



HOW TO FIND THE IDEAL LOCATION

FOR GROWING YOUR BUSINESS

ABOUT THIS GUIDE

Many companies try to expand into international markets, but fail when they choose the wrong location.

Why? Because all too often, sites are selected based on “benchmarks”—from corporate tax rates and cursory wage data to promises of subsidies and preconceptions about the flexibility of labor laws.

Once a building or piece of land is identified, the decision is made. But that’s where problems start, because the real risk factors go well beyond this short list.

A new location can fail for any number of reasons—inadequate infrastructure, poor assessment of logistics costs and risks, inability to recruit qualified labor or attract vital skills, unexpected financial costs, lack of support from local officials, paperwork delays and more.

To make your venture a success, take a rigorous approach and consider all of the criteria that may affect your project. In this guide, we’ll examine the three key steps to ensure success and prevent unpleasant surprises.

Nord France Invest, the economic development agency for Hauts-de-France, has helped hundreds of companies set up operations here. This guide draws on our proven expertise and is designed to help make your business development project a success.

Yann Pitollet, CEO
Nord France Invest



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Helping you launch your project
in Hauts-de-France

A satellite night view of Earth showing city lights. A rectangular region in the center is highlighted with a red and green overlay, indicating a specific area of interest. The text is overlaid on this highlighted region.

STEP 1:
DEFINE THE SELECTION
CRITERIA FOR
YOUR LOCATION

1. Step 1: Define the selection criteria for your location

The first step in finding the ideal location is choosing the right country and the right region. Here you'll want to consider two variables:

- **Financial criteria** that will have a direct impact on the new entity's income statement—payroll, real estate and energy costs, taxes and more.
- **Qualitative criteria** that will get you off to a smooth start, shape your new site's medium- and long-term operational performance, and ultimately affect its income statement.



1 Step 1: Define the selection criteria for your location

1. Financial criteria:

Since your outlay on production equipment is largely the same for any host country or region, your initial investment shouldn't be the deciding factor. Instead, the relative competitiveness of your candidate sites will depend on six key factors:

Local wage levels are a critical marker for competitiveness, but analyzing them isn't always easy. Be sure to avoid these traps:

- Look beyond national statistics: wage levels can vary sharply from region to region, even within one country.
- Use recent data and look at long-term trends. Salaries can change quickly in some countries and remain very stable in others. Result: payroll costs that are 20% lower today may have lost their competitive edge in just five years.
- When you assess employer contributions, compare apples to apples. In some countries, mandatory employer contributions are lower, but employers have to buy private insurance. Pay close attention to what is and isn't covered in the package of required contributions.
- Look for hidden costs, such as bringing in expats if you find you can't rely on local management or have trouble retaining employees. If staff turnover doubles in your new location, recruitment and training costs will double, too, pushing up total payroll costs.

Real estate costs are probably the single biggest variable from one city or region to another. Whether you're buying or renting, costs for a greenfield site, office space, a logistics facility or a factory can be four times higher in some regions than others, even for properties of identical quality and size.

And it's important to consider your financial strategy, too. In some regions you may be able to reduce your capital expenditures by working with real estate investors to finance your building.



1 Step 1: Define the selection criteria for your location

The cost of utilities—power, water, gas and steam—can vary sharply from one country or region to another, and from one sector to another, especially for industrial activities.

And remember that some countries offer favorable rates to businesses that rely heavily on electricity.

Logistics costs include all costs associated with storage and movement of raw materials and finished or semi-finished products, including delivery to customers. It's smart to consult a professional as you analyze this variable. Logistics costs can fluctuate significantly—in response to economic conditions, the price of oil, and carbon and other taxes—and that makes them hard to project. One of the biggest challenges is striking the right balance between optimizing inventory and avoiding shortages, which can have serious financial consequences.

Here again, a supply-chain professional can help if you don't have an in-house expert.

Taxes are often used as a key indicator for comparing host countries, but slow down and take a closer look.

