
Business Feasibility Worksheets



Directions:

This worksheet is designed to help you collect and review information pertinent to the business concept being considered. Not all questions will apply to all businesses. It is a guide to help you think through various aspects of the businesses to determine if the business concept could be feasible and if you should move forward with a business plan.

During the business feasibility phase, it is important that you get out and talk to owners of similar businesses! This is the most effective and efficient way to gather information – learning from experts in the field. Business owners can provide rich information on everything from costs to suppliers to unmet needs in the industry. Prepare questions before you go that will help you gather information on customers, competition, capabilities, and financial consideration.

If you feel like other business owners would see you as a threat, just contact owner of similar businesses far enough away that you won't feel like competition. And remember, competitors could potentially be collaborators! Think creatively as you explore options with other business owners.

Step 1: Industry Considerations

1. Describe the product/service:

- a. Describe the products/services (What is it? Where will it be sold?). What features of the product or service could be added at a later date to improve or expand the business?
- b. Describe how the product/service will be produced or how the service will be delivered. Include a description of the specific tasks required and identify which tasks the consumer will do independently and which tasks will require support.
- c. Identify licenses, permits, certifications, bonding or other requirements operate the business.

d. Description of suppliers

2. Describe the customers:

- a. Who are they? (See Market Positioning Worksheet on the next page). Identify whether

the business will sell to individual customers, to business customers or both. Include a description of all potential customer bases along with relevant demographic information (age range, gender, income level, etc.)

b. What customer need is product/service meeting?

c. How many potential customers in service area? Are they the same or different people than those going to competitor?

Market Positioning Worksheet

Customer Demographics or Identifiers	Primary Customer	Secondary Customer(s)
Location of customers (e.g., city, county, particular part of town, cyberspace)		
Male or female?		
Income Level (e.g., low, middle, high)		
Educational Level		
Career Type (“white collar”, “blue collar”)		
Other:		
Other:		
Other:		
Other:		
Other:		
Do potential customers know that they have a need for this product/service		
Do potential customers need your product/service but not know it?		
Marketing for Business to Business (B2B) Companies		
Type of Business to Supply		
Specific Businesses to Supply		
Size of Business Revenue		
Number of Employees		

Customer Demographics or Identifiers	Primary Customer	Secondary Customer(s)
Location(s)		
Other Descriptors		

3. Describe the competition:

- a. Who are the business’s main competitors? How many competitors are there in the service area?

- b. What are their strengths and weaknesses?

- c. How is Prospective Business Owner’s (PBO) product/service different from competition? What makes the PBO’s product or services better than that of the competition?

- d. How much of the target market is served by competitor? What portion of market remains open?

4. Describe the business capabilities:

- a. How much time can the PBO devote to the business?

b. How much product/service could reasonably be produced each week/month/year?

5. Describe financial considerations:

a. Cost to produce product/service

b. Price of product/service

c. Industry standards for Cost of Goods Sold (COGS), fixed expenses, break-even point and net profit

d. PBO's projected Cost of Goods Sold (COGS), fixed expenses, break- even point and net profit

e. Sales projections

f. Critical factors to reach sale projections

g. Potential financial resources for supporting business start-up

Step 2: Test Market the Business Idea

There are various ways to test market, and which strategy(ies) you choose will depend on your business concept. The goal is to obtain feedback from potential customers that will solidify the feasibility of the business. While the best way is to “sell a few”, this may not be practical if expensive equipment must be purchased prior to production. Use the strategy(ies) that seem relevant given your particular business idea.

1. Sell a few and describe:
 - a. Number of units to be sold in test market
 - b. Number of units actually sold
 - c. Description of how test market was run
 - d. Description of customers who purchased product/service
 - e. Customer feedback regarding product/service
 - f. Summary of findings
2. Telephone Survey:
 - a. Number of potential customers contacted
 - b. Description of customers contacted
 - c. Questions asked
 - d. Response to questions

- e. Summary of findings
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- 3. Advertise and Analyze:
 - a. Number of potential customers given advertisement

 - b. Description of customers contacted

 - c. Number of responses to advertisement

Step 3: Prospective Business Owner Considerations

- 1. Does this business idea match dreams/goals of Prospective Business Owner?

- 2. Is Prospective Business Owner really interested in owning this business?

- 3. Does the time involved match what the Prospective Business Owner can invest in operating the business?

- 4. What tasks are necessary to produce product/service?

- 5. Does the Prospective Business Owner have, or can they acquire, skills to perform the production and management parts of the business they wish to perform?

6. Does the Prospective Business Owner have, or can they afford, the necessary business and personal supports?

7. How much money can Prospective Business Owner access/invest?

8. How will this business affect the PBO's family

Business Feasibility and Business Plan Research Ideas:

- Similar Businesses (visit, contact, observe)
- Trade Associations (Encyclopedia of Association— 135,000 associations)
- Trade Journals
- Industry Standards
 - <http://www.bizstats.com>
 - Library reference desk, books of industry standard reports
 - Trade Associations, often for a fee
- Related Websites (individuals in field start up a site to disseminate information)
- Secretary of State, State Department of Revenue, IRS, County/City Business Departments (tax, permit and licensing info)
- Small Business Development Center
 - <http://www.sbdcnet.org> (various links to demographic, industry information and trade associations)
 - Local offices (counselor and library of materials)
- U.S. Economic Census <https://www.census.gov/programs-surveys/economic-census.html> (NAISC search engine and business reports)
- U.S. County Business Patterns <https://www.census.gov/programs-surveys/cbp.html> (NAISC data by area)
- U.S. Census <https://www.census.gov/>(demographic information)
- Local Chamber of Commerce and Economic Development Department (local economic initiatives)
- Yellow Pages (listing of similar businesses)
- www.entrepreneur.com (articles on business trends and operations)
- www.inc.com (articles on business trends and operations)
- Service Corps of Retired Executives <http://www.score.org> (free small business counseling)
- MyEntre.net <http://www.myentre.net> (Iowa small business resources)