

3.3.2: Methods for Finding the Best Facility Location

Location Factor Rating

One method to assist in choosing the best location is the Location Factor Rating (also known as Weighted Scoring Model). The various factors important in this decision are decided upon and each is given a weight between zero and 1.0 to reflect each factor's importance. Every site is then evaluated in comparison with each other and given a score. Weighted scores are calculated by multiplying each score by its corresponding weight. When weighted scores are summed up, the highest weighted score reflects the location which is the most attractive based on all factors.

✓ Example 3.3.2.1

Location Factor	Weight	Site #1	Site #2	Site #3
Proximity to Suppliers	0.3	80	85	80
Business Environment	0.25	65	90	55
Wage Rates	0.15	72	55	65
Community	0.1	65	60	40
Proximity to Customers	0.1	55	90	70
Labour Pool	0.05	40	45	65
Proximity to Airport	0.05	60	55	80

Solution

Weighted Score

Location Factor	Site #1	Site #2	Site #3
Proximity to Suppliers	24.0	25.5	24.0
Business Environment	16.3	22.5	13.8
Wage Rates	10.8	8.3	9.8
Community	6.5	6.0	4.0
Proximity to Customers	5.5	9.0	7.0
Labour Pool	2.0	2.3	3.3
Proximity to Airport	3.0	2.8	4.0
Total Score	68.1	76.3	65.8

In this example, site #2 shows the highest score when evaluated against site #1 and #3. So, we choose site #2.

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