

Advantages of plant and warehouse site selection

[Business](#)



Advantages of Plant and Warehouse Site Selection When a company selects a less-than-optimal site, it may have labour availability problems, ongoing transportation issues and yearly recurring cost. These issues can be resolved by paying close attention to site selection.

A sound plant and warehouse site selection will generally have the following benefits; (1) reduction in transportation cost; (2) reliable and productive labour force; and (3) minimizes development cost. i. Reduction in

Transportation Cost Transportation is one of the most important factors in distribution centre logistics. The cost of hauling products from a distribution centre to customers and consumers is based on fuel prices as well as driver and truck maintenance cost, which usually increase annually. Being in the right location is vital in minimizing transportation costs from a distribution centre to retail stores, or wherever the company's destination is. An optimum distribution centre location needs to best serve its delivery points.

By analyzing the current network and planned distribution centres is a good way for firm to determine optimal location. In the retail business, on-time delivery is crucial; hence the proximity of clients and suppliers through highly accessible highways or rail lines will save time and cut costs. In addition to the site's physical location, its internal functions – rack and conveyor systems and pick-and-pack solutions – are important. When a plant or warehouse is designed and located effectively, these systems help increase product flow and shipping efficiency. i. Reliable and Productive Labour Force While various markets may meet a company's transportation needs, it may be harder to find a reliable and productive labour force.

As such, labour force is the foremost community characteristic to identify in site selection. Firms should also analyze turnover rates because retraining employees increases operating costs. In the United States, most communities will provide a survey outlining the area's wage and benefits rates, which are impacted by geography and the presence of organized labour (Foote, 2005). Often, incentives packages are offered to business that meet or exceed community wage averages. Getting a community's support is vital.

When a community is supporting a project in their area; everything from permit approval to the plan' review processes moves faster. Selecting a pro-business community is a definite plus. Whenever a firm build new distribution centres, the most common concerns raised by citizens are the increased of traffic, especially trucks, and the noise in the area. Firms can mitigate these concerns by locating off a highway and away from residential areas. The best way for firms to counter misperceptions is to have community leaders speak with officials in an area where the firm has successfully located other operations.

iii. Minimizing Development Costs Carefully selecting a site location with ideal characteristics minimizes up-front development cost. A fairly flat site is not environmentally challenged is the best location for a distribution centre. Blasting large rocks and mitigating wetlands is expensive and time consuming. Choosing sites that are free of environmental issues also reduces initial site development costs. The time it takes to study and resolve environmental issues may influence firms to search other markets.

Sometimes, however, they have no choice but to build in an environmentally sensitive area to serve customers. Firms with short development time frames need sites with existing utilities – water, sewer, power and roads – but these sites are usually more expensive. If firms plan far enough in advance, they can leverage communities to provide free or discounted land, and find government incentives that deliver infrastructure at no cost to the company. Increasingly, organizations require fibre optics to receive and transfer data. New technologies running through fibre optics allow companies to set up inventory systems that automatically order items from the distribution centre when they are purchased from a store.

The internet has put valuable information, from available properties to workforce data to economic development incentives, at the fingertips of those seeking optimal distribution centre locations.