



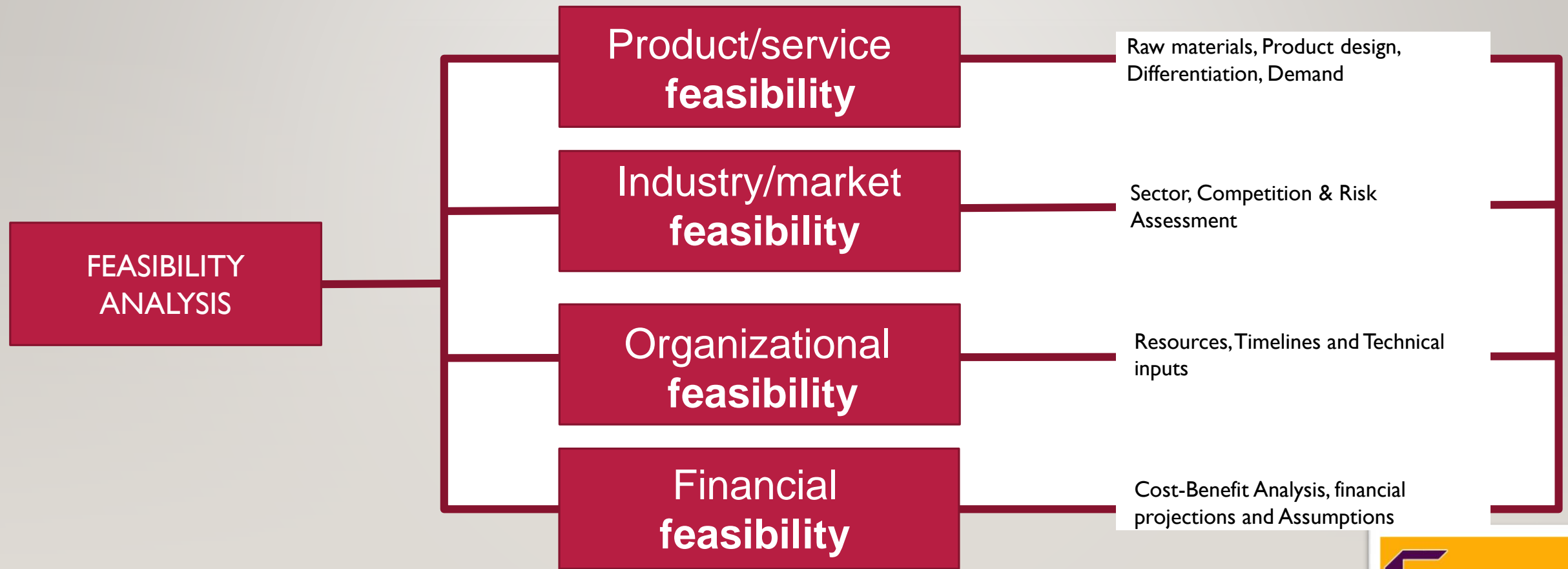
FEASIBILITY ANALYSIS

Feasibility Study

It assesses whether your entrepreneurial endeavor is, in fact, feasible or possible.

By evaluating your management team, assessing the market for your concept, estimating financial viability, and identifying potential pitfalls, you can make an informed choice about the potency of your entrepreneurial idea.

The full **feasibility analysis** for a for-profit enterprise typically covers **four areas**:



A feasibility analysis is mainly numbers driven and can be far more in depth than a business plan (a key component of the Business Plan).

A feasibility study may become the basis for the business plan, which outlines the action steps necessary to take a proposal from ideation to realization.

A feasibility study allows a business to address where and how it will operate, its competition, possible hurdles, and the funding needed to begin.

The first component of product/service feasibility is to affirm that the proposed product or service is desirable and serves a need in the marketplace.

Product/ Service Feasibility Analysis

The second component of product/service feasibility analysis is to determine if there is demand for the product or service.

Three commonly utilized methods for doing this include

- (1) talking face-to-face with potential customers,
- (2) utilizing online tools, to assess demand, and
- (3) library, Internet, and research.

A **market analysis** enables you to define competitors and quantify target customers and/or users in the market within your chosen industry by analyzing the overall interest in the product or service within the industry by its target market.

Industry/ Market Feasibility Analysis

You can define a market in terms of size, structure, growth prospects, trends, and sales potential. This information allows you to better position your company in competing for market share. After you've determined the overall size of the market, you can define your target market, which is, the number of potential users within your business's reach.

This market can be segmented by geography, customer attributes, or product-oriented segments. You can further distill the portion of that target market that will be attracted to your business.

Organizational Analysis

MANUFACTURING AND OPERATIONS PLAN

Operating cycle

Geographical location

Facilities and improvements

Strategy and plans

Regulatory and legal issues

Risks

Financial Feasibility Analysis

A **financial analysis** seeks to project revenue and expenses (forecasts come later in the full business plan); project a financial narrative; and estimate project costs, valuations, and cash flow projections

The financial analysis should estimate the sales or revenue that you expect the business to generate. A number of different formulas and methods are available for calculating sales estimates. You can use industry data to estimate the sales of your potential new business. You can search for similar businesses in similar locations to measure how your business might perform comparatively.

Conclusion

Feasibility analysis is the preliminary evaluation of a business idea, conducted for the purpose of determining whether the idea is worth pursuing.

It takes the guesswork (to a certain degree) out of a business launch, and provides an entrepreneur with a more secure notion that a business idea is viable

ACTIVITY:

Complete Your Feasibility Worksheet

**THANK
YOU!**