



# **FEASIBILITY REPORT**

# What is a feasibility study?

- An analysis of the viability of an idea through disciplined documented process of thinking
- Primarily the most important thing before developing a project

# Reasons to do a feasibility study

- Gives focus to the project
- Narrows the business alternatives
- Identifies the new opportunities
- Identifies reasons not to proceed
- Provides documentation that the idea is thoroughly investigated

# **TYPES OF FEASIBILITY**

# 1. Operational Feasibility

- Useful to identify the operational problems to be solved  
PIECES framework

**P**erformance

**I**nformation

**E**conomy

**C**ontrol

**E**fficiency

**S**ervices

## 2. Market feasibility

- Determine facility needs
- Suitability of production technology
- Availability of site
- Raw material

# 3. Economic Feasibility

- Estimate the total capital requirement
- Budget, expected costs and needs

# 4. Legal Feasibility

- Legal requirements to be carried out for the proposed project



# FEASIBILITY REPORT CONTENT

- Introduction/ executive summary
- Background
- Outline of the project
- Methodology for analysis
- Overview of other alternatives
- Conclusion
- Recommendation

# 1.Introduction/Executive summary

- States the objective of the report and the project
- Should refer the terms for reference
- Should state the constraints within which it has been conducted

## 2. Background

- Some reports may require some background discussion in order to make the report meaningful to the readers
- Describe your proposed plan in sufficient detail
- You may need to discuss the problem, need, or opportunity that has brought about this report

# 3. Outline of the system

- Involves description of project
- List type and quality of products or services to be marketed
- Outline business model (how the business will make money)
- Include the technical processes, size, location and other inputs
- Specify the time horizon

# 4. Methodology

- It involves discussion on methods of analysis for feasibility study.

For example

## **Return of Investment (ROI) analysis**

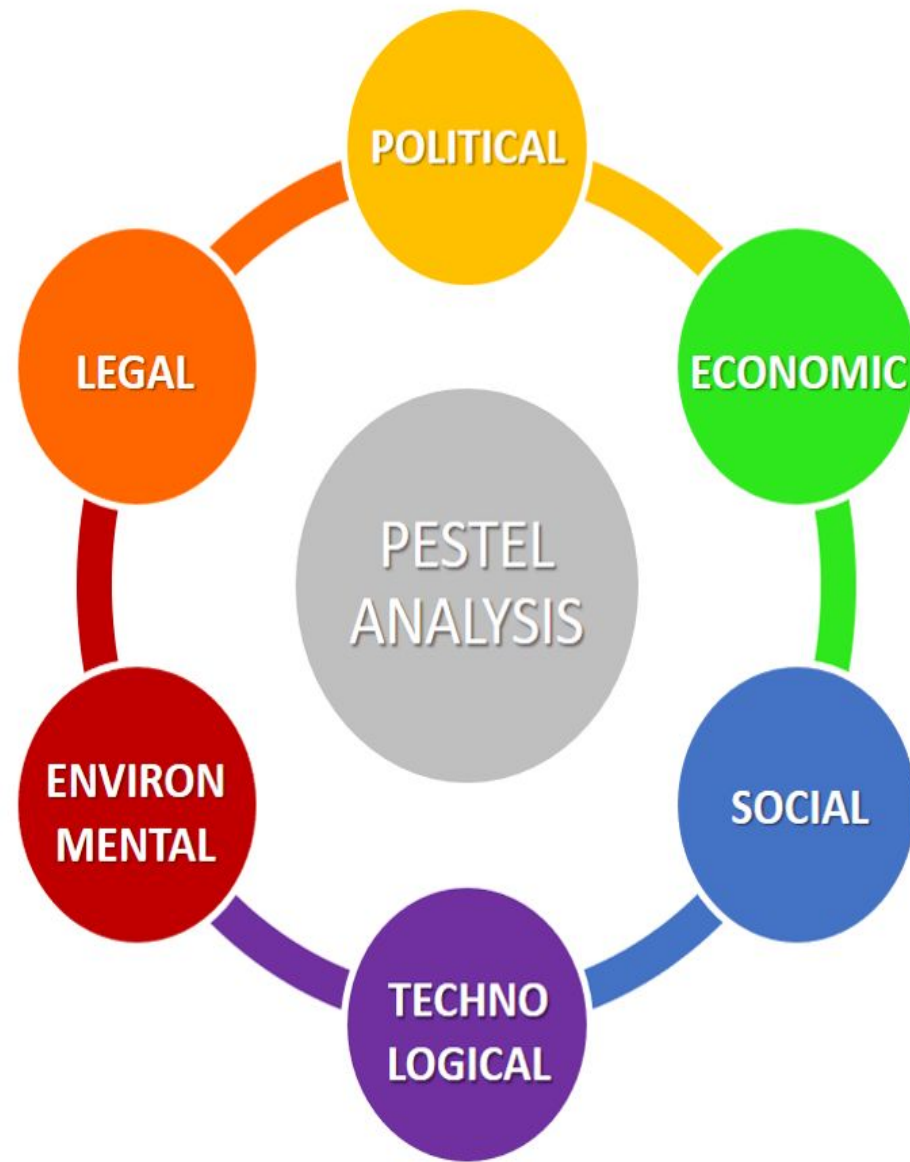
*“Return on Investment (ROI) is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment, relative to the investment’s cost”*

ROI =  $\frac{\text{Cost of Investment} - \text{Current Value of Investment}}{\text{Cost of Investment}}$



## PEST Analysis







# 5. Overview of alternatives

- Possible alternatives
- Advantages and disadvantages of alternatives

## **Note:**

This section can be presented in the form of tables and charts

## **i. Estimate equity and credit needs (For alternatives)**

- Identify alternative equity sources and availability
- Identify and assess alternative credit sources
- Assess expected financial needs

## **ii. Costs and benefit evaluation**

- It demonstrate how the proposal is feasible
- Involves discussion on technological, economical, social and ecological soundness
- Cost includes development, purchasing, installation and operational

# 6. Conclusion

- This section includes the restatement of conclusions that you have already reached in the comparison sections.
- You restate the individual section as well as to what extent your proposal is feasible
- It should entangle all the conflicting conclusions and present one concrete conclusion which you think is the best.