or decreasing in the number of population. The data also shows the different population numbers by different ages.

**l2. What are the advantages of buying rather than leasing your equipment or building?**

In general, the primary advantage to leasing rather than buying or building is that you get to use the asset—the building, the truck, or other asset—without making a large capital payment required for ownership. Your regular lease payments are generally less than you will pay to own the asset in question since a lease usually requires a smaller down payment than a purchase. The biggest disadvantage is when the lease period is over, you return the asset to the lessor.

**l3. You have been given the opportunity to plan the layout of a brand new food store. What are the general rules you would use to enable maximum profitability?**

A retail store, which makes a low profit on demand items (such as a food market), specific items that a customer needs to purchase, wants to ensure that these are accessible only after the customer passes by the high-profit impulse items.

**l4. Manufacturing plants need to minimize cost. How would you lay out a plant in order to minimize costs?**

A manufacturing firm wants to minimize production costs. A manufacturing firm might utilize a product layout, which refers to the arrangement of the machinery and personnel in the sequential order of the manufacturing process or in a process layout where machinery is grouped according to machine function.

**l5. What types of businesses need to be concerned with customer accessibility? Why?**

Retail stores need to be sure that all stores have access to their place of employment. A retail store wants to ensure that customers, upon entering the facility, have the opportunity to select high-profit impulse items.

**l6. While keeping costs down is appropriate, a cheap location might not be the best idea. Why would this be true? Show an example where this would not be true.**

An upscale automobile dealer would not fit in well with a poor community.

**l7. Why is the location decision for a manufacturing plant, retail store, or service operation important?**

Some businesses such as retailers, often need to be close their suppliers and customers. Some businesses need to be right where the customers can find them quickly and easily.

**l8. When does a manufacturing firm use process layout and when would it use product layout?**

In a process layout, all machines are grouped according to function. There is no predetermined route that products follow in the production process; the route is determined by the nature of the product. All products are involved in some of the same processes; however, since the products differ, they may be routed through these processes in different sequences.

A product layout, refers to the arrangement of the machinery and personnel in the sequential order of the manufacturing process.

**l9. When would a manufacturing firm use general purpose equipment and when would it use special purpose equipment? Explain.**

The more specialized the manufacturing process has to be, the more likely the company will need special purpose equipment.

**Application Exercises**

Each chapter has a series of exercises requiring you to apply the specific text concepts. When doing these exercises, be sure to select a specific business where applicable. You can select a business where you worked or a business you would like to own someday. Answers for each exercise should be approximately one page.

1. **Visit a local retail store and draw a diagram of the layout of the store. Draw a line through the aisle in the store that was most frequently visited by customers.**

In our case, we walked through our local, family owned Big Y Supermarket. The aisle most often entered was the fruit and vegetable section. The second most popular aisle was the frozen foods aisle.

1. **Visit a local retail store and see if the windows “tell a story” that would entice you to enter the store.**

In our case, watching the windows was a little sad. David Kimball’s father painted the signs in the windows of The Big Y for many decades. Although he retired, he is still a check out person at the supermarket. His hand-held signs have been replaced by computer generated signs indicating what is on sale. Strangely enough, the signs still look like the same font and colors my father used to use!

1. **Visit** [**http://smallbusiness.chron.com/retail-layout-strategies-11464.html**](http://smallbusiness.chron.com/retail-layout-strategies-11464.html) **for some more ideas on how to improve retail-level strategy.**

## Eye Level

Putting products at the proper eye level will help to improve sales. But it is important to remember whose eye level you are trying to reach. If you are trying to sell a tennis racket to adults, then put the tennis racket at adult eye level. A toy you are trying to sell to children needs to be at a child's eye level.

1. **Visit a local service business, such as a doctor’s office, and develop a diagram of the traffic pattern in the business. Is there a place where the customer/patient is waiting unnecessarily long?**

In our case, we often wait for our primary care doctor. Although he is very capable, he is also always behind in his appointments. He recently took a survey that would most likely produce the same results. Recently, I have noticed he has improved his time management and has been closer to staying on schedule.

1. **Visit the SBA.gov site and find three issues related to location and layout connected to starting your own business. Briefly describe the three issues you found.**

The following information was found at http://www.sba.gov/content/tips-choosing-business-location.

Most businesses choose a location that provides exposure to customers. Additionally, there are less obvious factors and needs to consider, for example:

• Brand Image – Is the location consistent with the image you want to maintain?

