



- **Industry competitiveness.**
  - Investigate industry concentration (few large producers or many small producers).
  - Analyze major competitors.
  - Explore barriers/ease of entry of competitors into the market or industry.
  - Determine concentration and competitiveness of input suppliers and product/service buyers.
  - Identify price competitiveness of product/service.
  
- **Market potential.**
  - Will the product be sold into a commodity or differentiated product/service market?
  - Identify the demand and usage trends of the market or market segment in which the proposed product or service will participate.
  - Examine the potential for emerging, niche or segmented market opportunities.
  - Explore the opportunity and potential for a “branded product”.
  - Assess estimated market usage and potential share of the market or market segment.
  
- **Sales projection.**
  - Estimate sales or usage.
  - Identify and assess the accuracy of the underlying assumptions in the sales projection.
  - Project sales under various assumptions (ie. selling prices, services provided).
  
- **Access to market outlets.**
  - Identify the potential buyers of the product/service and the associated marketing costs.
  - Investigate the product/service distribution system and the costs involved.

## **Technical Feasibility**

- **Determine facility needs.**
    - Estimate the size and type of production facilities.
    - Investigate the need for related buildings, equipment, or rolling-stock.
  
  - **Suitability of production technology.**
    - Investigate and compare technology providers.
    - Determine reliability and competitiveness of technology (proven or unproven, state-of-the-art).
    - Identify limitations or constraints of technology.
  
  - **Availability and suitability of site.**
    - Access to markets.
    - Access to raw materials.
    - Access to transportation.
    - Access to a qualified labor pool.
    - Access to production inputs (electricity, natural gas, water).
    - Investigate emissions potential.
    - Analyze environmental impact.
    - Identify regulatory requirements.
    - Explore economic development incentives.
    - Explore community receptiveness to having the business located there.
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- **Raw materials.**

- Estimate the amount of raw materials needed.
- Investigate the current and future availability and access to raw materials.
- Assess the quality and cost of raw materials and markets of easily substituted inputs.

- **Other inputs.**

- Investigate the availability of labor including wage rates, skill level, etc.
- Assess the potential to access and attract qualified management personnel.

## **Financial/Economic Feasibility**

- **Estimate the total capital requirements.**

- Assess the “seed capital” needs of the business project and how these needs will be met.
- Estimate capital requirements for facilities, equipment and inventories.
- Determine replacement capital requirements and timing for facilities and equipment.
- Estimate working capital needs.
- Estimate start-up capital needs until revenues are realized at full capacity.
- Estimate contingency capital needs (construction delays, technology malfunction, market access delays, etc.
- Estimate other capital needs.

- **Estimate equity and credit needs.**

- Identify alternative equity sources and capital availability -- producers, local investors, angel investors, venture capitalists, etc.
- Identify and assess alternative credit sources -- banks, government (ie. direct loans or loan guarantees), grants, local and state economic development incentives.
- Assess expected financing needs and alternative sources -- interest rates, terms, conditions, covenants, liens, etc.
- Establish Debt to Equity levels.

- **Budget expected costs and returns of various alternatives.**

- Estimate expected costs and revenue.
  - Estimate the profit margin and expected net profit.
  - Estimate the sales or usage needed to break-even.
  - Estimate the returns under various production, price and sales levels. This may involve identifying “best case”, “typical”, and “worst case” scenarios or more sophisticated analysis like a Monte Carlo simulation.
  - Assess the reliability of the underlying assumptions of the financial analysis (prices, production, efficiencies, market access, market penetration, etc.)
  - Create a benchmark against industry averages and/or competitors (cost, margin, profits, ROI, etc.).
  - Identify limitations or constraints of the economic analysis.
  - Determine project expected cash flow during the start-up period.
  - Identify project an expected income statement, balance sheet, etc. when reaching full operation.
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## Organizational/Managerial Feasibility

### • Business structure.

- Outline alternative business model(s) (how the business will make money).
- Identify the proposed legal structure of the business.
- Identify any potential joint venture partners, alliances or other important stakeholders.
- Identify availability of skilled and experienced business managers.
- Identify availability of consultants and service providers with the skills needed to realize the project, including legal, accounting, industry experts, etc.
- Outline the governance, lines of authority and decision making structure.

### • Business founders.

- Are the people involved of outstanding character?
- Do the founders have the “fire in the belly” required to take the project to completion?
- Do the founders have the skills and ability to complete the project?
- Who are the key individuals who will lead the project?
- Is there a reward system for the founders? Is it based on business performance?
- Have the founders organized other successful businesses?

## Study Conclusions

The study conclusions contain the information you will use for deciding whether to proceed with creating the business. The major categories this section should include are:

- Identify and describe alternative business scenarios and models.
- Compare and contrast the alternatives based on their business viability.
- Compare and contrast the alternatives based on the goals of the producer group.
- Outline criteria for decision making among alternatives.

## Next Step

After the feasibility study has been completed and presented, you should carefully study and analysis the conclusions and underlying assumptions. Next, you will be faced with deciding which course of action to pursue.

Potential courses of action include:

- Choosing the most viable business model, developing a business plan and proceeding with creating and operating a business.
  - Identifying additional scenarios for further study.
  - Deciding that a viable business opportunity is not available and moving to end the business assessment process.
  - Following another course of action.
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