

# PROJECT MANAGEMENT DOCS

## *Free Project Management Templates*

# FEASIBILITY STUDY

## *Fair food*



**CREATED BY**

**MICHELE PALUMBO**  
**GIOVANNI IPPOLITO**  
**ANGELO CONTE**  
**ALESSANDRO RUSSO**

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## 1. EXECUTIVE SUMMARY

**Fair food** is a leader in the online sales which sells Italian food such as: mozzarella, extra virgin olive oil, cured meats and other typical products of Italian gastronomy.

**Fair food's** products are sold throughout the web and maintain a reputation for superior taste and quality. **Fair food's** sales have grown over the past 10 years, the rate of growth is rather slow due to the start of this activity. Italian food is a product quite sought-after and original, and this will take big profits. **Fair food** handles both e-commerce and Hosting, and so it hasn't high maintenance costs. **Fair food** may be able to capitalize on this online marketplace leveraging existing technologies and an aggressive marketing and sales campaign to ramp up the growth projections of the company for the foreseeable future.



## **2. DESCRIPTION OF PRODUCTS AND SERVICES**

The **Fair food** it won'ts to be supporting artisan for the sale of the Italian gastronomic products. The idea is to valorize the several traditions and give more importance genuine typical products. For that purpose, the idea is to project an online portal for commercialize these products on international level, in order to have this market known and appreciated by those customers who cannot buy physically, because they live far away.

The portal, at the beginning, does impact a small scale, in order to create a chain reaction and a network, little by little, always bigger, marked by the involvement of several manufacturers. The online sale will include completely handmade products "Made in Italy". These products, before being put on the market, will face a process in which first quality control will take place and then a check regarding the standards of production and marketing.

In addition, the services which will be provided to the customers will be made up by a client and assistance/advice area.





### 3. TECHNOLOGY CONSIDERATIONS

The system that is proposed to assist the various users that use it in all the phases. Our platform takes support in a simple, intuitive and quick end-user.

This will be possible thanks to all the features that will be implemented and which will trace all stages of proper analysis and management of the activities in which also discount policies and promotions.

Will be implemented a site, internally, where the portal will use an architecture, consisting of nodes client / server (client) to which are reserved for special functions to be able to converse with a different node (server), which in turn owns the different functions in order to meet the demands of client nodes. The functions available to the server can be requested by users via TCP / IP.

Configurations choices:

## Protocol: HTTPs

**Data storage:** DBMS MySql

**Web Server:** Apache

**Programming language:** PHP, Javascript, HTML and CSS.

In addition, it will be provided a data center, PCs, tablets, phones for employees, personnel tools it needs to do support / counseling.

The **Fair food** will provide an internet connection in optical fiber in order to ensure greater stability to the system.

Considering that all, or most, will be handled internally the overall costs will be high initially and then amortized through marketing policies, such as sponsors, partnership, affiliation etc.



