

Innovation of Future Companies



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Part One: Establishment of Small and Medium Businesses





Feasibility Study

Of Small and Medium Enterprises

At the end of the session, we expect the following:



- Know the concept and importance of the feasibility study.
- Gain the ability to study the marketing feasibility.
- Gain the ability to study the technical feasibility.
- Gain the ability to study the financial feasibility.
- Evaluating and selecting the most appropriate financing sources for the project.



Training Methodology



Business
Models



Brainstorming



PowerPoint
Presentation



Group
Discussion



Ask Direct
Questions

Training Topics



Basic concepts of feasibility study



Marketing feasibility study



Technical feasibility study



Financial feasibility study and selection of financing sources



Expectations

- Do you own a small project (and is it currently existing or still under study)
- Have you ever prepared a feasibility study for your project in the past?
- If you have previously prepared a feasibility study for a project, describe your experience and what are the most important challenges you faced?
- What are your expectations from the training course?

Participants' Expectations

Write down expectations
on the wallpaper



Pre-Test





The Benefits

You will have the ability to prepare a detailed feasibility study for your small and medium projects which makes you able to start it successfully or use it to obtain financiers or partners.



3 Minutes



Solo-storming Definition of Feasibility Study?

Definition of Feasibility Study



- A feasibility study is known as a scientific method to estimate the chances of success of a project idea before actual implementation.
- The ability of the project or investment idea to achieve certain goals for the investor/project owner.
- The means by which the appropriate investment decision is made that achieves the desired goals.

The Importance of the Feasibility Study:



It answers many questions such as:

- What is the best project to do?
- Why is this project being implemented and not another?
- Where is the project being established?

The Importance of the Feasibility Study:



- What is the best time to establish the project and launch its products?
- Who is the project's target group?
- How will the project be established?
How many workers and machines does the project need...?

The Importance of the Feasibility Study:



- How much will the project cost?
- Will it make profits or not?
- What are the sources of financing for the project?
- How do I choose a project from a group of alternative projects?
- How do I prove that the project is economically feasible?



Why We Prepare Feasibility Study?

Why do we prepare a feasibility study?



- Reduces the probability of project failure and reduces capital waste.
- It helps in making comparisons between available projects.
- Achieving optimal exploitation of available economic resources.
- It supports the process of economic and social development.
- Boost self-confidence and success.



What are the components of a feasibility study?

security

bad idea

competitor

economy

problems

Main Components of Feasibility Study

Financial
feasibility study

3

Marketing
feasibility study

1

Choosing
financing sources

4

Technical
feasibility study

2



Definition of feasibility study
The importance of the feasibility study
and the questions it answers
Why do we do a feasibility study?
Feasibility study components.

Write the question
on the wallpaper

Review: Direct Questions



First Component:

Marketing Feasibility Study ^{of} Small and Medium Enterprises



Why do we prepare a marketing feasibility study?



The marketing feasibility study is one of the most important studies carried out for any project, through which we aim to:

- Measuring the actual and expected market size for the products of the project under study.

Why do we prepare a marketing feasibility study?



Determine the marketing mix (product, price, place, promotion) appropriate for customers and target markets, and to meet their needs and desires.

Marketing Mix

1 Product

What are the product characteristics:

- Color
- Size
- Shape
- Packaging
- ... etc

2 Price

- What is the competitive price at which I will offer the product?
- Is there a discount?
- Are there other fees?

4 Promotion

- How will I advertise for the product?
- What are the main advantages that I will announce?

3 Place

- Where will I sell the product?
- Are there distributors?
- Is there a virtual channel?

Why do we prepare a marketing feasibility study?



The feasibility study contributes to answering an essential question which is whether there is a benefit to implement the project and in a way that guarantees marketing its products or services and receiving acceptance from the beneficiaries of this project.

What are the most important outcomes of the feasibility study?

The most important outcomes of this study, which must be included in the marketing feasibility study report, are the following:

- Volume of demand for the products or services of the proposed project, for example (expected to sell 55,000 units or tons annually).
- Marketing share in the local market or the global market, for example (the marketing share from the local market is 30% in the first year, 35% in the second six, and so on...).
- Price offered for the sale of the project's goods or services. For example, offering commodity A at a price of \$20 in the first year, with the price being reduced due to competitive conditions in the second year to \$15.



What are the most important outcomes of the feasibility study?



The most important outcomes of this study, which must be included in the marketing feasibility study report, are the following:

- The best selling mix that can be offered from the products or services of the proposed project, for example (Products A, X, and Y will be presented in the first year of the project, then this will be followed by the introduction of products D, and the product E is withdrawn).
- The best promotion mix for the project, which is (the size, type, and amount of the advertising campaign for the project, the distribution policy that the project will follow, the sales policy, whether selling in cash, installments, or on credit, the commission system in percentages or segments, and the project's potential customers, are they from the private sector or the public sector and the government?, Is it for companies or individuals?)



What are the components of a
marketing feasibility study?

