How a Feasibility Study Can Benefit Your Projects

A feasibility study is a crucial step in forecasting the success of a project. The Blueprint breaks down how you can conduct your own feasibility study.

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Recently Elon Musk debuted Tesla’s new Cybertruck. In my opinion, the truck is a god-awful rendition of a child’s crayon drawing of what a vehicle ought to look like.

But outside of that, the specifications on this truck are quite impressive. It has insane amounts of horsepower and torque, which is quite common with electric vehicles. It even demolished Ford’s flagship truck, the F-150, in a tug-of-war battle.

On the flip side, there are a few glaring issues that Elon seems to ignore that make me wonder about the true feasibility of Tesla’s new future production model.

No, I’m not talking about the presentation mishap with the so-called “indestructible” glass. Instead, I believe Musk is creating an electric truck because he can, not because the market is ready for it.

I think he would benefit from a large, in-depth feasibility study into the Cybertruck and whether or not it’s ready for the mainstream truck market.

But what is a feasibility study? This is definitely a higher level than the project management basics.

Overview: What is a feasibility study?

Simply put, a feasibility study is a practicality assessment for a proposed plan, product, project management tool, or new execution method.
The importance of a feasibility study is to establish whether or not a company, team, or organization will deliver on its promises in a satisfactory manner and a reasonable period of time.

This is one of the most important project management techniques you’ll want to learn to save your organization time, money, and lots of headaches.

The final feasibility report is a part of the fifth step of your project management plan and is presented after you’ve made your initial business case to your stakeholders.

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**Feasibility study characteristics and best practices**

Feasibility assessments don’t always green light or kill projects or ideas altogether. In most cases, a feasibility study will provide a clear picture of your budgetary, scheduling, or logistical strengths, and allow you to adjust the scope of your proposition so that it fits your abilities.

These studies also provide many other benefits including:

- Bringing to light new opportunities that weren’t obvious from the start
- Improving the focus of your team members
- Providing analysis into team trends and characteristics
- Enhancing the success rate of your projects
- Increasing insight for better project decision making
- Clarifying the need for the project

There are certain characteristics that make up a feasibility report, most importantly the core questions of feasibility. These are the five questions most feasibility studies have to answer in order to justify a new project, plan, or method:

1. **Is this plan technically feasible?**

Starting off, this question will help you determine whether or not your organization has the technical resources to successfully execute this project.
This includes evaluating all of the hardware, software, and other technical assets you have at your disposal and whether or not they meet the requirements of your new project.

2. Is this plan legal?

Does your organization meet all of the requirements, laws, and regulations to complete this project?

It’s a complete nonstarter if your project doesn’t meet the legal threshold for completion, which includes anything from data protection laws to building requirements.

Otherwise, you’ll make it halfway through your project before you realize that your team isn’t meeting some overlooked regulation that’ll waste more time and resources to rectify later.

3. Is this plan operationally feasible?

Will this proposed project solve the problems you hope it will solve? Is the solution reliable, maintainable, and affordable?

There is no sense in sinking time, money, and energy into a project that isn’t likely to produce quality results for your team or your stakeholders.

4. Is this plan feasible within a reasonable period of time?

This is one of the most important questions: do you have the time to complete this project?

It’s important that you establish a realistic project schedule for project completion, otherwise, you’ll find yourself dropping the ball on deadlines and quality for your deliverables.

5. Is this plan economically feasible?

Finally, we reach the most obvious of the feasibility questions.
This is where you will assess whether or not this project will provide the supposed value needed to justify its cost. You can assess this area of feasibility based on several different factors, including:

- Projected profitability
- The total cost of completion
- Estimated investment by outside parties

No matter how incredible a project may seem, if the numbers don’t add up, then either you’ll have to seek out larger budgets or the plan isn’t worth the risk.

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**How to conduct a feasibility study**

A feasibility analysis is an in-depth process to determine the factors that will lead a project to success or failure. In the interest of simplicity, I’ve taken the liberty of breaking up this process into five steps.

**Step 1: Conduct the preliminary analysis**

Performing a full-blown feasibility study is time- and resource-consuming, so instead of jumping headfirst into this monstrous assessment, it’s important to test the waters and conduct preliminary analysis. Consider this to be an eligibility qualification before the feasibility study.

There are four key steps to performing a preliminary assessment:

1. **Create an idea outline:** Outline everything you hope to achieve by taking on this project and why this project is important to your team, organization, or business.
2. **Assess the market space for this project:** Try to find examples of this type of project and whether or not others have had success in execution.
3. **Examine your competitive advantage:** What will you do differently to ensure that your idea will succeed, such as talent, location, technology, etc.
4. **Determine the risks of the project:** Risk management is a huge part of assessing the viability of any project. Perform a risk assessment to outline anything that may pose a threat to your success. Once you’ve completed your preliminary assessment you will have a better idea about whether or not to continue exploring your project feasibility. If there aren’t any major insurmountable risks that you find during this assessment, then it’s time to move onto the full feasibility study.