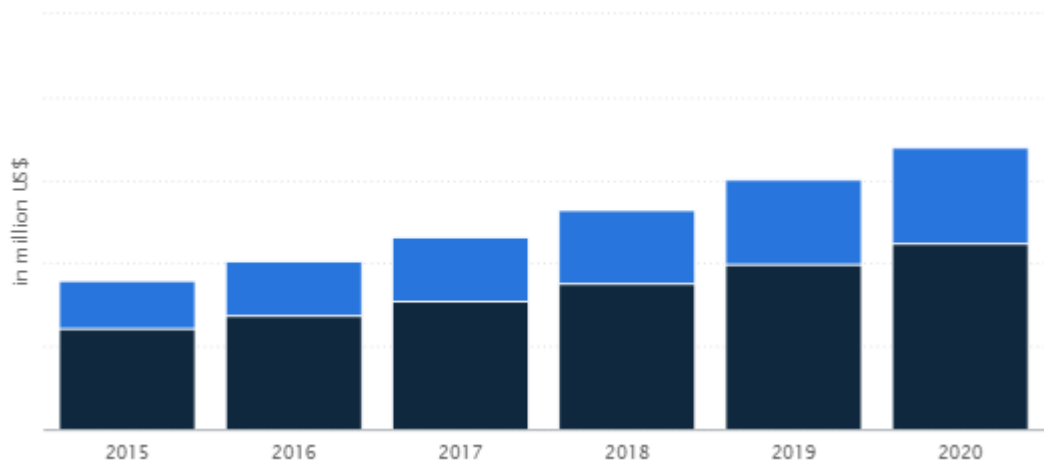
## 4. PRODUCT/SERVICE MARKETPLACE

The market for food-tech open scenarios that go far beyond the single segment of the delivery of food services. According to some recent data on volume of business that blends food and technology is about 135 billion and will increase further in the coming years.

In terms of investment, in 2016 in Italy there have been two large investments: Foodscovey and WineOwine have collected 800,000 euros from their investors.

The first one is a web and mobile platform that allows users to order products of Italian cuisine directly by the most representative local traditional workshops such as bakeries, confectioners, butchers, dairies, and so on.

Instead, WineOwine is a service that offers the possibility to purchase online and receive high-quality wines selected by a team of experts.



Market opportunities may converge towards innovative models that provide an opportunity for customers to have access to all the variety of Italian food and wine. On the other hand, it will establish the model of restaurant app, thanks to the ability to integrate different modes of foods' delivery with users' habits. Additionally, we must consider many other trends principally considered during the last two decades, as the healthy food (diet, vegan, etc etc).

Our website will be available online to all users who register, both for consumers and food producers. Therefore, **Fair food** is guarantor for the quality of the products for the consumers, and for shipment management, relying on third-party companies. Besides giving the possibility for small and medium-sized enterprises to publish its food products available for sale with related information, and besides purchasing and evaluating of products by users, **Fair food** aims to facilitate sales management using a software model integrated with the web portal, with which companies can better manage product availability and supply-chains.

## **5. MARKETING STRATEGY**

Italy is one of the largest producers of artisanal foods and one of the biggest exporters abroad. Often, however, small and medium-sized enterprises do not have the necessary IT tools for the management of its resources and for the selling of its products. **Fair food**, therefore, aims to help companies in the management of productive resources, products, supplies (also in foreign markets), so as to increase their competitiveness.

In this sense, our web platform also offers the management models for inventory management, production, resources, supplies, and so on. Thus, our platform can help companies to reduce the costs of transport and logistics by connecting the enterprises with the best logistic companies on the market.

In terms of marketing, we consider not only a simple e-mailing to companies and gastronomic associations, but also to attempt direct contact with these stakeholders to engage more actively with our project, in addition to considering all the companies that are not directly concerned with the production of food products but who are interested in buying these products (supply-chains). Moreover, **Fair food** will take care of the data management of all users (both companies and consumers), analyzing their main needs in such a way as to determine more easily the best offers to propose.

It should also be considered a good advertising campaign that we can deliver on social networks, but also allowing companies to organize or take part in food fairs in their respective locality or outside, allowing them to interact with consumers, experts in gastronomy and possible investors.

## **6. ORGANIZATION AND STAFFING**

The expansion of the types of products sold and the decision to internationalize their activities has necessarily led to changes in the organizational structure, which once could be very simple, but now needs a better articulation to cope with the increased complexity of activity.



The initial structure is formed by all the roles for the planning and development of **Fair Food**.

**Software Engineer:** applies the principles of software engineering to the design, development, maintenance, testing, and evaluation of the software and systems.

The main function of software engineer is to:

- Analyze and interpret customer demand, and describes requirements and use cases of the web-site.
- Design information system applications
- Develop and program information system applications (he can also be a professional described in the following pages)
- Define the procedures for the operation and maintenance of the applications of the system
- Validate information system applications through testing tools and the whole system

**Web Designer:** indicates the overall lines and the general structure of the web-site. He designs the site as a whole, defining the idea, choosing the basic colors, the main sections and the main navigation tree. The web designer focuses on the layout of web pages by splitting the graphics and converting them in markup, using HTML and CSS. Often he takes care of compiling the Javascript or AJAX, for development of animated effects or to retrieve real-time information from databases.



