Feasibility Study

A Glance

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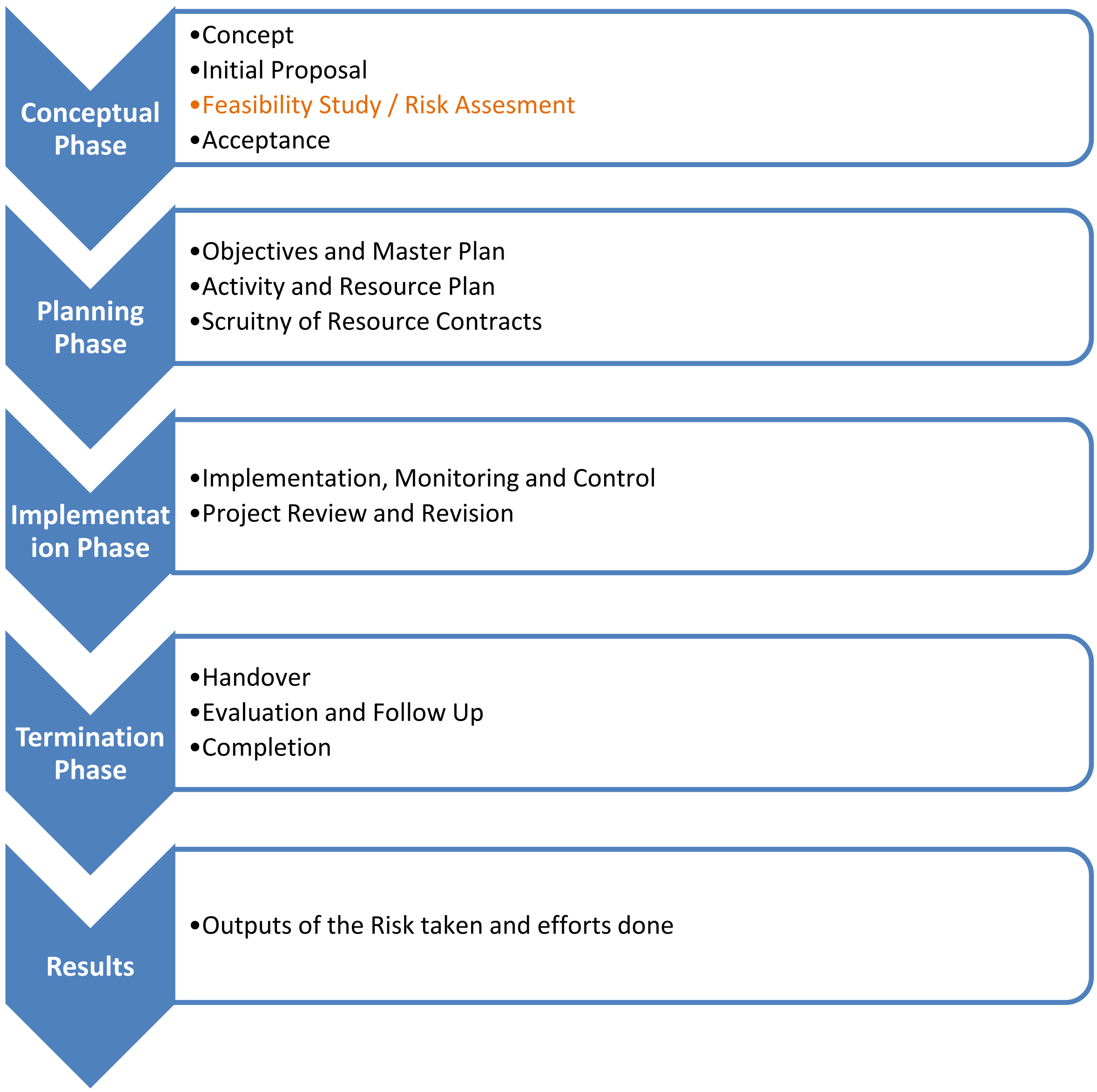
Before understanding the Feasibility Study we must understand where does the Feasibility Study stand among the various phases and sub-phases of the project, investment or business.

Phases of a Project/Investment/Business



Understanding Feasibility and Feasibility Study

Feasibility simply means the state of being Feasible. In a simpler form, feasibility is the state of being easily or conveniently done. It’s a synonym to Practicability.

Thus Feasibility Study is simply the studying feasibility of something. A feasibility study determines the practicability of the project in its conceptual phase.

