Feasibility Study Basics

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Types of a Feasibility Study

• Pre-feasibility study
  – Prior to writing of a business plan
  – The decision to enter the business usually has not been made yet
  – Gathering of information

• Feasibility study
  – Due-diligence or assessment of business plan
  – Financial analysis
  – Risk/Opportunity determination of the business model
Why Conduct a Feasibility Study?

• Learn about the industry and business
• Provide information for a business plan
• Determine if you should enter into the business and can make a profit
• Requirement from financial institutions, federal and state programs, or grants
• Understanding the risks involved
Parts of a Feasibility Study

- Table of Contents
- Executive Summary
- State of the Industry
- Market Analysis
- Regional and State Issues
Parts of a Feasibility Study

- Environmental and Permits
- Business Structure
- Technology Issues
- Management and employee requirements
- Supply or Raw Material Analysis
Parts of a Feasibility Study

- Byproducts and Markets
- Location and Site Issues
- Partnering Opportunities
- Financial Sensitivity
- Financial Analysis
- Appendix
Report  Tips and Suggestions

• Table of Contents
• Glossary of Terms and Acronyms or explain in the body of the text
• Give source of data and information
• Appendix for additional information
• Team biography
Report Tips and Suggestions

• Use graphics when possible
• Financing for a Feasibility Study
  – USDA
  – Utility company
  – Farm Bureau
• Confidentiality is critical
• Find what is special for the client
Resources for Information

- Iowa State University Extension and Outreach
- Center for Industrial Research and Service
- Small Business Administration