

Business Development Center

Feasibility Study Outline

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Introduction

Congratulations!

ARWBDC is pleased to welcome you to the exciting idea of researching your business idea or in other words carrying out a feasibility study.

Importance of Research and Writing

How does research and writing help ensure that your business will be successful? The feasibility study will help you answer the following questions:

- What am I selling?
- Who will buy it?
- What will it cost?
- What market will I fill?
- Do I have competition?

How Do I Carry Out the Research?

- Visit with any staff from the Arkansas Women's Business Development Center for guidance in how to research your business idea.
- Research at any of the Business Information Centers located in Pine Bluff or Helena.
- Type your feasibility study out on a computer and save it on a disk, hand-written documents are difficult to change and correct. Pay someone to type it out for you, if you cannot type
- Get a friend to edit or critic your business plan. Their feedback may be insightful.
- Schedule an appointment with ARWBDC staff, to help you edit and critic your work as well as in creating cash flow projections.

Business Development Center Contacts

- Miriam Karanja, Director – ARWBDC: 888-323-6233 ext 38 or 870-535-6233 ext 38
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Overview

The Feasibility Study Outline study has 7 main sections.

1. Cover Page
2. Table of Contents
3. Executive Summary
4. Products and Services
 - Product/Service Purpose
 - Product/Service Features
 - Product/Service Benefits
 - Related Products and Services
 - Product/Service Limitation
5. Marketing Analysis
 - Industry Overview
 - History and Current Sales
 - Growth Potential
 - Trends
 - Competition Profile
 - Marketing Segments
 - Target Markets
 - Customer Profile
 - Marketing Strategies
6. Price and Profitability Analysis
 - Price List
 - Cash Flow Report
 - Start-Up Cost
 - Sales Projection
 - Estimated Expenses & Assumptions
7. Plan for Further Action
 - Strengths of Business Concepts
 - Pitfalls of Business Concept
 - Next Steps

The Feasibility Study

The following pages include a detailed checklist of the individual sections of a Feasibility study. This checklist can be used before you begin writing to remind you of the questions that need to be answered in each section. And after you have written each section, you can use the checklist to make sure you have thoroughly completed that section.

Title Page

The Title Page is the reader's link to you – the business owner. Be creative, but keep it simple, useful, and easy to read. Consider the following:

- What is the name of your business?
- What short motto or saying describes your business?
- What is your name?
- How can the reader of your plan get in touch with you?
- What is the date of submission?

Table of Contents

The Table of Contents makes it much easier for you and other readers of your Feasibility study to find specific information. After you have completed your plan, simply make a list of the subject headings and sub-headings. Then show the page number where each topic begins.

- Did you include subject headings of your Feasibility study?
- Did you include the sub-headings?
- Did you correctly reference the page numbers?
- Do Table of Contents heading and actual heading match exactly?

Executive Summary

The Executive Summary is written so that anyone you ask to review your Feasibility study can get the key points quickly without having to read the entire document. After you have completed your Feasibility study, you are ready to write the Executive Summary:

- What is your business concept? When will you start?
- What makes your product or services unique?
- What is your overall marketing strategy?
- What is the projected cash flow and profitability of your business?
- What are your plans for further action?

Make sure the Executive Summary is:

- A brief, concise overview of the key points of each section of the plan.
- Written in brief narrative form or with key ideas listed with bullets.
- No more than two pages long.

Products and Services

This section helps to describe and clarify the products and services that you are providing. Going beyond a generic description, you will communicate your uniqueness and creativity surrounding current and future products and services.

- What is the purpose of the product or service?
- What market need does your product or service meet?
- What features make our product or service unique? (Features simply describe your product or service)
- What benefits does the customer get by buying your product or service? (Benefits sell your product or service)
- Is there a customer-perceived need for your product or service?
- What related products or services will you offer now or in the future?
- What limitations do you have for expansion, government regulations, insurance, weather, perishability, fashion & obsolescence?
- Do you have proprietary rights over the product or service?
- Has the distribution of the product or services been organized?

Market Analysis

This section answers the question “Is there a market for the concept? And, if so, can it be proven?” You will begin with a broad look at your industry and then narrow your scope to a specific target customer. With this customer in mind, you will outline your specific promotional plans.

Industry Overview

- What is the history and current state of the industry? Show the facts.
- How many dollars are spent in the industry or units consumed? Show the facts.
- What is the growth potential of the industry? Show the facts.
- What trends are expected in the future? State your sources of information.

Competition Profile

- Who are your direct competitors?
- What are their strengths and weaknesses?
- Who are your direct competitors
- Why will customers buy from you instead of the competition?

Market Segments

- What primary target market will you pursue?
- What are your secondary market segments?
- What is the profile of the customers in your target market? What is their age, sex, occupation, lifestyle, income etc?
- What buying patterns do your customers have? Consider seasonality, frequency and quantities, etc.

Marketing Strategies

- How will you promote your services? Personal selling, advertising, publicity, customer service, trade, corporate sponsorship, etc.
- How will you distribute the product?
- What is the company image?
- What is the marketing budget, for start up and for the whole year?

Price and Profitability Analysis

This section answers the question, “Is my business concept financially feasible? And, if so can it be proven?”

- What is your price?
- How did you establish the price? Is it over or under the competition? If so, why?
- What is the cost (margin) on the product/service you offer?
- What will your start-up costs be?
- What will your on-going expenses be?
- What is your break-even point?
- Is your revenue stream continuous throughout the year?
- What payment terms do you offer?
- Will your cash flow meet your expenses?
- Where will you get the money to start your business?

Plan for Further Action

This section helps you decide whether your business concept is a Go or No Go. It also helps outline the steps that are necessary to pursue the business concept.

- What are the strengths of your business concept?
- What are the pitfalls or challenges to starting this business?
- Will you start this business? Explain why.
- What are your next steps?

Attachments

- Start-up budget and what the money will be used for.
- On-going expenses
- Cash flow projections for 1 year.
- Assumptions to all projections.
- Letters of support from prospective clients
- Demographic or other studies supporting your research.