OPENING A SECOND LOCATION

How to decide if a second location makes sense, run the numbers, choose the site, and run two places at once.

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AT A GLANCE

- A second location can double your reach, but it also doubles many costs and splits your attention.
- Know your first location's **profit and payback** before you open another.
- The biggest change: you can't be in both places. **Systems and a strong manager** come first.

Why it matters

Many owners find the jump from one location to two is the hardest step in growing a main-street business. Done well, it proves your model can be repeated, which is what lenders and investors want to see.

Run the numbers

EXAMPLE

Marisol's first taquería has **$600,000** in yearly sales and **$90,000** in location-level profit (15% of sales, before her own pay and company-wide costs). Opening a second location will cost about **$250,000**.

- **Payback:** $250,000 ÷ $90,000 = about **2.8 years**, if the new location performs like the first.
- **If it reaches only 75%** of the first location's profit ($67,500 a year), payback stretches to about **3.7 years**.
- **Ramp-up:** new locations often take 6 to 12 months to reach full sales. Plan cash for that period.

Choosing the site

- **Similar customers** to your first location
- **Visibility, parking and foot traffic**
- **Distance:** close enough to share staff, suppliers and marketing, far enough not to steal your own customers
- **Zoning, permits and lease terms.** See **B-05 Licenses and Permits: Finding What You Need** and **B-13 Renting Your First Space: Leases Explained (Main Street)**.
- **Competition** nearby

Getting ready

1. **Write down how everything is done.** See **O-06 Systems and Checklists: Running the Business Without Doing Everything Yourself**.
2. **Train a manager** who can run a location without you.
3. **Standardize** menus, services, prices, suppliers and branding.
4. **Track each location's numbers separately.**
5. **Fund it properly**: buildout, equipment, opening inventory, and 3 to 6 months of working capital. See **R-26 Sources and Uses Worksheet**.

Running two locations

- Hold a **weekly meeting** with each manager.
- Use **shared systems** for booking, payments, scheduling and inventory.
- **Compare KPIs** between locations to spot problems early. See **O-10 Tracking the Numbers That Matter**.
- **Split your time on purpose.** Plan when you'll be at each location.

Common mistakes

- **Opening before the first location runs without you.**
- **Underestimating ramp-up time.**
- **Choosing a cheap site** in the wrong area.
- **Mixing both locations' numbers together.**

Your checklist

- ☐ Calculate location-level profit for your first location
- ☐ Estimate opening costs and payback
- ☐ Plan 3 to 6 months of working capital for ramp-up
- ☐ Train a manager and write your systems
- ☐ Evaluate at least 3 sites

Where to go next

- **L-08 Opening a Physical Location (Main Street)**
- **G-05 Franchising and Licensing Your Business**
- **R-26 Sources and Uses Worksheet**

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