MARKETING

A collection of marketing-related icons in light blue and white, including gears, a location pin, a magnifying glass, a globe, a lightbulb, a refresh symbol, a bar chart, and a line graph with upward arrows.

Components of Marketing Feasibility Study:



- An overview of the project.
- Project objectives.
- Study of competitors.
- Study of customers and consumers .
- Study of market size
- Analysis of the project's marketing environment.

Components of Marketing Feasibility Study:



- Analysis of marketing mix strategies:
 - ✓ Products or service.
 - ✓ Pricing.
 - ✓ Location/distribution.
 - ✓ Promotion.

About the Project:



When describing the project, the following questions must be answered:

- What are the unmet needs in the market, what is the available opportunity, how will the project meet these needs?, why this project and not others?, who are its clients?, how will it be done?, and when and who is responsible for it?)

About the Project:

When describing the project, the following questions must be answered:

- What is the form of our organization and what is its function?
- Who will you be dealing with?
- An overview of the company's products/services
- An overview of the company's product development
- What is the dominant advantage you have in your market?
- Where can we provide our products?
- What are our plans for progress and growth?
- What does the company seek to achieve in the future?



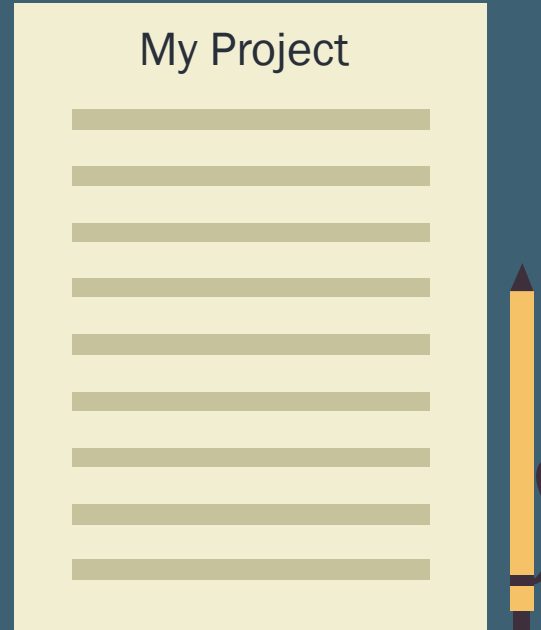
Practical application on drafting a project overview (service project, commercial project)

Participants are divided into groups
, one group chooses a service
project and the other a commercial
project and writes an overview of
the project, according to the
feasibility study model.

Practical Application



Individual Home Activity: Summary of the Project



Who are the Competitors?



The competitor of the project is the one who possesses 3 characteristics:

- He sells the same product or an alternative product.
- He is targeting the same customers.
- He has advantages to win customers.

Why Study Competitors?

We must study competitors to know:

What distinguishes them...

- The price.
- The product.
- The services.
- Their strengths and weaknesses.
- How do they win customers?
- How will we compete with them?



What are the advantages of competitors?



The price:

What is the pricing strategy followed by competitors in the market (product price for the final consumer, product price for intermediaries (wholesalers, retailers)).

What are the advantages of competitors?



The product:

What is the competitors' products mix, the quality of competitors' products, the sizes of competitors' products, the shape of the final product... etc.

What are the advantages of competitors?



Services (before, during and after the sale) :

What services do competitors provide to customers (whether merchants or final consumers)?

Their strengths and weaknesses:

What are the competitors' most important strengths (financial capabilities, human capabilities, competitor's capabilities in the market)?

What are the advantages of competitors?



What is the incentive policy followed by competitors in attracting customers (final consumers - merchants)?

Motivating the end consumer to buy the larger package, for example: buy the large size of toothpaste and get the brush and teeth whitener for free.

Motivating brokers (wholesalers and retailers) to increase their sales by giving them price discounts on purchases in large commercial quantities, deferred sales, delivery to brokers' stores, honoring the best customer at the end of each year and offering him an attractive prize...etc.

How to collect competitors' data?

We can collect data about competitors in several ways:

- Opinions of customers who deal with them.
- Dealing with them (hidden agent).
- Try their products or services.
- Internet research.
- Websites specialized in conducting market studies.

Study Competitors:

Participants are divided into work groups according to number, each group studies competitors according to the marketing feasibility study model.

Practical Application



Individual Home Activity: Studying Competitors



My Project

A yellow notepad with ten horizontal lines, representing a writing surface for the project.

Customer Study

It determines who are the customers that the project will target, and the best way to do this is to divide them into small sectors in order to reach a clear definition of them. It is worth noting that the customer for the project is the one who possesses 3 characteristics:



Who are your project customers?

1

Who needs the product?

2


Who has the purchasing power to purchase the product?

3

Decision-maker to purchase the product

Who needs the product?

Studying the needs, desires and aspirations of customers is one of the basic pillars of the feasibility study. It is worth noting that the greater the ability of the product or service to satisfy the needs and desires of customers, this will help in winning customers and achieving high sales rates. Consumers differ depending on the purpose of the purchase (consumer: purchase for the purpose of use, intermediaries: purchase for the purpose of resale).



