



Inside or Outside the Community

There are increasing costs when you go to another area to run a business, such as travel costs, travel time, extra meal costs, and inconvenience. In some instances, these extra costs are not worth the hoped-for benefits of starting a business outside the neighborhood. Of course, the worth has to be determined by the entrepreneur.

Read the following situations regarding locational issues and answer the questions to get an idea of the thinking process that the successful entrepreneur should go through in order to make decisions about location.

SITUATION #1

Tom lives in Philadelphia. His parents own the grocery store in his neighborhood. Tom runs errands for the neighborhood people who don't want to go out on the streets alone. He may be asked to pick up small items, books, foods from his parent's store, or anything else that the customers need. Tom's father only lets him go to places within a two-block area because of the danger of heavy traffic on the streets in his neighborhood.

- Do you think that this errand runner business should be located close to where the customers live? Why or why not?
- Does the two-block limit put on Tom's work cause problems for him in terms of what he can do for his customers?
- Do the type of stores located in the two block area affect Tom's business? Why or why not?
- How could Tom find customers to use his errand service?
- Name any advantages of having Tom live in the area where the business is located.