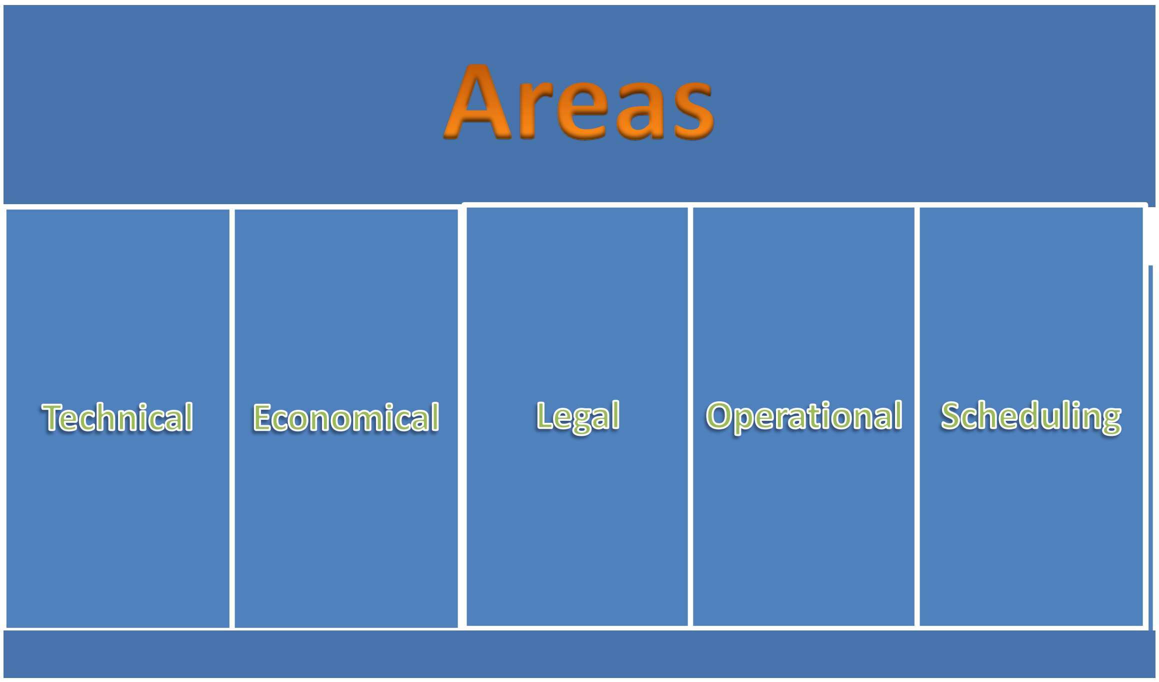
Why is Project Feasibility Study Important?

- **30% of all projects are canceled before completion**
- **30% experience schedule delays**
- **50% exceed original cost estimates**
- **12% completed on time and on budget**

Thus to be under the 12% frame of the successful population the Project Feasibility Study is important.

Areas of a Feasibility Study

There are basically five common areas for feasibility study until and unless required by the parties concerned which are discussed briefly below:



Technical Area

The assessment is based on an outline design of system requirements, to determine whether the company has the technical expertise to handle completion of the project. When writing a feasibility report, the following should be taken to consideration:

- A brief description of the business
- The portion of the business being studied
- The human resource availability
- The solutions to the various problems that may occur

The concern is whether the proposal is both *technically* and *legally* feasible.

Economic Area

The purpose of the economic feasibility assessment is to determine the positive economic benefits that the proposed project will provide. It includes potential quantities and qualities of all the benefits expected. This assessment typically involves a cost/ benefits analysis through various economical and financial tools.

Legal Area

Determines whether the proposed project conflicts with legal requirements under which the project falls.

Operational Area

Operational feasibility is a measure of how well a proposed system solves the problems, and takes advantage of the opportunities identified during scope definition and how it satisfies the requirements identified in the requirements analysis phase of system development.

The operational feasibility assessment focuses on the degree to which the proposed development projects fits in with the existing business environment and objectives with regard to development schedule, delivery date, corporate culture, and existing business processes.

A study may serve its intended purpose most effectively when its technical and operating characteristics are engineered into the design. Therefore operational feasibility is a critical aspect of systems engineering that needs to be an integral part of the early design phases.

Scheduling Area

A project is sure to fail if it takes too long to be completed. Typically scheduling estimates how long the system will take to develop, and if it can be completed in a given time period using some methods. Schedule feasibility is a measure of how achievable the project time is as some projects are initiated with specific deadlines. It is necessary to determine whether the deadlines are compulsory or desirable.

The Objectives of the Proposed Feasibility Study:

1. **Market Related**
    - To co-operate with the investment board, here after named as board/s, for the research they have done and suggest about the adequacy of the sample units.
    - To do the market research as required by the project and at the demand of the boards.

2. **Technical Requirements Related**
    - To know the technical approach that the board has decided and give suggestions if any because a study can help determine whether the project sponsor will require more resources internally or whether an outside vendor or partnership can handle the tasks more effectively.
    - To help them determine the most profitable way of investments through equity capital or debt capital.

3. **Exploring the Business Model**
    - To implement the methods of scenario planning to ensure long-term success. One should discover whether the business model actually offers enough profit potential to make the initiative worthwhile.

4. **Possibilities of Escape route**
    - To insure the escape route plans by making a profit plan for investors. They want to have a strong idea about when they can cash in their investment. Common feasibility study method includes an analysis of potential exit strategies, especially for investors and other stakeholders that may want to move on. One must investigate how a project will evolve over multiple utterance, and whether it relies too heavily on key personnel.

Thank you