**Web Developer:** puts his hand to the code with which the website is developed, making interact the markup languages, coded in HTML and CSS, with the data stored in the database. The web developer, after receiving the layout created by web designer, makes it dynamic so that the user can interact. At the same time the developer produces software for analysis or interpretation of data. He uses server-side languages, such as PHP, ASP or JSP, to accomplish its work.

**Database Administrator:** creates the database and takes care of servicing, analyzing the performance and intervening, if necessary, to optimize the db and tables it contains. He also provides queries that query the database to the programmers, so that they return the data relevant to the operation of the programming code.

**Web project manager:** coordinates the work between the different roles, will maintain deadlines, will handle emergencies and will explore new strategies starting from the design of the site, going to put online and the next sponsorship. In details, he plans and manages all the activities for projecting, developing and testing our web-site **Fair Food**.

Then, the structure comprises at least three main levels: a general direction (the vertex), specialized functional departments in distinct functions and the operating units which in turn depend from the various departments. Let us dwell on the major changes we had to make. The first major figure in charge of the functions, is definitely the e-commerce manager. He must have strong management skills and a good business orientation.

**E-commerce marketing manager:** This managerial figure focuses its activities exclusively on the strategic marketing department.

The main functions are definitely consisting of:

- **Marketing** (managed from the Online Marketing Manager) resources used in that capacity will be in charge of marketing plans, promotions and campaigns will have to manage and treat the relationship with the customer, identifying the behavioral logic. It is fundamental for our portal application specific resources all activities of social marketing and mobile marketing, which refer to the Social Media Manager.

The marketing activities requires careful evaluation of the market, through consumer research, product, competition. It is thus possible for the company to identify a marketing policy, considering that the main tools to apply are: price, product, promotion, distribution. They are necessarily many professionals working in the field of marketing:

- **Product Manager:** is responsible for the planning and coordination necessary for the success of a product. Its main function the definition of business objectives (sales, market share, profits) and marketing strategies. He deals with the definition of the price, the packaging, processing, advertising, media planning, promotion sales. Its function is therefore that of entrepreneur of the product. Its decisions affect both the existing product, is the study of a new (test product, choice of name, the marketing plan formulation).

The product and brand managers are professionals featured in "marketing oriented" companies whose size, market presence and type of products are characterized by the importance given to image and marketing strategies.

- Brand manager: is responsible for the conception, design, presentation and promotion of a product line; he, knowing in depth the interrelationship between the various products, it is responsible for implementing the overall strategy. The brand manager coordinates, generally, a group product manager. The brand manager is the one who studies how to enhance the brand and then the company.

- Marketing manager: is the officer who establishes the marketing policy and coordinates the activities of all those working in the field. The marketing manager is responsible for market analysis, advertising, various techniques to optimize the sale of the product, the price of the various solutions.

• **Operation**, this function includes all back-end activities that allow to analyze the entire sales process and identify if there are problems in terms of the drop in profitability, the decrease in sales, increase in complaints or returns. Due to the large geographical area of our activity we had to fortify the area dedicated to the relationship with carriers and control of payment processing and fraud. In addition, it was necessary to increase the assistance activities through an appropriate call center.

• **Commercial**, this function is responsible for placing the product on the market in the right way, attracting the target customers and beating competitors.

The large distribution companies have suffered over the years of profound changes: if once it was crucial for them to buy in the most appropriate manner, now becomes more important to more satisfactorily sell.

Here then, until some time ago, a major figure in these companies was that the buyers whose objective was, precisely, to get the best deal from suppliers through the purchase of large quantities, so to obtain affordable prices and the application of discounts to respectable, with the risk, however, of being left with merchandise not very attractive to consumers.

We decided to introduce a new specific figure, the category manager, you will have to create product sheets, cure digital catalog and promotional calendars and carry out benchmarking activities.

