

## Feasibility Study



### Tick when completed

- Do we have a 'Unique Selling Point' (USP)
- Will the target market buy our product / service & in what quantities?
- How much will our customers pay for the product / service?
- Can we find local suppliers that will work with us?
- Can our suppliers produce in small batches at a reasonable cost?
- Can our suppliers fill our production order on time?
- Can we make a profit from making & selling this product/service?
- Do we have enough start-up capital to begin production
- Do we have any competitors in the market. Who are they?
- IP Considerations- company names, product names, <sup>TM</sup>, patents, ©
- Do we have the contacts, skills, experience, money to move forward with this idea & if not where can we get it

	Description of research results	
<b>The 'USP'</b>		
<b>Sales # &amp; frequency</b>		
<b>Customer price range</b>		
<b>Local supplier details</b>		
<b>Min / Max batch size</b>		
<b>Costs per batch</b>		
<b>Batch delivery timeframe</b>		
<b>Start-up capital required</b>		
<b>Competitors Who are they &amp; where are they?</b>		
<b>Intellectual property Considerations</b>		

	Description of research results	
Skills	We require:	Source from:
Experience	We require:	Source from:
Money	We require:	Source from:
Contacts / Mentors	We require:	Source from:

	Pessimistic	Realistic	Optimistic
Unit Sales:			
Price per unit:			
Sales revenue: (unit sales x price)			
Variable expenses: per unit			
Total fixed expenses:			
Contribution Margin: (Price – Variable cost per unit)			
*Breakeven: (Fixed expenses/ contribution margin)			

\*You may choose to demonstrate economies of scale by calculating several break even points for different sized production orders /batches

**Key Terms**

- Unit Sales:** How many units of product or service will you aim to sell
- Price per unit:** The price you will charge customers for each good or service sold
- Sales revenue:** Price multiplied by the quantity of units sold
- Variable cost per unit:** The cost of producing one good or providing one service
- Fixed expenses:** All costs incurred by the firm excluding production costs e.g. printing and stationery, postage, company registration etc
- Contribution margin:** Price per unit less variable cost per unit. It is the portion of total sales revenue that contributes towards covering the fixed costs
- Breakeven:** The number of units that must be sold in order to make neither a profit nor loss.