

## Feasibility Studies

### What is a feasibility Study?

A feasibility study is an assessment of the practicality of a proposed plan or method. The idea is to identify strengths and weakness, opportunity and threat associated with a planned project. In its simplest form the study looks at costs required and value to be obtained.

Areas of feasibility are:

- **Technical** – information and process.
- **Economic** – cost benefit analysis.
- **Legal** – regulatory bodies and prior commitments.
- **Operational** – people and divisions involved.
- **Scheduling** – does time required fit to the project need?

These are commonly known as the abbreviation **TELOS**. The areas mentioned here are the main obstacles to face when trying to implement the project. The idea is to consider all obstacles in the study to ensure no barriers are too great, either in cost or through lack of expertise. With barriers that are too great a new project idea will be required to resolve the need issue.

### Considerations and limitations

Before beginning a feasibility study in the VCS, remember a project should be formed to support a charitable need. The project should be developed around tackling the community need, NOT making the need fit a project.

It is important to remember there are limitations:

- Not every project is do-able.
- Not every project should be taken up as it could take time away from other more important tasks.
- Not every project makes effective use of an organisation resources.

This is why a feasibility study is so important, the study will better equip an organisation team or project planner to know if the project will be a likely success or failure.

Considerations of a feasibility study should therefore be very detailed and include:

- Provision of the historical background of an organisation or project.
- Describe the project or service.
- Show any accounting statements.
- Detail the operations and management.
- Research the ways to market the project.
- Policies.
- Financial data.
- Legal requirements.
- Tax obligations.
- Feasibility studies should precede any technical development and project implementation.

### Evidence

Potential for success should be evidenced by showing the objectives and being unbiased with quotes and feedback. This is very important to show credibility when applying to funders.

### Cost

The cost study results may take a tabulated form:

Measure	Year 1	Year 2	Year 3	Year 4	Year 5
Expenditure item (list per row)	£	£	£	£	£
Income (list per row)	£	£	£	£	£
Cash inflow	£-/+	£-/+	£-/+	£-/+	£-/+

The income per year minus the expenditure per year will equate to the cash inflow.

By having a year on year study this will help to forecast possible future success or failure and any trends that become apparent over time in fluctuation of the success.

For example, expenditure relating to advertisement, wages, utilities and resources for service provision may have only a gradual increase in cost due to inflation and start at a very large amount compared with income causing a start of negative cash flow, however due to time allowing increase knowledge and need of the service; income generated by service provision, loyalty discounts or donations will increase resulting in a positive cash flow in later years.

If with time the cash inflow increasingly becomes negative; the feasibility study will evidence that the project as planned is not viable.

If with time the cash inflow becomes increasingly positive, the feasibility study will indicate the project would be a success.

For the voluntary and community sector that are not for profit, no extreme of cost differential is the required outcome. A small positive cash inflow would be the ideal scenario to act as reserves for unexpected or one off expenses.

**In summary:**

The feasibility study may seem like a lot of work, but there is no better analysing tool. The study will allow entrepreneurs to analyse the best way to implement a plan, or provide a good evidence basis to apply for funding on new start-ups. Alternatively, for existing organisations this is a useful tool to decide on changes in direction or taking on new tasks.

