

Doc 3.7 Feasibility study template

Title of proposed enterprise:

1. Description and purpose

Brief description of the proposed economic activity or enterprise (including main goods or services to be produced):

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Give a brief description of the economic activity proposed to provide employment after the skills training programme: e.g. location, type of products, technology, workforce and intended market.

What are the advantages of starting this economic activity in the proposed location?

- Availability of raw materials
- Existing infrastructure
- Cost of labour
- Available markets/role of transport costs
- Related economic activities

If specific people are being considered as trainees at this stage, why do they want to start up this enterprise? What do they need to be successful? (Training, credit, technical advice, other assistance?)

Do they have any particular barrier to address?

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2. Technical aspects

A brief description of raw materials used, the production technique employed, and the tools and equipment needed:

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Are raw materials regularly locally available: Yes No

If not, describe origin and supply arrangement:

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Note any special marketing strategies:

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Estimate total expected demand

Main market:	Secondary market:\$
Other suppliers	Other suppliers
Expected market share.....	Expected market share.....
Expected sales	Expected sales

Total expected sales:..... **units**

Allowances	Resulting production capacity:
Expected wastage in production process.....%	Planned maximum production capacity:
Expected allowance for peak season .....	..... units per month.

3. Management aspects

Describe the planned organization of the production (e.g. number of workers – full-time and part-time – management arrangement, use of specialized vendors, etc.):

4. Projects costs

4.1 Fixed investments. The fixed project costs, refer to the investments in land, buildings, tools and equipment, etc., which are to last for several production processes. Indicate the capital investment needed for:

i) *Land*

ii) *Building(s)* (when not rented)

iii) *Machinery and spare parts* (specify):

iv) *Tools* (specify):

v) *Furniture, fans, lights, and others* (specify):

vi) *Installation costs and pre-operating expenses* (including costs of electricity and water supply connections, costs of transporting and installing the new machinery), marketing survey, etc.

Total fixed investment

4.2 Working capital. This is the capital which is “tied-up” in the production process from the moment raw materials are purchased until the final payment by the customer is actually received:

(i) Stock of raw materials costs, for week(s) (specify):

(ii) Value of finished goods in stock

(iii) Credit to customers
 Credit from suppliers (minus)

(iv) Labour, for week(s) (specify):

(v) Overhead costs:
 — rent (if site not owned)
 — electricity
 — maintenance and repair
 — license fees

Total working capital

4.3 Need for outside financing

(i) Total project costs:
 — Total fixed investment
 — Total working capital
 — **Total project costs**

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(ii) Owner or (group) contribution

(iii) **Need for loan/credit**

5. Proposed loan (if needed)

Origin of the loan

Loan amount

Collateral

Interest % , grace period weeks/months

Monthly installments for weeks/months

7. Operating costs

The operating costs for the first year of operation:

(i) Raw materials (incl. transport costs)	.....	.....
(ii) Manpower costs (incl. meals and snacks)	.....	.....
(iii) Costs of electricity and water, etc.	.....	.....
(iv) Overhead costs	.....	.....
— rent of the building	.....	.....
— repairs/maintenance	.....	.....
— other:	.....	.....
(v) Interest payments	.....	.....
(vi) Depreciation	.....	.....
— buildings (5% purchase value)	.....	.....
— machinery (10%)	.....	.....
— furniture (6%)	.....	.....
	Total operational costs	.....

8. Sales price

Cost price = total operating costs ÷ number units produced:

Cost price =	÷	=
Profit margin	%	=
Proposed sales price		=

9. Earning potential of the proposed project

Total output	.....	.....
Less: Total operating costs	.....	.....

10. Other assistance required

Management training or advice: Yes No

Comments:

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Technical training: for the owner Yes No
for the workers Yes No

Comments:

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Technical advice on: Purchase of equipment	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Upgrading production techniques	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Introduction of improved or new product designs	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Quality control	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Packing of products	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Marketing	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Comments:

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Specific needs:

- Literacy training
- Assistive devices/accommodations for disabled persons
- Assistance in organizing a family or group business
- Basic digital skills
- Others

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11. Final observations and conclusion(s)

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Now a conclusion can be presented on the basis of the information collected. The assessment of the business proposal can be made in terms of major strengths and weaknesses in the technical, economic, financial and other areas which have been discussed in this section.

Previous experiences with this type of activity in the community (particularly past failures), government plans, successful training elsewhere, the reliability of information provided, the role of community leaders, the background of the intended beneficiaries, possible fluctuations in the price of the raw materials, social conditions which will govern the organization of the venture, etc. should all be considered in reaching a conclusion.

