



A Location for Best Practice Machine Tools plc

Situation

Your company, Best Practice Machine Tools plc, manufactures a great variety of machine tools and sells them all over the world. You have been doing so well recently that your present plant will not be able to cope much longer with the flood of orders coming in, so that you are planning to expand. As there is no space left on the production site, you are looking for a new location elsewhere. You can make a choice from the four communities described overleaf.

In teams of four find out which location will be the most suitable for your company. Consider all information available.

Keep in mind that

- your products range from small/lightweight to huge/heavy
- you buy a variety of components from suppliers all across the country
- you sell your products to customers worldwide
- you will have to hire about 300 skilled staff
- your service staff has to see customers at short notice
- you might want to change your business strategy due to the facts given

Aytown

- A reasonably sized site will be made available by the Council for free. Enough space for later extensions.
- Location: 2,5 km from town border, next to a wildlife sanctuary
- Access road available
- Nearest motorway: 15 km
- Nearest railway station: 2 km
- Nearest airport: 20 km
- Nearest river port: 23 km (motorway)
- Nearest sea port: 400 km
- Local public transport: buses
- Labour force: high unemployment rate (mostly unskilled young people)
- Energy costs: electricity 0,15 ct/KWh
- Communication: special offer – all calls 4ct/min, Internet 1,5 ct/min
- Taxation:
 - year 1 – 3: 0 %
 - year 4 – 6: 10 %
 - following years: 30 %

Beeville

- A former factory site with three buildings in bad state of repair can be purchased at the symbolic price of €1000. Later extensions not possible.
- Location: within town in former industrial area;
- Access roads lead through town
- Nearest motorway: 9 km
- Nearest railway station: 0,2 km
- Nearest airport: 60 km
- Nearest river port: 10 km
- Nearest sea port: 220 km
- Local public transport: tram
- Labour force: average unemployment rate (mostly skilled workers around 45 years, due to bankruptcy of competitor)
- Energy costs: electricity 0,17 ct/KWh
- Communication: local calls free, national calls 1 ct/min, international calls 5 ct/min, Internet 2 ct/min
- Taxation: 25 %

Ceeburgh

- The Council offers a suitably sized site on a 50-year rent basis at €20.000 a year.
- Location: just outside town, 600 metres from a housing area
- Narrow access road available
- Nearest motorway: 5 km
- Nearest railway station: 6 km
- Nearest airport: 140 km
- Nearest river port: 40 km (road)
- Nearest sea port: 100 km
- Local public transport: tram
- Labour force: lowest unemployment rate, most employees work for your rival *National Machine Tools*
- Energy costs: electricity 0,16 ct/KWh
- Communication: local and national calls 3 ct/min, international calls 4 ct/min, Internet flat rate €200/month
- Taxation: 22 %

Deevalley

- A private owner offers a site of considerable size at €450.000.
- Location: industrial area under construction;
- Access roads to be built later
- Nearest motorway: 3,5 km
- Nearest railway station: 1 km
- Nearest airport: 30 km
- Nearest river port: 3 km
- Nearest sea port: 600 km
- Local public transport: trams and buses
- Labour force: low unemployment rate, but considerably higher in neighbouring communities
- Energy costs: electricity 0,14 ct/KWh
- Communication: local calls 1 ct/min, national calls 2 ct/min, international calls 6 ct/min, Internet flat rate € 250/month
- Taxation: 27 %