**Feasibility Study**

An excellent course on feasibility study is located at the following address:

<http://womeninbusiness.about.com/od/businessplans/a/feasibilitystud.htm>

**Definition of Feasibility Studies:** A feasibility study looks at the viability of an idea with an emphasis on identifying potential problems and attempts to answer one main question: Will the idea work and should you proceed with it?

Before you begin writing your business plan you need to identify how, where, and to whom you intend to sell a service or product. You also need to assess your competition and figure out how much money you need to start your business and keep it running until it is established.

Feasibility studies address things like where and how the business will operate. They provide in-depth details about the business to determine if and how it can succeed, and serve as a valuable tool for developing a winning business plan.

**Why Are Feasibility Studies so Important?**

The information you gather and present in your feasibility study will help you:

* List in detail all the things you need to make the business work;
* Identify logistical and other business-related problems and solutions;
* Develop marketing strategies to convince a bank or investor that your business is worth considering as an investment; and
* Serve as a solid foundation for developing your business plan.

Even if you have a great business idea you still have to find a cost-effective way to market and sell your products and services. This is especially important for store-front retail businesses where location could make or break your business.

For example, most commercial space leases place restrictions on businesses that can have a dramatic impact on income. A lease may limit business hours/days, parking spaces, restrict the product or service you can offer, and in some cases, even limit the number of customers a business can receive each day.

**The Components of a Feasibility Study**

* **Description of the Business:** The product or services to be offered and how they will be delivered.
* [**Market Feasibility:**](http://womeninbusiness.about.com/od/freebusinesscourses/a/marketdeasibil.htm) Includes a description of the industry, current market, anticipated future market potential, competition, sales projections, potential buyers, etc.
* [**Technical Feasibility:**](http://womeninbusiness.about.com/od/startingasmallbusiness/a/techfeasibility.htm) Details how you will deliver a product or service (i.e., materials, labor, transportation, where your business will be located, technology needed, etc.).
* [**Financial Feasibility:**](http://womeninbusiness.about.com/od/freebusinesscourses/a/finfeasibility.htm) Projects how much start-up capital is needed, sources of capital, returns on investment, etc.
* [**Organizational Feasibility:**](http://womeninbusiness.about.com/od/freebusinesscourses/a/organizatfeas.htm) Defines the legal and corporate structure of the business (may also include professional background information about the founders and what skills they can contribute to the business).
* [**Conclusions:**](http://womeninbusiness.about.com/od/freebusinesscourses/a/conclusionsfeas.htm) Discusses how the business can succeed. Be honest in your assessment because investors won’t just look at your conclusions they will also look at the data and will question your conclusions if they are unrealistic.

**Summary:** Feasibility studies contain comprehensive, detailed information about your business structure, your products and services, the market, logistics of how you will actually deliver a product or service, the resources you need to make the business run efficiently, as well as other information about the business.

**What is a Market Feasibility Study and How Does a Market Feasibility Study Differ From a Marketing Plan?**

All feasibility studies should look at *how* things work, *if* they will work, and identify potential problems. Feasibility studies are done on ideas, campaigns, products, processes, and entire businesses.

Feasibility studies assess something and consider both pros and cons. They analyze potential business scenarios. A Marketing Plan maps out specific ideas, strategies, and campaigns based on feasibility study investigations, that are intended to be implemented.

Think of market feasibility studies as a logistical study and a marketing plan as a specific, planned course of action to take.

**What Should be Included in a Market Feasibility Study?**

Things to Include in a market feasibility study include:

* Description of the Industry
* Current Market Analysis
* Competition
* Anticipated Future Market Potential
* Potential Buyers and Sources of Revenues
* Sales Projections