• Competition – Are the businesses around you complementary or competing?

• Local Labor Market – Does the area have potential employees? What will their commute be like?

• Plan for Future Growth – If you anticipate further growth, look for a building that has extra space should you need it.

• Proximity to Suppliers – They need to be able to find you easily as well.

• Safety – Consider the crime rate. Will employees feel safe alone in the building or walking to their vehicles?

• Zoning Regulations – These determine whether you can conduct your type of business in certain properties or locations. You can find out how property is zoned by contacting your local planning agency.

**Application Situations**

**1. Two Colleges Answers**

There are two local colleges that are determining future locations for facilities. To make a comparison between the two colleges, it would be helpful to use a rating sheet showing the grades and weights for each alternative. When using such a sheet, remember that there could be many non-quantifiable factors that outweigh all other considerations.

1. **Compare the data below to determine where either College A and/or College B should build a new location. Grade each factor (1 being the lowest) and weight each factor (1 being the least important).**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Factors | College A | College A | College B | College B |
|  | Grade | Weight | Grade | Weight |
| Close Connection with present location | 10 | 5 | 2 | 3 |
| Desire to expand programs | 3 | 5 | 9 | 5 |
| Desire to build large campus | 1 | 4 | 10 | 5 |
| Desire to build dormitories | 1 | 5 | 10 | 5 |
| Desire to provide parking | 1 | 5 | 10 | 5 |
| Desire to use government funding | 1 | 5 | 10 | 5 |
| Desire to use internal funding | 10 | 1 | 10 | 5 |
| Desire to enlarge student body | 8 | 5 | 10 | 5 |
| Desire of Board to stay at present location | 10 | 1 | 1 | 1 |
| Desire of Board to move to new location | 1 | 5 | 10 | 5 |
| Create national reputation | 1 | 5 | 10 | 5 |

College A should stay at its present location in the city due to its close as well as historic connection, the desire to use internal funding, and the strong desire of its board to remain where it is presently located, to build no dormitories nor attempt to attract a residential student body. Any expansion will be done with internally generated funds, will be modest in scope, and will be in line with the ability of the neighborhood to accommodate such expansion.

College A will have to expend considerable effort to get along with its neighbors. It will have to raise internal funds, donations from the board, friends, graduates, and interested parties. It will have to have approval of the city and will have limited land available for expansion.

College B should start looking for a large tract of suburban land to develop into a campus. It will require significant government funding (loans or grants) to finance its expansion.

College B will have to look for a large tract of land within commuting distance in order to maintain access by present and future students and additionally to build dormitories to house students requiring on-campus housing. It will also need as much funding as it can obtain from the federal, state, and local governments where possible.

**2. Quantity Shopper Answers**

The Quantity Shopper supermarket chain is looking for a new location to sell in bulk at low prices. However, they must be willing to accept lower profit margins. Quantity Shopper hopes that increased sales volume will be sufficient to be profitable. The chain can pick one of several alternatives.

First it can, as Costco does, look for cities or suburbs with large concentrations of population looking to save money on groceries, plus a wide variety of other items. There should be a tract of land available large enough to accommodate a large box store and gas station, if desired. There should also be room for store expansion as well as ancillary facilities if desired. The site should also have utilities already available or able to be brought in. As the store will draw from a large area, there should be adequate parking facilities and good roads. The political climate must be favorable because a business cannot locate in a hostile environment. There are other factors to consider, but these will be common to all location decisions.

Second, Quantity Shopper can take look at the model created by a former Trader Joe’s executive (*Arizona RepublicTalk Magazine*, November 10, 2013, p. 16) Doug Rauch to sell outdated products in bulk to lower socioeconomic levels. His belief was that this population, who also deserve to benefit from lower prices, would be willing to buy lower-priced food. A population that meets these criteria can be located by analyzing the census tracts for those areas in or around cities having lower incomes and lower per capita income than the average for the area.

1. **Will selling in a low-income neighborhood require even lower prices?**

Yes. It is most likely the prices will have to be lower so their low income customers will be able to afford the products.

1. **Doug decided that a good way to lower the costs would be to sell outdated products which would still be top quality. Do you think it is a good idea to sell outdated products?**

It is too early to tell if this approach will be successful, but there certainly is a high risk to selling outdated high-quality products. It is quite possible that consumers will want new products instead of outdated products.

