FEASIBILITY

**Development Phase**

Technology Feasibility

**Definition**: The process of proving that the concept is technically possible.

**Objective**: The objective of the technical feasibility step is to confirm that the product will perform and to verify that there are no production barriers.

**Product**: The product of this activity is a working model.

**Technical Activities**: During the technical feasibility step the following must be completed:

* Test for technical feasibility
* Examine the operational requirements
* Identify potential safety and environmental hazards
* Conduct a preliminary production feasibility assessment
* Conduct a preliminary manufacturing assessment
* Estimate engineering prototype costs

**Technical Information**: The technical feasibility step generates knowledge about the product or process's design, performance, production requirements, and preliminary production costs.

**Assessment:**

Do you have a working model of the product?

Have you evaluated the safety factors of the model?

Have you evaluated the environmental factors?

Have you evaluated the feasibility of producing the product?

Have you measured how the product will perform?

Do you have a design for the product?

Do you have a design for the production process?

**Development Phase**

Market Study

**Definition:** The process of identifying the price range at which a quantified market segment is willing to purchase the product and justifying why the target market will choose the product over the competition's.

**Objective:** The objective of the feasibility step is to identify who will buy the product, how many units will they buy, and how much they will pay.

**Product:** The product of this step is a market study that follows the marketing section of a standard business outline format.

**Marketing Activities:** The marketing activities common to this step are those necessary to demonstrate that there is market justification for the product.

During the market study step the following activities must be completed:

* Describe the market environment
* Identify economic and industry trends
* Quantify the size of the market
* Identify the market segments
* Analyze market segment size, growth rate, competitive environment
* Analyze business capabilities for market share, competitive position, product capabilities, resource capabilities

**Marketing Information:** The completion of the marketing study step usually will result in a thorough understanding of the market environment, the market structure, the market potential for the product, a realistic expectation of market share, and the capabilities of the business enterprise to compete.

**Assessment:**

Have you conducted a market study?

Have you identified factors critical to the market environment?

Have you identified the economic and industry trends?

Have you quantified the market size?

Have you identified the market segments?

Have you identified the size, growth rate and competition of the market segment?

Have you analyzed business capability for market share, competitive position, product capabilities, and resource capabilities?

**Development Phase**

Economic Feasibility

**Definition:** The economic feasibility step of business development is that period during which a break-even financial model of the business venture is developed based on all costs associated with taking the product from idea to market and achieving sales sufficient to satisfy debt or investment requirements.

**Objective:** The objective of the economic feasibility step is to develop a financial model of the business venture.

**Product:** The product of this step is a complete integration of the technical product information and the market study into one or more break-even financial models.

**Business Activities:** The business activities common to this step are those necessary to develop a conceptual plan for a business venture based upon one or more financial scenarios.

During the economic feasibility step, the following activities must be completed:

* Develop a financial analysis that identifies break-even scenarios based upon unit prices, volume of sales, and costs
* Determine whether the business opportunity presents sufficient profit margins to justify a business venture
* Assess the merits of licensing the opportunity compared to venturing

**Business Information**: Completion of the economic feasibility step usually will result in a go/no-go decision concerning the business venture, and if the decision is positive, identification of sources and uses of seed capital for the development phase.

**Assessment:**

Does the venture demonstrate a positive economic feasibility?

Have you developed a break-even financial analysis for the venture?

Does the venture offer financial returns that justify investment?

Have you compared the merits of licensing to venturing?