There are two factors to consider:

- **National taxes:** are largely a function of each country's corporate tax rate, and here you should be analyzing the actual impact on your business very closely. For example, a cross-border comparison is meaningless if you don't consider the rules that define taxable income. Depending on applicable law, you may be able to reduce your overall tax liability with deductions or accelerated depreciation.
- **Local taxes:** are often based on the size of your investment. When considering a site, ask the local tax authority for a simulation of the annual tax you would pay and information on any exemptions that might apply based on your projected investment.

Financial assistance: Governments often hold out the promise of financial assistance to attract investors, and it can be hard to resist a pledge of support equal to 10% of your total investment—or even more.



1 Step 1: Define the selection criteria for your location

Here are a few tips for optimizing and securing your financial assistance package.

- Be wary. If it sounds too good to be true, it probably is. In many countries, government support is subject to regulation. This certainly holds true for the European Union, where terms and conditions limit the amount and percentage of government assistance on offer. Some local authorities are so eager to attract foreign investment that they don't check their own applicable regulations thoroughly, and then find themselves unable to honor their promises when it's time to transfer funds. Or worse, you find yourself required to repay assistance that you were never eligible to receive. To avoid unpleasant surprises, ask for written confirmation that all promises of financial support comply with national requirements.
- To get accurate information on available assistance, be prepared to share as much information as possible about your project. The more data you can provide—recruitment and training needs, talent profiles, investment type, R&D and more—the easier it will be for your regional partners to create a customized financial assistance package and tap into all available programs. If necessary, ask for a signed non-disclosure agreement (NDA) to protect the confidentiality of any information you share.
- Never make any decision based solely on offers of financial assistance. Here again, the promise of “a seven-figure check” may be hard to resist, but it may also blind you to factor that will affect your long-term profitability. Bottom line: keep a cool head.

Combining all of these items will give you a provisional operating budget that highlights cost differentials from one region to the next. Which is an important step—but not enough on its own. Because you'll also want to look into a long list of qualitative criteria that will have an indirect but critical impact on your investment's profitability and long-term success.



1 Step 1: Define the selection criteria for your location

2. Qualitative criteria for setting up your new venture:

While financial criteria can be captured in a spreadsheet, qualitative criteria have subjective elements that depend on the eye of the beholder. The ideal solution is to create a project team of two or three people who can contribute different perspectives and different solutions.

Qualitative criteria include at least six different areas:



Site's overall environment: be sure to assess the political, social and monetary stability of the countries you are considering. It's also a good idea to consider the international image your products will have if they carry the "Made in X" brand, especially if your new site will be making products for export. And it's important to consider the efficiency and reliability of the host country's government and the risk of natural disasters.

Availability and quality of labor: be absolutely sure that your location will give you access to the skills and human resources you'll need to grow your business. As you research potential locations, ask yourself how many qualified workers will be immediately available or could be trained to do the work you need.

Once again, you can get this information from local organizations. They can provide information on the qualification level of workers in their region and local training centers.

You should also evaluate the flexibility of local labor laws...

Infrastructure quality: to make your new venture a success, it's wise to identify the infrastructure you'll need. Obviously, transport infrastructure is essential for supply and accessibility, but don't neglect other criteria, such as power grid reliability, CO₂ emissions per MWh generated, and the quality of telecommunications networks.

Business ecosystem and innovation potential: Setting up means choosing a new site—but you'll also be joining an existing ecosystem. So you'll need to find out how many potential suppliers and subcontractors are in the region, whether it offers R&D centers and university labs, and what national or regional policies are in place to support innovation.

1. Step 1: Define the selection criteria for your location

Quality of life: don't overlook quality of life as a selection criterion: it can help you attract and retain the best talent. The local healthcare system, the air quality index, the cost of buying or renting a home, and the region's schools and higher education options will all have an impact on your future recruitment efforts.