1. **Do you think Doug’s initial approach to use a different name and to make the market a nonprofit entity is a sound strategy?**

We think a different name, besides Quantity Shopper, will help Doug to build a new brand image. However, he needs to fully research the issues and difficulties involved in changing his business to nonprofit.

**Answers to Case Questions**

**Max Restaurant Group Founder Richard Rosenthal**

**Think it Over:**

1. **Which of the communities listed in the case has the highest median income?**

WEST HARTFORD, CT 06107 (and other zip codes in West Hartford) is the highest with a median income of $102,600.

\* Demographic data is based on 2010 Census

* Population: 18,800
* Median Age: 43.9
* **Median Income: $102,600**
* Consumer Spend: $533 MM
* Consumer Spend ($/HH): $69,773

Total population of WEST HARTFORD, CT 63,268

Male population of WEST HARTFORD, CT 29,365

Female population of WEST HARTFORD, CT 33,903

Median age (years) 41.5

White Population 50,349

Black Population 3,982

Indian Population 113

Asian Population 4,666

Hawaiian Population 24

Hispanic Population 6,192

Median age (Male) 39.7

Median age (Female) 43.1

Total households 25,258

Family households (families) 16,139

Average household size for WEST HARTFORD, CT 2.42

Average family size of WEST HARTFORD, CT 3.06

Total housing units for WEST HARTFORD, CT 26,396

WEST HARTFORD, CT Covers 7 ZIP Codes

ZIP Code Area Code(s) Timezone Classification Population

ZIP Code 06107 860 Eastern General 18,786

ZIP Code 06110 860 Eastern General 12,650

ZIP Code 06117 860 Eastern General 17,267

ZIP Code 06119 860 Eastern General 15,474

ZIP Code 06127 860 Eastern P.O. Box 0

ZIP Code 06133 860 Eastern P.O. Box 0

ZIP Code 06137 860 Eastern P.O. Box 0

1. **What are the population and average age in Longmeadow, MA ?**

Longmeadow, MA 01106

Population: 15,939

Median Age: 46

Median Income: $87,200

Consumer Spend: $391 MM

Consumer Spend ($/HH): $66,967

1. **Select one of the communities where a Max is located and compare it to your own zip code where you live.**

Answers will vary. The goal is for students to learn the demographic and lifestyle information about their own hometown.

1. **Interpret the data in the case to select the next location to place a Max Burger in a community that already has a different Max Group Restaurant.**

Students should using PRIZM to find a good location, such as Northampton, MA.

1. **Does Max Burger have a good location in the Longmeadow Shoppes?**

Max is in a good place since the median income is about $86,000. Plus, it is located in an upscale strip shopping mall where mass retailers such as The Gap and Talbot’s are located.

**Answers to Global Case Questions**

**Junior Achievement in Africa Helps to Start Home-Based Businesses**

**Think It Over:**

1. **Research online at** [**http://www.forbes.com/sites/mfonobongnsehe/2013/02/23/30-under-30-africas-best-young-entrepreneurs/**](http://www.forbes.com/sites/mfonobongnsehe/2013/02/23/30-under-30-africas-best-young-entrepreneurs/) **for an example of a different African entrepreneur and how he or she started his or her own business. Focus on an entrepreneur that discusses the location of his or her business or the layout of his or her store.**

Jonathan Liebmann, South African

Real Estate developer, CEO of Propertuity

Liebmann, 28, is the Managing Director of Propertuity, a South African Real Estate development company, and the brains behind the construction of the Maboneng Precinct, a thriving cultural district in the east side of Johannesburg’s CBD. Once a neglected and deteriorating neighborhood housing abandoned industrial complexes, Liebmann transformed Maboneng into a vibrant urban mixed-use community complete with Art galleries, artist studios, retail spaces, offices, and artist studios.

1. **Research online for the international operations of Junior Achievement (JA) in a different country than your own country. Where are some of the entrepreneurial companies located that are highlighted on the JA site?** <https://www.jaworldwide.org/Pages/default.aspx>. More than 50 million alumni have benefited from the opportunities JA Worldwide offers.

Here is one of their success stories.​​

JA Company Program Inspires Restaurant Chain throughout Central America

In 1982, 15-year-old Jose Carlos Mejia participated in the JA Company Program in El Salvador and learned how to start a business, manage people and resources, and efficiently handle money. Twelve years later, Mejia and his brother Gerardo opened a seven-table restaurant in the touristy Rosa neighborhood, featuring sandwiches, lasagna, and chicken wings.