**Pro Tip:** This is not the last word on whether or not a project is truly feasible. All of your preliminary research is only surface deep, and issues you didn’t see before may come up later during the actual feasibility study.

**Step 2: Create a project scope outline**

Now that you have a rudimentary understanding of what you are getting yourself into with this project, it’s time to create a scope outline. This outline will detail the objectives of the project by using the five feasibility questions that I explained earlier in this guide:

- Is this plan technically feasible?
- Is this plan legal?
- Is this plan operationally feasible?
- Is this plan feasible within a reasonable period of time?
- Is this plan economically feasible?

Using these five questions, you will outline the core tenets of this project including what the current situation or issue is that you plan to solve, what you plan to accomplish, estimations on the impact of the project, and what it will take to accomplish this goal.

**Pro Tip:** Before you create your outline, create a strengths and weaknesses assessment of your organization in relation to this project. Find out what aspects of your organization will impact this project and its success or failure.

**Step 3: Perform your market research**

I use the term “market research” since it is the most common way of describing this step, however, not all projects have to do with competing with other businesses.
Some projects are about improving team performance, trying out a new management method, or maybe in your case implementing new project management software.

Anyhow, this step is crucial in discovering the feasibility of your proposed project idea. What better way to find out if your project will be a success than looking to others who’ve done it before?

**The five key benefits of market research are:**

1. Identification of other market opportunities for your project (new customers, additional uses, etc.) through focus groups, surveys, and potential client interviews.
2. Insight into your competition including their products, services, marketing choices, client base, etc.
3. Information on the market for your project including the size and needs of your potential clients.
4. Conclusions on whether or not this project has succeeded in the past, what it cost to complete, and what success looks like.
5. Insight on the best ways to execute a project, such as a timeframe, the required personnel, and even management styles.

I mentioned a few ways to conduct market research in my benefits list, but here is a more comprehensive list of methods:

- Focus groups
- Surveys
- Personal interviews (customers, experts, etc.)
- Observation of other organizations
- **Social media listening** (great for researching marketing methods)
- Public domain data

Whichever methods you choose, be sure that your research answers the five feasibility questions once you’re done.

**Pro Tip:** Remember that focus groups and interviews provide more subjective data than other methods, like surveys, social media listening, and public domain data. Try to gather a mix of subjective and objective data when performing your market research.
Step 4: Calculate the financial cost

We’re nearly there. No matter what kind of project you are proposing, many times it’s the financial cost that sinks the feasibility.

All sorts of financial factors will go into determining the feasibility of a project proposal, however, there are a few major considerations that you should keep in mind when making these calculations:

1. Will your financial resources come from within your organization or from an outside financier?
2. What is the financial cost of failure when executing your project?
3. Which risks will impose an undue financial burden on your project budget?
4. What is the break-even point for profit once your project is off the ground, if applicable?
5. How much will you need to complete this project, including risks?

Always keep Murphy’s Law in mind when running through the financial feasibility of your project, because whatever can cost you money, will cost you money.

Call it confirmation bias, but I always operate under the logic that my projects will always cost more than I initially estimated.

**Pro Tip:** It’s always better to overestimate the financial costs of your project. This will become apparent when you are running through your risk assessment and assign the costs and likelihood for all potential issues.

Step 5: Review your research and present your findings to the project stakeholders

The day of reckoning is upon us, and it’s time to evaluate everything you’ve uncovered, compile it all, and present it to the relevant clients or stakeholders.

Make sure your findings answer all five feasibility questions, and if each one is answered in the affirmative, that’s everything you need to recommend the go-ahead for this project.
However, if there are some concerns with certain aspects of feasibility, this doesn’t mean you have to scrap the project altogether. Perhaps this is an opportunity to reevaluate your approach, your budgets, or your endgame to better suit your organization.

One suggestion for nailing the stakeholder presentation: bring coffee and donuts (preferably extra glazed and blueberry cake donuts).

**Pro Tip:** Even if the decision to move ahead with a project is up to another party, such as a stakeholder, it doesn’t hurt to add in your own thoughts on the matter. Be sure to use short, key findings from your research to make your summary case at the end of the study.

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**The final step before moving to the execution phase**

Once you’ve presented to your stakeholders and get the green light, that’s it. You’re ready to start the execution phase of your project. If you want to learn more about the project management process, be sure to read my guide: [The 5 Core Steps of the Project Management Process](blueprint.fool.com).

Trust me, you’ll always want to keep it handy, especially if you are new to project management.

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*The Motley Fool owns shares of and recommends Tesla. The Motley Fool has a [disclosure policy](blueprint.fool.com).*