- Category Manager: is responsible for a certain category of products being interested with their purchase, but most of their sales. His goal, in fact, is just to maximize sales of the category.

He is primarily a marketing expert who tries to figure out what is the attitude of the consumer compared to the category of products within its competence, what is their best display in the store, what is the price at which it is cheaper to sell, such as promotions take, what are the sales results.

However, the category managers still continues to care about purchasing and inventory control in order to ensure that products are not available in the store.

- **Technology and project managers**, we must ensure adequate resources consistently able to program the activities and manage and maintain the technology in our possession guaranteeing performance at the site and efficient.

- The Project Manager of e-commerce has the task of bringing online the company-customer planning from scratch the whole strategy. Coordinates in fact all digital departments involved in the project, which are internal to the company or outside of affording support activities, in case it is decided to lean on a web-agency.

Competencies and tasks it carries the e-commerce project manager:

- In-depth knowledge of all web marketing tools
- Knowledge of legislation e-commerce
- Knowledge of retail marketing
- Drafting of corporate budget and business plan
- Planning of advertising campaigns
- Market surveys and analysis of competitors
- Planning guidelines for content creation (copywriting and visual)

Note that this role is different to the previous PM and, so, it can be assigned to a different person.

- The Seo Specialist within an e-commerce focuses on index pages for terms related to the product. Its goal is to drive traffic to pages that induce the customer to buy the goods for sale in the store.

The Seo has the task of structuring the site's e-commerce categories facilitating the work of the search engine during scanning of product-related pages, while making more pleasant user navigation.

It will:

- Identify alternatives and research related to the product requested by the user
- Study an effective link building, which identifies the best solutions to connect the various pages of the site between them intriguing customers with related products and complementary to each other, causing it to continue browsing on the site and to make online purchases.
- Optimizing textual content and images.

## 7. SCHEDULE

The **Fair food** online sales campaign is expected to take twelve months from project approval to launch of the e-commerce platform. Many of the foundations for this platform, such as high-speed internet and web server capability, are already available.

The following is a high-level schedule of some significant milestones for this initiative:

Jan 1, 2xx1: Requirements definition

April 1, 2xx1: System and software design

June 1, 2xx1: Code

October 1, 2xx1: Testing of online website

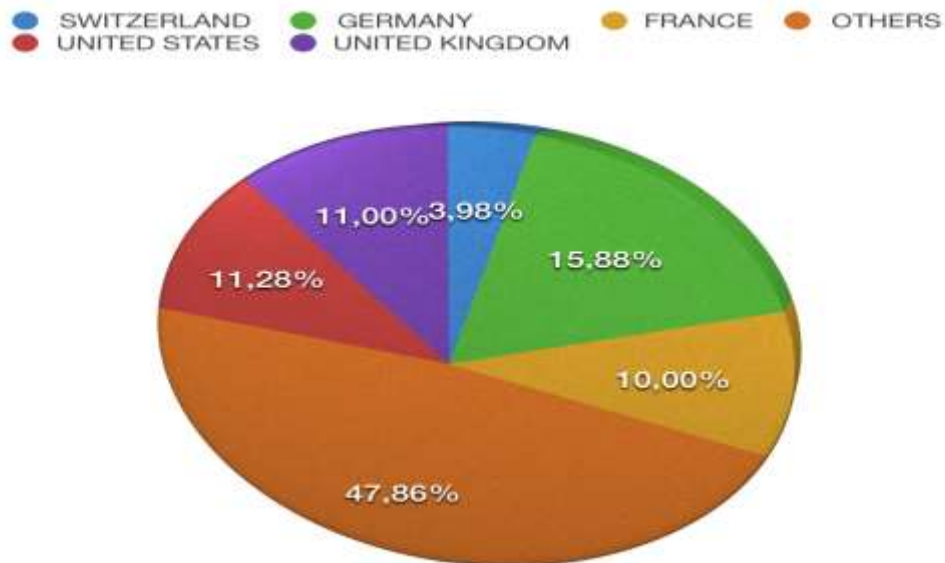
November 1, 2xx1: Testing of online sales site

December 15, 2xx1: Go live with site launch

Upon approval of this project a detailed schedule will be created by the assigned project team to include all tasks and deliverables.

