

TABLE 8.2: Analyzing Locations: An Example of the Factor Rating Method

FACTORS	FACTOR RATINGS (IMPORTANCE) (1–5)	RATING FOR CHENNAI (1–10)	RATING FOR SHANGHAI (1–10)	SCORE FOR CHENNAI LOCATION	SCORE FOR SHANGHAI LOCATION
Tax Incentives	4	7	5	$4 \times 7 = 28$	$4 \times 5 = 20$
Availability of Labor	5	3	3	$5 \times 3 = 15$	$5 \times 3 = 15$
Proximity to Customers	3	6	5	$3 \times 6 = 18$	$3 \times 5 = 15$
Per Capita Income	5	3	4	$5 \times 3 = 15$	$5 \times 4 = 20$
Transportation Network Availability	3	4	3	$3 \times 4 = 12$	$3 \times 3 = 9$
Community Attitude	5	4	5	$5 \times 4 = 20$	$5 \times 5 = 25$
Quality of Educational System	4	1	6	$4 \times 1 = 4$	$4 \times 6 = 24$
Provision for Site Expansion	2	10	6	$2 \times 10 = 20$	$2 \times 6 = 12$
Proximity to Supporting Industries	2	7	9	$2 \times 7 = 14$	$2 \times 9 = 18$
Utilities Availability	3	5	8	$3 \times 5 = 15$	$3 \times 8 = 24$
TOTAL SCORE				161	182