Thirty years after Mejia’s first experience with the JA Company Program, he now owns 10 restaurants with 180 employees. The restaurant has also expanded to Colombia, Honduras, and Nicaragua, with plans for a new location in Panama.

“My dreams have come true, thanks to the vision that Junior Achievement gave me,” Mejia said. “JA develops young people and gives them the skills and confidence they need to be entrepreneurs. Junior Achievement turns students’ goals into realities and helps them believe in themselves.”

**Additional Business Plan (Appendix B)**

Most young entrepreneurs that try to write a business plan on their own forget to include a section on location and layout. However, it is important to determine where and why a new business should be located.

1. **Where is 21st located?**

Hartford, CT.

1. **Why did the owners select their location?**

The Hartford, CT, area has large industrial manufacturers, such as United Technologies. UTC owns Sikorsky, Carrier, Pratt & Whitney, and other large businesses.

1. **What does the data provided about Hartford indicate?**

Hartford’s median age is a youthful 32.2 years old. As shown below, Hartford is a racially mixed area. 21st Training Center hopes to appeal to a diverse marketplace to attend their training classes.

|  |  |
| --- | --- |
| White Population: | 39,871 |
| Black Population: | 51,022 |
| Hispanic Population: | 54,166 |
| Asian Population: | 4,055 |

**Paper Clip Entrepreneurship Challenge**

Location and layout should not affect the Paper Clip Challenge. The paper clip challenge can be accomplished by trading items in any location.

**College Entrepreneurial Spirit Award Winners**

The students at your college should describe where they sell their products or service. Some students that have won our spirit awards have sold their products on the internet. However, we also have students that sold their products at a kiosk in the mall. We have had students that own their own breakfast and lunch restaurant.

**Community Entrepreneurial Spirit Award**

The Community Entrepreneurial Spirit Award nominees should explain (or the student in class that nominated the community business) why they selected their location to conduct their business.

The community business owner (or nominating student) can also explain if they considered the layout of their store location. Has the community business ever analyzed the traffic flow within their store?

**ANSWERS AND MATERIAL IN THE STUDENT SUPPORT MATERIALS**

**STUDENT SUPPORT MANUAL**

**Practice Quiz**

**Multiple Choice Questions**

1. **Which of the following is not a general location factor you should consider when selecting a business location?**
2. proximity to the market
3. transportation facilities
4. availability of raw materials

(d)\*\*\*access to marketing software

**2.** **Which of the following is not a general location factor you should consider when selecting a business location?**

1. water power
2. land costs
3. sister plants/warehouse
4. \*\*\* access to accounting software

**3. After examining the general location factors, you will be able to apply them to specific location requirements of which types of businesses?**

1. retail
2. wholesale
3. \*\*\* water power
4. manufacturing firms.

**4. After examining the general location factors, you will be able to apply them to specific location requirements of which types of businesses?**

1. retail
2. service
3. manufacturing
4. \*\*\*market

**True/False Questions**

1. Location and layout are considered to be functional areas of the firm just like accounting, finance, marketing, production/operations, and personnel.

*False*. Location and layout affect the profitability of your firm, but they are not functional areas of the organization.

1. Location is often determined by labor supply and market consideration.

*True.*

1. Layout is affected by decisions marketing and sales.

*False.* Marketing information helps formulate business strategy, which affects location and layout decisions.

1. The initial dot.com era led to the end of many entrepreneurial businesses, such as pets.com and toys.com. Soon after the dot.com bubble burst in 2000, the internet was no longer a viable option to start a business.

*False.* Even though the dot.com bust of 2000 occurred, the internet has returned to be a tremendous area for businesses to thrive.

1. Many businesses now sell their products directly to consumers (thus bypassing the wholesaler) on their own websites, such as Ebay or Amazon.

*True.*

1. A retail firm wants to minimize production costs, while a manufacturing firm wants to ensure that customers, upon entering the facility, have the opportunity to select high-profit impulse items.

*False*. A manufacturing firm wants to minimize production costs, while a retail firm wants to ensure customers have the opportunity to select high-profit impulse items.

**Weblinks**

1. <http://www.retailcustomerexperience.com/> is a free website devoted to the entire retail experience. Professors and students can request a daily e-mail to be sent to their personal e-mail accounts.
2. <http://www.progressivegrocer.com/> is a website devoted to everything that happens in the grocery store industry. You can use the search tool to find material on location and layout.

