



What is a Feasibility Study?

A feasibility study is a detailed, objective analysis of a business idea or proposed project to determine its potential impact or outcome. It provides a visual aid for a new venture by putting an idea on paper so that potential problems can be more easily identified and solved before the idea is implemented, saving investors' time and money in the future. Feasibility studies reveal the positives as well as the negatives of an idea, allowing you to determine what will work, what can be fixed, and what resources will be needed in order to bring an idea to life.

Who Conducts the Study?

Feasibility studies are generally conducted by an independent, third party consultant. This provides an important level of objectivity to the study that someone involved in the project cannot offer, and objectivity is a significant aspect of a feasibility study to potential investors. Choosing the right consultant to conduct your feasibility study is a very important decision. Some factors to consider when choosing a consultant include experience, technical ability, knowledge of the industry, and the ability to work within your group's budget and timeline.

Where to Start?

The first step toward conducting a meaningful feasibility study is defining the project and describing its objectives. This is important because naming one's specific goals will help determine exactly what resources and funding will be needed to reach these goals. This will help minimize unwanted surprises after the implementation process begins, such as suddenly needing additional funding. It also brings to light factors that may have gone unidentified during the "brainstorming" or "ideas" phase that could totally change the direction of a project.



What Does the Study Contain?

The body of your feasibility study will outline every aspect of how a business will operate or how a project will be implemented. This includes detailed, researched financial and marketing analysis. The more research conducted and the closer to real-life your projections are, the more useful the feasibility study will be to you. Some factors typically included in the financial portion of feasibility studies are facilities, equipment, personnel, production costs, and pricing. Looking at these aspects will help you determine whether or not the venture is cost-effective. It is imperative that the total cost to implement the project, from start to finish, is tallied in the study. Some marketing factors to consider include target markets, competitors, and sales and marketing strategies. Researching the strategies of competitors will help you evaluate what does and does not work as well as determine whether or not your business will even be a viable competitor in the market. The marketing portion may even include a section of surveys conducted among project members, the community, or both.

Why Conduct a Feasibility Study?

The most common reason people conduct feasibility studies is because they are evaluating a new business venture. Some other reasons can include expanding on an existing business, changing operation procedures, extensive remodeling of facilities, or merging with another business. In today's economic climate, it is more important than ever to be fully prepared before entering into any type of investment. For more information on getting started with your feasibility study, visit www.MatsonConsult.com, which offers ideas and advice from experienced professionals.