

SECTION 2 *Questions 15–27*

Read the text below and answer Questions 15–20.

CHOOSING PREMISES FOR A NEW BUSINESS

What you need

Three factors dominate the priorities of small businesses looking for premises: cost, cost and cost. Nobody ever has enough money, so there is an overwhelming temptation to go for the cheapest property. It is a mistake that can take decades to rectify – and even threaten the future of a promising business.

Ironically some firms swing too far in the other direction, committing themselves to a heavy initial outlay because they believe in the importance of image – and that does not come cheap. Finding the right premises is the real secret. That can, and will, vary enormously according to the type of business. But there are some general rules that apply to any operation.

Location

High street premises are important for shops which rely on passing trade – but these are expensive. Rents fall quickly within a few metres of main roads. Offices, however, need not be located centrally, particularly if most business is done on the phone or via email.

Manufacturing and storage relies heavily on access. Think about how vans and lorries will deliver and collect goods from the premises. Nearby parking can be important for staff, and public transport can be even more so, as traffic restrictions tighten.

Size

This is a crucial decision. Health and Safety laws provide basic guidance on how much room is required per office desk or manufacturing operation. But remember to allow for growth.

Growth

Every small business aims to become a big business, but this prospect can be obstructed if the wrong decisions are made early on. It is important to consider flexibility from the start. Can a building be physically altered internally by knocking down walls or by extending outwards or adding extra floors? Is there spare land next door to expand later if necessary?

Landlords obviously have to agree to any changes so it is important that the contract includes details of what will be allowed and how much extra will be charged on top of the costs of rebuilding or alteration. Planning rules must also be considered. Local authorities are not always open to discussion about the future of premises. They may have rigid rules about increasing density of development. The building may be in a conservation area or near housing, in which case it will be much more difficult to consider changes.