

Chapter 8 Simplified Notes

Module 008: Conducting a Feasibility Analysis and Designing a Business Model

This chapter explains how to turn a business idea into a real and successful business using simple steps.

MAIN STEPS:

1. Idea Assessment
2. Feasibility Study
3. Business Modeling
4. Business Planning
5. Strategic Planning

IDEA ASSESSMENT:

- Check if the market has a need.
- Create a solution.
- Ask: Can I turn this into a business?

Tool: Idea Sketch Pad (5 key questions):

1. Customers - Who needs this?
2. Offering - What are you selling?
3. Value - Why will customers want it?
4. Core Competencies - What makes it different?
5. People - Who is in your team?

FEASIBILITY ANALYSIS:

Four parts:

1. Industry & Market Feasibility
2. Product or Service Feasibility
3. Financial Feasibility
4. Entrepreneur Feasibility

Chapter 8 Simplified Notes

Example: Khaadi - strong brand, unique designs, loyal customers.

MACRO ENVIRONMENT FORCES:

1. Sociocultural (e.g., health trend -> organic food)
2. Technological (e.g., mobile apps)
3. Demographic (e.g., aging population -> health services)
4. Economic (e.g., recession reduces luxury sales)
5. Political & Legal (e.g., environmental laws)
6. Global (e.g., pandemics disrupt trade)

PORTER'S FIVE FORCES:

1. Rivalry Among Competitors - High when many firms compete.
Example: Fast food (McDonald's, KFC).
2. Threat of New Entrants - Low if entry is hard.
Example: Soft drinks (Coca-Cola).
3. Supplier Power - Strong when suppliers are few.
Example: Intel in chip market.
4. Buyer Power - Strong when buyers can switch easily.
Example: Airline travelers.
5. Substitutes - Dangerous when alternatives are easy and better.
Example: Netflix replaces cable TV.

PRODUCT/SERVICE FEASIBILITY:

- Check if customers like the idea.
- Use customer surveys, focus groups, prototypes.
- Two types of research: primary (your own) and secondary (existing).

FINANCIAL FEASIBILITY:

1. Initial Capital - Money to start (equipment, rent, marketing).
2. Estimated Earnings - Expected sales and profits.
3. Time Out of Cash - How long until the business makes enough money?

Chapter 8 Simplified Notes

4. Return on Investment (ROI) - Is the profit worth the risk?

EXAMPLES:

- Servis Shoes: Quality, good network, loyal customers.
- Prototypes help fix problems before launching a product.

These steps help decide if a business idea is worth turning into reality.