

Feasibility Study

I. Introduction

(Background and rationale why the project study is being undertaken)

II. Executive Summary

- a. **Name of the Firm;**
- b. **Location of Head office;** and
- c. **Description of the project** – Brief history of business [if any existing], including the nature or kind of industry; Highlights of the findings in each phase of the project)

III. Organization and Management Aspect / Feasibility

- A. **Proponent** (Owners, project originators, promoters and founders)
- B. **Officers, personnels and their qualifications, salaries and benefits**
- C. **Time table or Gantt Chart** (optional; may also be placed after the production study, and before or after the financial study)

IV. Marketing Aspect / Feasibility

- A. **Market description** – briefly describe the buyers and areas of dispersion
- B. **Demand and Supply** (may be projected – as to consumption demand, supply of the locally or imported products/goods)

C. Competitive Position

1. Selling prices
2. Competitiveness of the quality of the product
3. Methods of transportation and existing rate
4. Channels of distribution
5. General trade/marketing practices of competitor

D. Proposed Marketing Program

1. Description of proposed product/service characteristics
 - a. **For tangible product** – ex. of size, color, etc., and quality of service (for services)
 - b. **Packaging** (if applicable)
2. Target Market description
3. Proposed Prices
4. Proposed Channel of distribution
5. Proposed Promotional activities
6. Projected Sales; also considering the demand and supply situation, competitive position and marketing program.

V. Production Aspect

- A. **Product Specification** – includes physical, mechanical and chemical properties (for tangible products) and description of the kind and quality of services (for service-industries like hotels, restaurants, etc.)

B. Production Process

1. Description of the process showing detailed flow chart indicating material, equipment and normal duration of the process
2. Technological assistance used and contracts, if any.

- C. **Plant Size and Production Schedule** – rated annual and daily capacity per shift; and expected production volume for the next three (3) or five (5) years considering start-up and technical factors.

D. Machine and Equipment

1. Layout indicating floor plan
2. Specifications of machinery and equipment
3. List of machinery/equipment to be purchased and origin
4. Quotations from suppliers, terms of payment, and other arrangements

- E. **Plant Layout** – description and drawn to scale

- F. **Building and Facilities** – floor area, land improvement, type and costs of construction

- G. **Raw Materials** – describe its physical, mechanical, and chemical properties, and cost of materials

- H. **Utilities** – costs of electricity, water, fuel

- I. **Waste Disposal** – description and quantity, methods, cost, clearance

- J. **Production Cost** – detailed breakdown of direct and indirect labor/supervision, compensation and fringe benefits

VI. Financial Aspect

A. For Existing Project

1. Audited financial statement (balance sheet, income statement, cash flow)
2. Schedule of tax liabilities and assessment
3. Financial ratios
4. Supporting schedules – inventory levels, payment and collection period of sales

B. For New Project

1. Total project cost (fixed and working capital)
2. Initial capital requirements
3. Pre-operating cash flows relative to project time table
4. Financial projections

- VII. **Socio-Economic Aspect** (Contribution to government revenues/ taxes; growth of related industries; household; and environment)