## 8. FINANCIAL PROJECTIONS

It has been shown that the share of export of food from Italy to EU countries is about 40.86%, while the share of exports of food to countries outside EU is about 59.14%<sup>1</sup>.



<sup>1</sup> Source <http://wits.worldbank.org>

On the basis of the data collected previously, we have made the following assumptions:

Customers											
	2xx1	2xx2	2xx3	2xx4	2xx5	2xx6	2xx7	2xx8	2xx9	2x10	2x11
EU	1700	2601	3980	6089	9316	14253	21807	33365	51048	78104	119499
NOEU	50	74	109	160	236	348	512	755	1113	1640	2417
Total	1750	2675	4088	6249	9552	14601	22319	34120	52161	79744	121916

The proceeds originate both from individual products for the price of 1€ and from vendors who are subscribers to the online sales service at price of 39€ per month. We made an assumption that 70% of sales come from individual products, while the 30% come from vendors.

In these financial projections, in the first year, we consider the expenses for the development of the web portal, then consider the costs for maintenance of e-commerce.

The financial projections for the addition of an online sales platform for **Fair food** are highlighted in the table below. These figures account for projected online sales, additional costs for insurance for technological risks and web server and hosting costs, such as fiber optic connection and electricity consumption, and employees' salary.

Income statement											
	YEAR 1 12/31 2xx1	YEAR 2 12/31 2xx2	YEAR 3 12/31 2xx3	YEAR 4 12/31 2xx4	YEAR 5 12/31 2xx5	YEAR 6 12/31 2xx6	YEAR 7 12/31 2xx7	YEAR 8 12/31 2xx8	YEAR 9 12/31 2xx9	YEAR 10 12/31 2x10	YEAR 11 12/31 2x11
Sales	21.687,75 €	33.147,43 €	50.664,25 €	77.440,66 €	118.372,73 €	180.945,97 €	276.605,19 €	422.849,08 €	646.433,12 €	98.267,52 €	1.510.906,88 €
Costs for insurance for technological risks	37.000,00 €	37.000,00 €	37.000,00 €	37.000,00 €	37.000,00 €	37.000,00 €	37.000,00 €	37.000,00 €	37.000,00 €	3.000,00 €	37.000,00 €
Wages and salaries	240.000,00 €	240.000,00 €	240.000,00 €	240.000,00 €	240.000,00 €	240.000,00 €	240.000,00 €	240.000,00 €	240.000,00 €	240.000,00 €	240.000,00 €
Rent and facilities	72.000,00 €	72.000,00 €	72.000,00 €	72.000,00 €	72.000,00 €	72.000,00 €	72.000,00 €	72.000,00 €	72.000,00 €	72.000,00 €	72.000,00 €
Advertising	50.000,00 €	9.000,00 €	8.000,00 €	5.000,00 €	7.000,00 €	6.000,00 €	5.000,00 €	5.000,00 €	5.000,00 €	5.000,00 €	5.000,00 €
Additional Web Server and IT Hosting/Maintenance	2.030,00 €	2.030,00 €	2.030,00 €	2.030,00 €	2.030,00 €	2.030,00 €	2.030,00 €	2.030,00 €	2.030,00 €	2.030,00 €	2.030,00 €
Profit before taxes	-379.342,25 €	-326.882,57 €	-308.365,75 €	-278.586,34 €	-239.657,27 €	-176.084,03 €	-79.424,81 €	66.819,08 €	290.403,12 €	632.237,52 €	1.154.876,88 €
Income taxes (35%)	-132.769,79 €	-114.408,90 €	-107.928,01 €	-97.506,27 €	-83.880,05 €	-61.629,41 €	-27.798,68 €	23.386,68 €	101.641,09 €	221.283,13 €	404.206,91 €
Net profit	-246.572,46 €	-212.473,67 €	-200.437,74 €	-181.083,07 €	-155.777,23 €	-114.454,62 €	-51.626,12 €	43.432,40 €	188.762,03 €	410.954,39 €	750.669,97 €



