

business alternatives to investigate in the feasibility study. A market assessment will provide much of the information for the marketing section of the feasibility study.

Results and Conclusions

The conclusions of the feasibility study should outline in depth the various alternatives examined and the implications and strengths and weaknesses of each. The project leaders need to study the feasibility study and challenge its underlying assumptions. This is the time to be skeptical.

Don't expect one alternative to "jump off the page" as being the best one. Feasibility studies do not suddenly become positive or negative. As you accumulate information and investigate alternatives, neither a positive nor negative outcome may emerge. The decision of whether to proceed often is not clear cut. Major stumbling blocks may emerge that negate the project. Sometimes these weaknesses can be overcome. Rarely does the analysis come out overwhelmingly positive. The study will help you assess the tradeoff between the risks and rewards of moving forward with the business project.

Remember, it is not the purpose of the feasibility study or the role of the consultant to decide whether or not to proceed with a business idea, it is the role of the project leaders.

Go/No-Go Decision

The go/no-go decision is one of the most critical in business development. It is the point of no return. Once you have definitely decided to pursue a business venture, there is usually no turning back. The feasibility study will be a major information source in making this decision. This indicates the importance of a properly developed feasibility study.

Feasibility Study vs. Business Plan

A feasibility study is not a business plan. The separate roles of the feasibility study and the business plan are frequently misunderstood. The feasibility study provides an investigating function. It addresses the question of "Is this a viable business venture?"

The business plan provides a planning function. The business plan outlines the actions needed to take the proposal from "idea" to "reality."

The feasibility study outlines and analyzes several alternatives or methods of achieving business success. So the feasibility study helps to narrow the scope of the project to identify the best business model. The business plan deals with only one alternative or model. The feasibility study helps to narrow the scope of the project to identify and define two or three scenarios or alternatives. The consultant conducting the feasibility study may work with the group to identify the "best" alternative for their situation. This becomes the basis for the business plan.

The feasibility study is conducted before the business plan. A business plan is prepared only after the business venture has been deemed to be feasible. If a proposed business venture is considered to be feasible, then a business plan constructed that provides a "roadmap" of how the business will be created and developed. The business plan provides the "blueprint" for project implementation. If the venture is deemed not to be feasible, efforts may be made to correct its deficiencies, other alternatives may be explored, or the idea is dropped.

Reasons Given Not to Do a Feasibility Study

Project leaders may find themselves under pressure to skip the "feasibility analysis" step and go directly to building a business. Individuals from within and outside of the project may push to skip this step.

Reasons given for not doing a feasibility analysis include:

- We know it's feasible. An existing business is already doing it.
- Why do another feasibility study when one was done just a few years ago?
- Feasibility studies are just a way for consultants to make money.
- The feasibility analysis has already been done by the business that is going to sell us the equipment.

- Why not just hire a general manager who can do the study?
- Feasibility studies are a waste of time. We need to buy the building, tie up the site and bid on the equipment.

The reasons given above should not dissuade you from conducting a meaningful and accurate feasibility study. Once decisions have been made about proceeding with a proposed business, they are often very difficult to change. You may need to live with these decisions for a long time.

Reasons to Do a Feasibility Study

Conducting a feasibility study is a good business practice. If you examine successful businesses, you will find that they did not go into a new business venture without first thoroughly examining all of the issues and assessing the probability of business success.

Below are other reasons to conduct a feasibility study.

- Gives focus to the project and outline alternatives
- Narrows business alternatives
- Surfaces new opportunities through the investigative process
- Identifies reasons not to proceed
- Enhances the probability of success by addressing and mitigating factors early on that could affect the project
- Provides quality information for decision making
- Helps to increase investment in the company
- Provides documentation that the business venture was thoroughly investigated
- Helps in securing funding from lending institutions and other sources

The feasibility study is a critical step in the business assessment process. If properly conducted, it may be the best investment you ever made.
