



Fill in the Blanks

Feasibility Study Worksheet



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Fill-in the blanks - Feasibility Study worksheet

Step 1 – Idea Exploration, Identification and Assessment

Describe your business idea or concept (filling an unmet need in the marketplace with a new product or service, providing an existing product/service in a new form, delivering a product/service better or cheaper than competitors, etc.)

What need or demand will your product or service satisfy in the marketplace? (An idea is only viable if people are willing to pay you for what it provides)

Describe your business Model (How will the business function in providing what the customer wants?)

What's your unique selling proposition (Why will the market buy from YOU? More value? Better? Unique? Lower cost? Quality? Unique? Faster?)

Step 2 – Determine Markets, Estimate demand (Who will buy the product or service? Are there enough customers to support your business?)

What are the target Markets for your Products or Services: (Who will buy your product or service? How often? Why will they buy it? Will they trust to buy from you?)

Research your industry: provide an overview, background, trends, key indicators,

Research the Market in your region, determine Segments, Demographic characteristics

Quantify the Total market: (determine how many units of a product are consumed per year or how many dollars are spent each year for the service)

Determine how many competitors are in your area of influence (which are your main competitors? can you determine the share of the market they enjoy and why?)

Will you focus on a Market Segment or Niche?

What are the price points in the market (range of price per unit or fee for service?)

What location would be best for your business?

Quantify the Market/Demand available for your product or service (in units per day, jobs per day, sales per day, etc. in your area of influence)

What share of the market do you expect to capture?

Can you define the key strategies to compete? To maintain and grow your business?

1. _____
2. _____
3. _____
4. _____
5. _____

Produce a Sales Forecast: Project Sales or Revenues for 12 months - see Income Statement worksheet, Page 7

Step 3 – Determine Costs and Requirements (What will it cost to operate the business? What will you need?)

Fixed Costs or Variable Costs. (For Services, typically there is no cost of goods. Estimate how much will you pay for your merchandise per unit? Include cost of freight, fees, taxes, shipping, packaging, warehousing etc.)

See Income Statement (P&L) Worksheet, Page 7.

If you will purchase merchandise to retail, research wholesale prices, suppliers, volume discounts etc.

Operating Expenses or Indirect Costs: Also referred to as Fixed Costs since you incur these expenses whether you sell products or services or not.. Most Typical Operating Expenses are:

- Rent \$_____ per month
- Salaries \$_____ per month
- Insurance \$_____ per month
- Legal \$_____ per month
- Utilities \$_____ per month
- Office Expenses \$_____ per month
- Advertisement \$_____ per month

If you will obtain a loan, calculate the monthly payment and add to Operating costs

Pay Yourself! Don't forget to include your own Salary

Determine Requirements:

Determine Capital required for the start-up. (How much you need to set up your business and survive the starting period? Typical start up expenses are: Business Registration and Licenses, Legal Fees, Tenant Improvements, Architects/Contractors fees, Deposits for Lease and Utilities, Advertisement and promotion, Equipment and tools, Signage, Furniture, Technology, etc)

See Start Up Worksheet, Page 8.

STEP 4 - Calculate Break-Even Point / Critical Mass

Calculate the Break-Even point: (the minimum Sales or revenues to cover all expenses)

Using the information in your Income Statement, calculate Break even with the following formula:

$$\text{B.E. SALES \$} = \frac{\text{TOTAL FIXED COSTS}}{(\text{TOTAL SALES} - \text{VARIABLE COSTS}) \div \text{TOTAL SALES}}$$

B.E. SALES \$= ----- = \$_____

STEP 5 - Identify Pitfalls, Determine how to overcome (Consider any potential issues that may jeopardize your venture and consider realistic solutions)

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____

STEP 6 - Decision: Go/No go! Point of no Return!

The Feasibility Study just completed allows you to make a truly informed decision about the business idea:

- Will the business achieve your goals?
- Is the risk low enough to take?

Do I:

- Proceed? It's a Go! Then.... **PREPARE YOUR BUSINESS PLAN**
- Modify? Do further analysis? Then... **Go back to Step 1**
- Abandon the idea: No-Go? Then.... **FIND A FEASIBLE IDEA!**

■ If you decide it's a GO! then

- 1. Use this analysis as foundation for business plan
- 2. Decide name and business entity form
- 3. Secure registration, licenses, insurance
- 4. Consider employee issues
- 5. Other professionals to have involved

At the SBDC we can help you turn the feasibility study into a business plan to make your business a reality! Business counseling is provided at no cost to you. Call **480-784-0590** today and make your appointment remember to bring this study to your appointment.

GROW YOUR BUSINESS.....

REDUCE YOUR RISK

Your Success is Our Goal

Projected Income Statements

Projected Annual Growth

10%

Sales	YEAR 1	YEAR 2	YEAR 3
Total Sales			
Miscellaneous Income			

Total Sales

Cost of Sales
Inventory Purchases
Raw Material Purchases
Payroll - Production
Payroll Expenses - Production
Commissions/Sales Bonuses

Gross Profit Margin

Expenses
Salaries
Payroll - General and Administrative
Payroll Expenses - G & A
Employee Health Insurance
Worker's Compensation Insurance
Employee Fringe Benefits
Operating Expenses
Accounting & Legal
Advertising/Marketing
Auto Expense
Bank Service Charge
Credit Card Processing Fees
Depreciation
Dues and Subscriptions
Insurance (Liability, Property)
Lease/Rent/Building Payment
Miscellaneous
Office Expense
Outside Labor
Postage
Repairs and Maintenance
Research and Development
Sales Tax Expense
Shipping - Freight In
Shipping - Freight Out
Taxes and licenses
Telephone
Utilities
Allowance for Bad Debt

Total Expenses

Net Profit Before Interest

% of Sales

Interest Expense

Interest Expense - Existing Debt

Interest Expense - New Debt

Net Profit
% of Sales

Start-Up Capital Estimate

[Company Name]

[Date]

	Monthly Expenses	Cash Needed to Start	% of Total	Source of Estimate
MONTHLY COSTS				
Salary of owner-manager				
All other salaries and wages				
Rent				
Advertising				
Delivery expense				
Supplies				
Telephone				
Other utilities				
Insurance				
Taxes, including social security				
Interest				
Maintenance				
Legal and other professional fees				
Miscellaneous				
Subtotal				
ONE-TIME COSTS				
Fixtures and equipment				
Decorating and remodeling				
Installation charges				
Starting inventory				
Deposits with public utilities				
Legal and other professional fees				
Licenses and permits				
Advertising and promotion for opening				
Cash				
Other				
Subtotal				
TOTAL ESTIMATED START-UP CAPITAL				