## 8.1 Net Present value.

We calculate the Net Present Value, that is the summation of the current value of a series of cash inflows and outflows after adjusting for the time value of money. Also, known as Discounted cash flow analysis.

$$NPV = \sum_{i=1}^n \frac{values_i}{(1 + rate)^i} \quad 231.393,88 \text{ €}$$

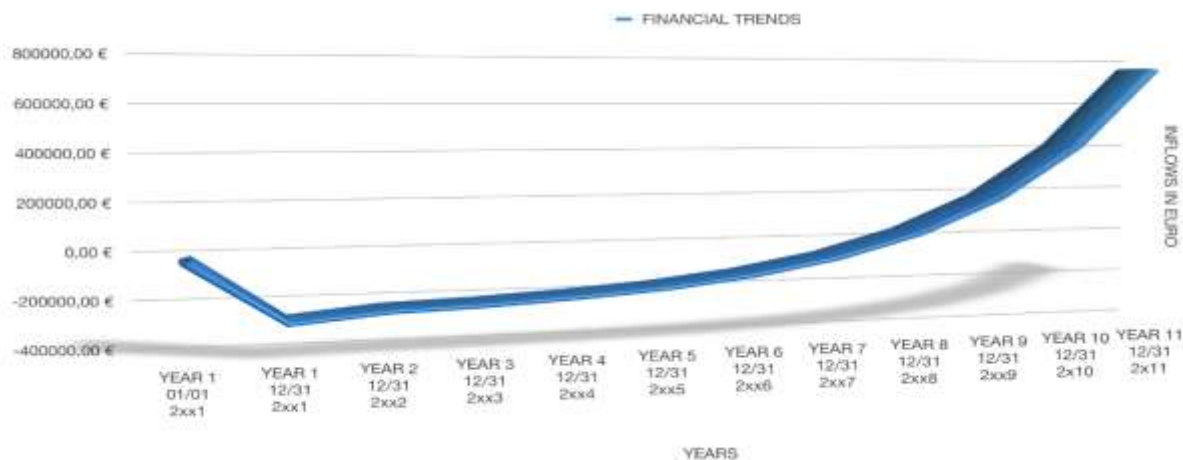
In conclusion, we can say that the NPV is rather favorable.

## 8.2 Internal rate of return.

Now, we calculate the internal rate of return. The IRR is the discount rate applied to any series of cash flows for which the value of the cash inflows exactly equals the value of cash outflows. Even if the IRR is rather low, investment is still favorable, given the great profitability.

$$0 = \sum_{i=0}^N \frac{CF_i}{(1 + IRR)^i} \quad 3\%$$

Below we can see the chart of financial trends.



## **9. FINDINGS AND RECOMMENDATIONS**

Based on the information presented in this feasibility study, it is recommended that **Fair food** approves the online sales initiative and begins project initiation.

We're dealing with the Quaternary sector, a sector in continuous economic expansion, and that often provides a high-level support.

We could see that although the IRR is not high, it is still a project that can profit at a good price; In fact, there aren't equipment expensive, there aren't high maintenance costs.

We can also see the inflows to the eighth and ninth year, are quite acceptable.

The findings of this feasibility study show that this initiative will be highly beneficial to the organization and has a high probability of success. Key findings are as follows:

### **Technology:**

- We will use encryption protocols such as HTTPS in order to encrypt the connection, and then we make secure online payment systems.
- The use of network devices such as firewalls to protect our data.
- Once in place this technology is simple to operate and maintain for a relatively low cost.

### **Marketing:**

- E-commerce allows us to profit with low costs.
- Targeted advertising through social networks for age groups between 20 and 60 years.
- Discounts and promotions policy.

### **Organizational:**

- No new facilities or capital investments are required.
- The company will delete from the DB suppliers that show little professionalism.

### **Financial:**

- Profit curve has an exponential growth.

In conclusion, we can say that the project can be approved.