

A Feasibility Study and You: A Dynamic Duo

By June Campbell

You have a great new business idea. You've asked your friends and family for feedback and they gave you thumbs up approval. You've asked your existing customers if they'd have use for such a product or service and they've indicated they would. Lastly, you've done some soul searching and you know you're truly interested in this concept and have the commitment to stick with it over the long haul.

So far so good. Now it's time to do a feasibility study.

I can hear the resistance already.

"A feasibility study, you say? Isn't it something that CEO's of Fortune 500 companies fiddle with? What does it mean to the owner of a small or home business like me?"

Consider: A feasibility study is research that gives you preliminary information regarding your business idea's potential to succeed in the marketplace.

It can mean the difference between success and failure. There are plenty of business ideas. Some of them will work. Some will not. We know that every year, scores of new businesses flounder and fail, despite the owner's hard work and enthusiasm. Sadly to say, one major reason for failure is the entrepreneur's willingness to commit to a favored idea without researching the feasibility of the concept. The demons battled here are internal ones: Loving an idea doesn't mean it's going to be a success.

Smart entrepreneurs know the importance of doing initial research before investing time and money in starting a new business, or in developing a full-scale business plan.

This gathering of information is the feasibility study. It can be a complex, formal document used for attracting investors, or a simple page of notes to oneself. Regardless of which format you need, the feasibility study should address the following categories in detail:

The Product or Service

Describe the product or service. What is it? How and where will it be manufactured or produced? By whom? How will it be delivered to customers? In what way is it unique?

The Owners and Management

Who are the members of your management team? What are their strengths in this particular venture? How will those strengths benefit the business concept? What necessary skills and strengths are missing from your present team? How will you compensate for those skills? Will you hire? Contract out? Take training courses? Other?

The Market

Who is your market? What is the demographic? Is the market strong? Is it growing? What challenges are facing the market? How will you reach the market? What are the costs involved in reaching this market?

The Competition

Who is the direct competition? Who is the indirect competition? How does your product compare to theirs? What is your unique selling point? Can your competitors readily duplicate your product or service? How are they likely to react when you enter the market?

(**Note:** Direct competition refers to companies providing the same or similar service. If you are offering yoga classes, for example, your direct competition will be other individuals or businesses that are offering similar classes within your geographic area. Indirect competition refers to other ways in which your potential customers can obtain a similar product or service. Yoga books and videotapes, yoga television shows, etc., as well as businesses offering classes such as Reiki, Shiatsu, Pilates, etc., are your indirect competitors.)

Budget

What will it cost you to start your business? What will it cost to run it? Where will the money come from?

Satisfied with the results of the study? Excellent. Now take that enthusiasm and commitment and set about creating your brand new business! You and your feasibility study are a dynamic duo!

How to Write Business Plans, Business Proposals, JV Contracts, More!
No-cost ebook "Beginners Guide to Ecommerce".
Business Writing by Nightcats Multimedia Productions
www.nightcats.com