Openness to the world: if you aim to grow on international markets, being open to the world is a natural criterion for evaluating your target sites. Check the quality of air and rail connections, and the number of companies from your home country that are already in the region. Find out whether there are any international schools, and ask how easy it is for expats to get visas and residence permits.

This is a lot of information to chase down, so don't hesitate to ask for help. Nearly every country and/or region has an **economic development agency** or consultants who specialize in site selection, and providing answers to all of these questions is what they do.

One way to evaluate your options is to give every item a score from 0 (very poor) to 10 (excellent) based on your project team's impressions, and then assign a coefficient to each criterion. This allows you to reach an overall score for each candidate location. To help you analyze your options, we offer a decision matrix that includes all of these criteria.

[DOWNLOAD OUR DECISION MATRIX NOW](#)



Once you have completed Step 1, you'll have a short list of possible destinations that meet the right financial and qualitative criteria, and you can move on to Step 2.





STEP 2:
ZEROING IN
ON THE RIGHT SITE

2. Step 2: Zeroing in on the right site

Finding the right site for your new venture is vital to the success of your project. Don't neglect it! It will take preparation, particularly to draft your **specifications**, and time to visit each candidate site. Depending on what you need to accomplish—rent 500 sq m of office space? buy a 50,000-sq m industrial building?—the time commitment will vary, but the methodology is the same.

Here are a few basic tips to get you started:

- **Contact the economic development agency responsible for each of your short-listed destinations.**

Most regions now have national, regional or local economic development agencies that can act as your sole point of contact, coordinating your search and saving you precious time. In general, their services are free. You can also work with specialized real estate and/or site selection consultants, especially if your project is complex and requires advanced technical skills or if you plan to conduct a broad international search.

- **Share your timeline with your local partners.**

When you share your timeline with economic development agencies, they can tailor their responses to your deadlines. But don't insist on tight turnaround times when they aren't really necessary. While most economic development agencies will be able to respond to you on short deadlines—even very short deadlines if they're well organized—you'll have more options if you give them enough time to conduct in-depth research.

- **Draft a set of specifications for your new venture.**

In the first step, you identified and ranked the selection criteria you'll use to make your final decision. When you provide this information to your contacts, it's easier for them to pre-select the sites they'll present to you. The ideal site doesn't always exist, and a detailed set of specifications clearly separates the “make-or-break” criteria from factors that offer additional benefits but aren't essential. Result: you get a list of candidate sites tailored more closely to your needs.



2. Step 2: Zeroing in on the right site

- **Insist on confidentiality.**

Don't hesitate to ask for a signed confidentiality agreement that will protect you from disclosure of information about your project. Any economic development agency should know how to work under an NDA (non-disclosure agreement).

Drafting your specifications is a critical step in making your new venture a success. Specifications will help you design your project and make it easier to work with the partners who are helping you find the right solution, or with your architects if you plan to build a turnkey facility. What to include in your specifications:

- **General environment:** in this section, you should outline your preferences for the overall environment of your future site: should it be close to a major metropolitan area, a mid-sized city, or a less urban environment? Should your site be located in a technology park, a business complex, an industrial area, or a logistics hub? How close should it be to residential areas? And so on.
- **Accessibility:** this section should describe your transportation needs. Does the site need to be near a highway, a sea or river port (containers, bulk shipping, or other requirements), a railway station (passenger or freight), or an airport (passenger or freight)? Do you need a multimodal site? Do you need an urban transport system?
- **Human resources and hiring:** here you should describe your recruitment projections over the next 3 years by type of position, describe the pace of work, and let your partners know if you need to be near training centers and/or universities.
- **Real estate strategy:** would you prefer to build to your own design, or are you looking for existing space? Would you rather rent or own? When do you plan to begin operations?
- **Site description:** in this section, you should list a certain number of criteria based on your goals and limitations: surface area of the building, dimensions, height, distribution of space, utilities, including electricity, telecommunications, water consumption, waste (if any), requirements specific



2. Step 2: Zeroing in on the right site

to your activity—industrial, commercial, R&D, logistics, storage of sensitive products, parking spaces and green space, projected road traffic and more.

