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# Location, Location, Location: Value-added Processing/ Manufacturing

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Selecting a site for your value-added processing/manufacturing facility is an important decision in creating your business. Thoroughly investigate the various location options in advance because once the location decision is made it usually cannot be changed or modified.

You will want to identify important location factors for your value-added business. List them and use a weighted rating scale to help evaluate the site. You may use words like “adequate” and “unsatisfactory” to evaluate the site. You may also use a numbering system (i.e. 1 for least satisfactory and 5 for most satisfactory) and total the weighted score for the site. This is especially helpful in comparing alternate sites. Create a grid with the site factors listed along the left side of the grid and alternative locations listed across the top. Evaluate each site according to this scoring system by totaling the scores for each site and comparing them. This will provide you with a simple method of comparing sites. If you get more sophisticated you may want to use an electronic spreadsheet to help you with the analysis.

You may also hire an outside business to help you analyze various sites. Money spent to hire a competent site analyst may be a good investment considering the importance of the decision.

Below is a listing of many of the issues you will want to consider in site selection. Based on the uniqueness of your project, there may be other issues that you will want to consider that are not listed here.

## Consider the Following Factors:

### 1. Access to Commodity Product/Markets

- Have you identified where or how the product will be marketed?
- Is the site accessible to markets for your product?

- What is the proximity of your product to target markets?
- What arrangements will be made for marketing by-products?
- Will you delivery directly to the market or will storage be involved?
- Does the location provide a competitive advantage compared to competitors?
- Is it consistent with the marketing plan (timing) do you have sufficient receiving, handling, storage, and shipping capacities?

### 2. Availability and Price of Raw Materials (feedstock)

- Is the feedstock readily available (corn, wheat, livestock, etc.)? Examine historic production and usage patterns.
- Is the feedstock available at a competitive price? Examine historic price and basis patterns.
- How will your business impact this price?
- Do you have adequate receiving, handling and storage facilities for your feedstock?
- Will farmer-owners be providing the commodity or specialty feedstock?
- Will livestock be held on the site? This could become an important consideration to assure compatibility with nearby land uses.
- Will the holding area be open or enclosed?

### 3. Availability of Management and Labor

- What skill levels of management and labor are needed? Is it available in the area?
- How many shifts and how many employees per shift?
- What are the compensation and labor rates in the area?
- Who are competitors for management and labor in the area and what are their expansion plans?
- Is there housing available for workers and at what cost?

- What is the quality of life (hospitals, shopping, recreation, schools, public transportation, etc.)?
- Are there training programs available from public institutions?

#### **4. Access to Inputs and Services**

- Are utilities available (water, electricity, natural gas, internet, etc.)?
- What amount and type of electrical service will be needed? Is it available at a competitive price?
- What volume of LP gas or natural gas will you require? Is it available at a competitive price?
- What volume of water will be needed? Is it available? Is the water quality acceptable?
- Are there services available such as fire and police?
- What is the volume and characteristics of sewer discharge?
- Will you pre-treat sewage?
- Are city services available?
- What other inputs and services are needed? Are they available?

#### **5. Transportation**

- Is location central, accessible to the in and outflow of physical goods and services?
- What type of transportation systems are needed for your business (rail, highway, air, etc.)?
- Is this type of transportation available? At what cost? Is it reliable?
- What are the transportation costs to your target markets?
- Are there off-load facilities at your target market? Do their product quantities and timing needs mesh with your shipping plans?
- Is there competition in transportation services (i.e. two railroad companies or rail and truck)?
- What will be the traffic volume around your facility? What type is it?
- Will you need a parking area for trucks?
- Will local governments provide transportation infrastructure?

#### **6. Regulations**

- What are zoning regulations of the site?
- Is the property zoned for the proposed use and, if not, what are the chances of getting it rezoned?
- Are there building codes?

#### **7. Physical Characteristics**

- Is there proper drainage of the site or is it flood prone?
- Are the soil types suitable for this type of development?
- What is the access to water (quantity and quality)?
- Is the layout of the site conducive to the type of business (accessible, appearance, amenities, etc.)?
- Are there physical encumbrances (trees, buildings, etc.)?
- What is the topography and need for excavation?
- Is this a site where you can expand or would you need to relocate?
- How is this site similar/different from sites of similar types of facilities?
- Will local governments provide assistance in developing the site?

#### **8. Cost**

- What is the purchase price of the site?
  - What excavation is needed to prepare the site and what is the cost?
  - What local, state, or federal financial resources or incentives are available? What are the timing of these funding sources? How will these incentives impact the current and on-going cost of locating at this site?
  - Will the site increase or decrease in value from future activities around the site?
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**9. Environmental**

- What are the water, air, run-off, or sewer discharge limitations?
- Is an approved county conservation plan up-to-date, if needed?
- Is a wetland review from USDA Natural Resources Conservation Service (NRCS) needed?
- Is a “Phase 1 Environmental Survey” needed?
- Is an archaeological survey needed?
- Other environmental engineering laws or factors?

**10. Incentives**

- Will the community provide tax abatement or other tax incentives?
- Is there federal, state, and/or local financial assistance available?
- Are there advantages or cost-sharing such as training programs, etc. available?

**11. Other Business Factors**

- What is the business or community atmosphere?
- Is there strong local support for your business?
- Are there alternative ways to do business, such as sharing some resources in an industrial group setting? Will those shared resources assist you?

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