



Business Feasibility Study

Small Business BC

601 West Cordova Street Vancouver BC V6B 1G1
Phone: 604-775-5525 In BC: 1- 800- 667-2272 Fax: 604-775-5520

<http://www.smallbusinessbc.ca>

Reviewed: October 2004

General Personal Considerations

The first seven questions ask you to do a little introspection. Are your personality characteristics such that you can both adapt to and enjoy small business ownership/management?

	Yes	No
Do you like to make your own decision?	_____	_____
Do you enjoy competition?	_____	_____
Do you have will power and self-discipline?	_____	_____
Do you plan ahead?	_____	_____
Do you get things done on time?	_____	_____
Can you take advice from others?	_____	_____
Are you adaptable to changing conditions?	_____	_____

Physical, Emotional, Financial Considerations

The next series of questions stress the physical, emotional and financial strains of a new business.

	Yes	No
Do you understand that owning your own business may entail working 12 to 16 hours a day, probably six days a week, and maybe on holidays?	_____	_____
Do you have the physical stamina to handle a business?	_____	_____
Do you have the emotional strength to withstand the strain?	_____	_____
Are you prepared to lower your standard of living for several months or years?	_____	_____
Are you prepared to lose your savings?	_____	_____

Specific Personal Considerations

	Yes	No
Do you know which skills and areas of expertise are critical to the success of your project?	_____	_____
Do you have these skills?	_____	_____
Does your idea effectively utilize your own skills and abilities?	_____	_____
Can you find personnel that have the expertise you lack?	_____	_____
Do you know why you are considering this project?	_____	_____
Will your project effectively meet your career aspirations?	_____	_____

Personal Limitations

The next three questions emphasize the point that very few people can claim expertise in all phases of a feasibility study. You should realize your personal limitations and seek appropriate assistance where necessary (i.e. marketing, legal, financial).

	Yes	No
Do you have the ability to perform the feasibility study?	_____	_____
Do you have the time to perform the feasibility study?	_____	_____
Do you have the money needed to have the feasibility study done?	_____	_____

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General Project Description

Briefly describe the business you want to enter.

List the products and/or services you want to sell.

Describe who will use your products/services.

Why would someone buy your product/service?

What kind of location do you need in terms of type of neighbourhood, traffic count, nearby firms, etc.

List your products/services suppliers.

List your major competitors - those who sell or provide similar products/services.

List the labour and staff you require to provide your products/services.

Requirements for Success

To determine whether your idea meets the basic requirements for a successful new project, you should be able to answer at least one of the following questions with a "yes."

	Yes	No
Does the product/service/business serve a presently unserved need?	_____	_____
Does the product/service/business serve an existing market in which demand exceeds supply?	_____	_____
Can the product/service/business successfully compete with existing competition because of an "advantageous situation", such as better price, location, etc.?	_____	_____

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Potential Flaws

A "Yes" response to questions such as the following would indicate that your business idea may need to be reconsidered.

	Yes	No
Are there any causes (i.e. restrictions, monopolies, shortages) that make any of the required factors of production unavailable (i.e. unreasonable cost, scarce skills, energy, material, equipment, processes, technology, or personnel)?	_____	_____
Are capital requirements for entry or continuing operations excessive?	_____	_____
Is adequate financing hard to obtain?	_____	_____
Are there potential detrimental environmental effects?	_____	_____
Are there factors that prevent effective marketing?	_____	_____

Desired Income

The following questions should remind you that you must seek both a return on your investment in your own business as well as a reasonable salary for the time you spend in operating that business.

How much income do you desire? _____

Are you prepared to earn less income in the 1st - 3rd years?

What minimum income do you require? _____

What financial investment will be required for your business? _____

How much could you earn by investing this money? (A) _____

How much could you earn by working for someone else? (B) _____

Add the amounts in (A) and (B). If this income is greater than what you can realistically expect from your business, are you prepared to forego this additional income to be your own boss with the prospects of more substantial profit/income in future years?

Supply

	Yes	No
Can you make a list of every item of inventory and operating supplies needed?	_____	_____
Do you know the quantity, quality, technical specifications, and price ranges desired?	_____	_____
Do you know the name and location of each potential source of supply?	_____	_____
Do you know the price ranges available for each product from each supplier?	_____	_____
Do you know about the delivery schedules for each supplier?	_____	_____
Do you know the sales terms of each supplier?	_____	_____
Do you know the credit terms of each supplier?	_____	_____
Do you know the financial condition of each supplier?	_____	_____
Is there a risk of shortage for any critical materials or merchandise?	_____	_____

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Are you aware of which suppliers have an advantage relative to transportation costs?
Will the price available allow you to achieve an adequate markup?

____ ____
____ ____

Expenses

Do you know what your expenses will be for: rent, wages, insurance, utilities, advertising, interest, etc.?
Do you need to know which expenses are direct, indirect, or fixed?
Do you know how much your overhead will be?
Do you know how much your selling expenses will be?

Yes No
____ ____
____ ____
____ ____
____ ____

Miscellaneous

Are you aware of any major risks associated with your product, service and/or business?
Can you minimize any of these major risks?
Are there major risks beyond your control?
Can these risks bankrupt you?

Yes No
____ ____
____ ____
____ ____
____ ____

Venture Feasibility

Are there any major questions remaining about your proposed venture?
Do the above questions arise because of a lack of data?
Do the above questions arise because of a lack of management skills?
Do the above questions arise because of a "fatal flaw" in your idea?
Can you obtain the additional data needed?
Can you obtain the additional managerial skills needed?
Are you aware that there is less than a 50-50 chance that you will be in business two years from now?

Yes No
____ ____
____ ____
____ ____
____ ____
____ ____
____ ____
____ ____

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