

Feasibility Study and Business Plan

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The feasibility study precedes technical development and project implementation.

Define feasibility study:

An evaluation or analysis of the potential of a proposed project, based on extensive investigation and research to support the process of decision making.

It is conducted to:

- Decide whether or not to implement a particular project
- Whether the business idea has high enough probability of success
- Finding out the workability and profitability of business venture

Advantages of feasibility study:

- Determine the profitability of business venture
- Give focus to the project and outline alternatives
- Prove to investors the existence of a market
- Helps identify the flaws and challenges of the venture
- Determine amount of capital required to start

Reasons some people do not perform feasibility study:

- They believe they know the project is viable
- They believe it is a waste of time
- It is a way for consultants to make money

Business Plan

A business plan is developed only after it has been established by the feasibility study. A business plan is an extension of the feasibility study

A business plan provides a **roadmap** of how the business will be created and developed. It is a **blueprint** for the project implementation.

The structure and content of a business plan depends on :

- The main objective of the business plan
- The current stage of the business (start-up or existing company)
- Type of business/industry
- Financing situation
- Size of the company

Types of business plan:

- **Start-up business plan:** put together for a start-up business
- **Major expansion of existing business:** Produced with the aim of raising finance to expand the business.
- **Divisional business plan:** it is a plan of a division or unit of a large company
- **Specific project business plan:** It is for an isolated one-time investment project.

Business Plan Vs Feasibility Study

A feasibility study provides investigating and research functions while a business plan provides a planning function.

| Feasibility Study | Business Plan |
|--|---|
| Conducted prior to the writing of business plan | Conducted after feasibility study |
| Filled with calculations, analysis and projections of a business opportunity | Made up of tactics and strategies to implement the business |
| About idea viability | About business growth plan and sustainability |