

# Feasibility Studies

## *Course Outline*

## Training Program Description

A feasibility study is needed before starting a new project, developing a new product or service, establishing a new business, or upgrading and modifying existing businesses. The feasibility study is needed to analyze and evaluate a proposed project to determine if it is technically feasible, if it is feasible within the estimated cost, and if it will be profitable. This training course will take you through the journey of developing a feasibility study which is sometimes handled as a project in itself.

Through the trainer's expertise and practical knowledge, you will be able to define the key concepts associated with feasibility studies and you will be able to:

- Prepare and analyze feasibility studies.
- Identify crucial arguments and effectively explore the various assumptions.
- Present ideas in a simple, effective, convincing and objective manner.
- Build the feasibility study financial model using Microsoft Excel.
- Perform scenario and sensitivity analysis to improve plans and projections.
- Analyze someone else's feasibility study and find its merits and shortcomings.

## This Training Program is designed for

Anyone involved in preparing, writing and analyzing feasibility studies

### **The Learning Model**

The trainer uses up-to-date training techniques and a variety of training methods, to give all participants the best opportunities for learning, including:

- Class Session
- Group Discussions
- Simulations exercises
- Case studies and Problem Solving Exercises
- Individual assignments
- Templates and tools

## Course Duration

14 Training Hours

## Training Program Outline

### Introduction and Definitions

- Feasibility Study Definitions
- Feasibility Study Objectives
- Feasibility Study versus Business Plan
- Feasibility Study Cycle
- Feasibility Study Preparation Steps

### Feasibility Study Elements

- Feasibility Study Report Elements
- Executive Summary
- Feasibility Study Outline
- Market Feasibility
  - Market Research and Analysis
  - Market Research Data Types
  - Sales Projections Analysis
- Technical Feasibility
  - Critical Technical Questions
  - Supply Feasibility
  - Operational Feasibility
- Financial Feasibility
  - Project Costs
  - Indirect Costs
  - Ongoing Costs

## **Feasibility Study Financial Model Using Microsoft Excel**

- Building the Feasibility Study Financial Model
- Weighted Average Cost of Capital (WACC)
- Cost of Equity Using the Capital Asset Pricing Model (CAPM)
- Unlevered Free Cash Flow (UFCF)
- Terminal Value of the Project
- Preparing Sensitivity Tables
- Creating Different Scenario Analysis

## **Feasibility Study Appraisal and Analysis**

- Financial Analysis Parameters
  - Liquidity Ratios
  - Operating Ratios
  - Financial Leverage Ratios
  - Security Ratios
  - Profitability Ratios
- Investment Appraisal Analysis
  - Quantity and Sales Breakeven Points
  - Payback Period
  - Net Present Value (NPV)
  - Internal Rate of Return (IRR)
  - Profitability Index

## **Feasibility Study Evaluation and Implementation**

- Internal Recommendations and Conclusions
- Evaluating Feasibility Studies
- Common Mistakes in Using the Feasibility Study Results
- Implementing the Proposals

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 + 962 6 552 1220  
 + 962 6 553 1330  
 [info@hr-pulse.org](mailto:info@hr-pulse.org)  
 [www.hr-pulse.org](http://www.hr-pulse.org)