You are welcome to download this set of model specifications for new sites, which details the information to provide based on the nature of your business.

[DOWNLOAD OUR MODEL SPECIFICATIONS](#)

Once they have your specifications, your consultant or economic development agency can draw up a list of candidates, which you can use to identify a short list of sites for further research and even a visit.

You should keep several things in mind at this stage:

- More and more professionals now offer **virtual visits**, so you can make a first cut without having to travel.
- At your request, your consultant or economic development agency should be able **ensure confidentiality and avoid disclosing your identity** to the owners of the land and buildings on your list.
- It's not unusual for **the site selection process to take several months**. If your contacts are professional, they won't mind if you take your time and make multiple follow-up visits before making your decision.
- When it's time to sign the papers for a sale or lease, be sure to **work with an adviser** (such as a real estate agent, attorney or notary) who can support you and explain any unusual points of local law.





STEP 3:
ARRIVAL

3. Step 3: Arrival

You've chosen your site. Now the adventure begins—and a number of challenges need to be met: government formalities and paperwork, recruitment, preparing the site, and, of course, growing your business.

Here again, local authorities and experts can support your business as you roll out your project. In particular, the economic development agency for your chosen region—which in theory has been working with you from the beginning—is still an important partner.

Key services include:

- **Supporting recruitment** by pre-selecting candidates, getting training centers involved, putting your business in contact with schools and universities and more.
- **Streamlining government paperwork** by getting any building and/or operating permits you may need, obtaining residence permits for your expat managers, and more.
- **Helping you find your place in the local ecosystem** by connecting you with the right professional organizations, clusters, laboratories and more.
- **Introducing you to local officials**
- **Following up after you've occupied your site**



We hope that this guide will be useful to you in your future endeavors. The entire Nord France Invest team is at your service, and would be delighted to provide any additional information and answer any questions you may have about locating your business in Hauts-de-France.



NORD FRANCE INVEST
HELPING YOU LAUNCH
YOUR PROJECT
IN HAUTS-DE-FRANCE

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When you set up in an unfamiliar place, you need reliable, independent and recognized partners. That's what **economic development agencies** are for, and they save you both time and money, since their services are generally free of charge for international companies. Their aim? Build a win-win relationship between the host region and prospective investors.

At Nord France Invest (NFI), the economic development agency for Hauts-de-France, we do just that, answering your questions and offering business solutions tailored as closely to your needs as possible. NFI was founded in 1967. Since then, we've helped 1,300 companies set up in northern France, and over the past 20 years, we've supported 113 investment projects in the automotive industry alone.



Because every case is unique, we adapt our approach based on the maturity of each project and the challenges it faces. As a result, we've crafted a **range of solutions for each stage in the business development process**. Our **services are 100% confidential and offered at no cost to you**. Funding is provided by the Hauts-de-France Regional Council and the Hauts-de-France Chamber of Commerce and Industry.

Dedicated expertise every step of the way

- **Step 1: compile and deliver the information you need**
Once we have your specifications, we identify your specific needs, then work with our partners to provide a comprehensive response to all of your issues.
- **Step 2: find the right solutions**
We prepare a proposal setting out a range of possible solutions, from buildings and land to acquisition candidates and potential partners. Once you've reviewed it and shortlisted the best options, we schedule the necessary site visits, coordinating everything to make the best use

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of your time.

- **Step 3: develop a financial package and handle formalities**
We identify relevant grants and other public aid and tap into every possible source of support. We also place the powerful NFI network at your disposal, facilitating your relations with local, regional and national authorities and speeding up administrative procedures. And naturally we advise you on interacting with local decision-makers.
- **Step 4: follow up**
Working closely with our partners, we'll help you find your place in the local business community and develop your network. But we don't stop there: once your project is up and running, we're still on hand to support you as you grow.



NEED HELP FOR YOUR DEVELOPMENT PROJECT?

CONTACT US AT:
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