

NEW BUSINESS FEASIBILITY

Any new venture, whether a new business or even a new product or some expansion should be examined with a feasibility study.

A feasibility study is the process of deciding whether a good idea, is commercially viable or not. The feasibility is an organised and procedural method of assessing whether to invest in a new idea or not.

Most new ventures come to me when somebody brings a “golden opportunity”.

Firstly

Ideas really are cheap. Sorry, but there are thousands of new ideas every minute and often time a number of people have different versions of the same idea. I remember one week when three different people came to me wanting to start up a new shoe shop. They didn't know each other at all and came to their idea completely independently. Your idea may not really be unique - so be careful.

Ideas don't make it a good business. You need a lot more to make an idea into a successful business.

Secondly

An opportunity is only an opportunity when you have the means to make it happen, the method to implement it and the drive and passion to drive it to success. Anything missing from this equation and whole idea staggers and eventually gasps for air.

So feasibility starts with the ideation - an unstructured description of the product, the market and anything else we have thought of at the start. This sets the process in operation. The feasibility then assesses and examines:

1. The management, staffing, organisational structure and operational skills necessary to implement the idea.
2. The operational and functional requirements to make it happen.
3. The legal and economic context of the business and requirements for licences, registrations and so on.
4. The financial demand of the project, and potential sources for funds.
5. A description of the product or services and the features and benefits of this scheme against other like products.
6. The market demand and competitive positioning of the product in the market place.
7. An analysis of the packaging, promotion and very importantly the distribution of the product to the customers.
8. The time line, cash flow forecast and predicted profit and loss and balance sheet, from initial start through to commercial operation.

Two more things:

- A. A good feasibility may show that the business would not work. The business does not have to become a commercial success to appreciate the feasibility. An excellent feasibility may well stop you from making a serious mistake - costly not only financially but also in personal costs, credibility and confidence. Many feasibilities also identify a “right way” or another idea that is even more successful than the first idea.
- B. A feasibility study is not a business plan. There will be a lot of information gathered in the feasibility that will migrate into the business plan. But - they are not the same thing.

Q. *How much does this cost?*

A. Lots less than a business failure.