**Additional Entrepreneurial Profiles**

**http://www.smallbusinessschool.org/video.cfm?clip=1855**

**Flap Happy, Inc.**

**Laurie Snyder, Founder / CEO**

2330 Michigan Avenue

Santa Monica, CA 90404

310-453-3527

**Key Idea: Surpass Customer Expectations**

**Flap Happy products are sold by some tiny retail shops and in some of the world's biggest catalogs. Laurie Snyder is proud that her little business makes kids very happy.**

**Think it Over:**

1. **When was the last time you received an email or letter from a customer thanking you for your extraordinary service? How do you measure customer satisfaction? What percentage of your business do you expect to come from repeat customers?**

Answers will vary. However, it is interesting to see if the students received an email or letter thanking them for picking the college they attend.

Measuring satisfaction might be done through a questionnaire asking buyers if they were satisfied with their entire shopping experience and the product itself.

Students should understand that repeat business is the majority of the sales for most every business. “90% of the business comes from 10% of the customers” is the famous line.

**Additional Elevator Pitch**

**Lush, Handmade Soap**

**http://www.forbes.com/sites/carminegallo/2012/07/17/how-to-pitch-anything-in-15-seconds/**

**How to Pitch Anything in 15 seconds. Watch the video about the 3-Step Message Map.**

**1. Create a Twitter-Like 15-Second Headline.**

**2. Support the headline with three key benefits.**

**3. Reinforce the three benefits with stories, statistics, and examples.**

**Now, you want to take your own elevator pitch product and create a 3-Step Message Map. Remember, this elevator pitch is only 15 seconds.**

The goal of this elevator pitch is to help strengthen each student’s own elevator pitch. Practicing a 15-second pitch can teach the student that 90 seconds is plenty of time to complete a pitch.

**Additional Application Exercises and Situations**

**1. How to Find the Best Location**

**http://www.entrepreneur.com/article/73784**

**Use the link provided to access the Entrepreneur.com article on how to find the Best Location for a food or retail business. What are three suggestions provided by the author Karen E. Spaeder?**

1. It's time to put location at the top of your to-do list.
2. Check Your Demographics. Use location analysis tools that include traffic pattern information, demographic and lifestyle data, and competitive analyses.
3. "Do your due diligence." Get a demographic overview of the area you're looking at—age, income, households, etc.
4. Look Your Competitors in the Eye. "Quite simply, the best place to be is as close to your biggest competitor as you can be," says Greg Kahn, founder and CEO of Kahn Research Group in Huntersville, North Carolina, and a behavioral research veteran who's done location research for Arby's, Buffets Inc., Home Depot, Subway and other major and minor players. "Foot traffic is obviously important, but landing the 'perfect' customer is far more crucial. By being in close proximity to your competitors, you can benefit from their marketing efforts."
5. Negotiating a lease that works for you and your business is just as important as the location itself.
6. Having someone help you with your business plan before you even begin the location search can be invaluable as well.

**2. 6 Tips for Creating an Optimal Retail Layout**

**http://blog.intuit.com/marketing/6-tips-for-creating-an-optimal-retail-store-layout/**

**Use the link provided to access the Intuit article on how to optimize the retail space in a small store location. What are the six tips provided by the author, Jan Fletcher?**

1. Don’t place merchandise in the “decompression zone.” When U.S. consumers enter a store, they tend to turn to the right. Position merchandise with this in mind.

2. Choose a store layout that fits your business. The grid layout used by most grocery stores steers customers up and down rows of aisles. A loop layout has a central grouping of displays, with a circular or square pathway around it. A free-flowing layout gives merchants opportunities to spur impulse buying, as shoppers can move the most freely through the store.

3. Minimize counters. Bob Phibbs, owner of the Retail Doctor, says store counters often separate the store owner or sales clerk from customers, at least psychologically.

4. Beware the “butt-brush effect.” Paco Underhill, a consumer behavior expert, coined this term when he discovered that the typical customer will avoid perusing merchandise if it brings another customer’s backside into close proximity.

5. Maintain good visibility. Reduce your inventory losses by keeping shelves low enough to enable good visibility. Take care to ensure that temporary store displays do not inadvertently provide cover for shoplifters.

6. Create a sensational entrance. Invest in an eye-catching entrance, strategically placing signage to entice shoppers inside. Make sure that at least a few products are visible to people who pass by the shop’s windows.