Who has the purchasing power to purchase the product or service?

The more purchasing power customers have, the more this helps to increase consumption rates, and vice versa.



The person who decides to buy the product.

The decision-maker when purchasing is not necessarily the consumer himself. For example, (the mother and father are the ones who have the decision to buy clothes for their children), and therefore it is necessary to study and know who has the decision power to buy the product.

A large hand in a blue sleeve holds a magnifying glass, focusing a beam of light on a man in a dark suit and red tie standing on a white oval. The background is a dark blue with various business-related icons like a truck, clock, shopping cart, globe, lightbulb, and smartphone.

The customer study answers the following:

- Who exactly are the potential customers? Target customers (gender, age, income, location)
- What are the features and benefits they are looking for (expected features and benefits/reasons for purchase)?
- Where do you find them to do deal with you? (Their locations)
- When do they come to you ? (Purchase timings)
- How do they purchase and use the product? (group, individual)
- What is the purchase rate?
- What is the rate of market change? How will this affect your company?

A hand in a dark blue sleeve holds a magnifying glass, focusing a beam of light on a man in a dark suit and red tie standing in a white oval on a dark blue background. The background is filled with various business-related icons like a truck, clock, shopping cart, globe, lightbulb, and money bag.

The customer study answers the following:

- Consumption and usage habits of products and demand rate.
- Customer loyalty to other products and services.
- Customer satisfaction with the requirements for obtaining the product or service.
- When does demand for products and services increase?
- Reasons why customers' beliefs may change to switch from one product or service to another.

A hand holding a magnifying glass over a man in a suit, symbolizing customer study. The background is dark blue with various business icons like a truck, clock, shopping cart, globe, lightbulb, and smartphone.

The customer study answers the following:

- The Price/purchasing power
- The Access speed
- The quality
- The Composition
- Accompanying services (before and after)

Customer Study

Participants are divided into work groups, each group studies customers according to the marketing feasibility study model

Practical Application



Individual Home Activity: Client Study



My Project

Blank lined area for writing notes or details related to the project.



Market Size Study

The market study is based on the following:

Volume of supply:

- The supply represents all services and products provided by local competitors, whether locally produced or imported.
- Competitors located outside the country in which you operate and targeting your market through electronic markets.
- Supply size of local products + supply size of imported products.



How do we get the Volume of supply?

- Local reports issued on goods and services.
- Statistical Yearbook of the countries.
- International reports on trade or industry.
- Federations and chambers of commerce in the industry.
- Companies specialized in marketing studies and research
- Marketing and sales consultants.



Market Size Study

The market study is based on a study of:

Volume of demand:

- The total demand for products and services from all categories of customers and consumers, whether located within your market or outside it.
- The volume of demand must be carefully studied at the level of the country as a whole, and at the level of the project's scope of presence.



How do we get the volume of demand?

If historical data is available for the demand:

- Average consumption per capita.
- Consumption and usage rates
- Price elasticity of demand
- Time series models:
 - Simple moving average
 - Trend line prediction
 - Regression



Estimate the volume of demand

The trainer refers to the activity of estimating the volume of demand if historical data is available, and each method of determining the volume of demand is explained.

Practical Application



How do we get the volume of demand?



If data is not available, the volume of demand is obtained through the following:

- Quantitative methods:
- Consumer trends survey
- Statistical sample data
- Personal methods
 - Salesmen experience
 - Management experience

Market Size Study

The market study is based on a study of:

Market gap:

- The market gap is the inability of all competitors to satisfy the customers demand for products and services.
- You must study the reasons of the market gap.



Market Size Study

The market study is based on a study of:

Market share:

- It is your share and the share of all competitors of products and services sold in the market.
- You must know the expected market share of your products and services in the market.



Market Size Study

When studying the market, you must:

- Determine the volum of supply (quantitative, monetary)
- Determine the volum of demand (quantitative, monetary)
- Change rates of supply and demand.
- Historical data of supply and demand rates.
- Expected data and statistics on the changes rates in supply and demand in the future.
- The expected market gap, whether now or in the future.
- The expected market share of your products and services.
- Market members.
- Barriers to entry into the market.



Market size

Participants are divided into work groups, each group studies the market size according to the marketing feasibility study model

Practical Application



Individual Home Activity: Study of Market Size



My Project

Blank lined area for writing the project details.



External Environmental Variables (The General)



External environmental variables:

- The most important external environmental variables that are usually included in the feasibility study are: social variables, demographic variables, political variables, economic variables, technological variables, globalization, etc.
- External variables may pose an opportunity or a threat to the company, the product, or the idea under study.

How are general external variables studied?



- Identify the environmental variables that affect the performance of the company or the activity.
- Rank the external environmental variables and indicators in importance order.
- Study the variables that most affect the activity or the company.
- Determine whether the impact of variables constitutes: an opportunity or a threat.
- Determine the best way to deal with these variables.

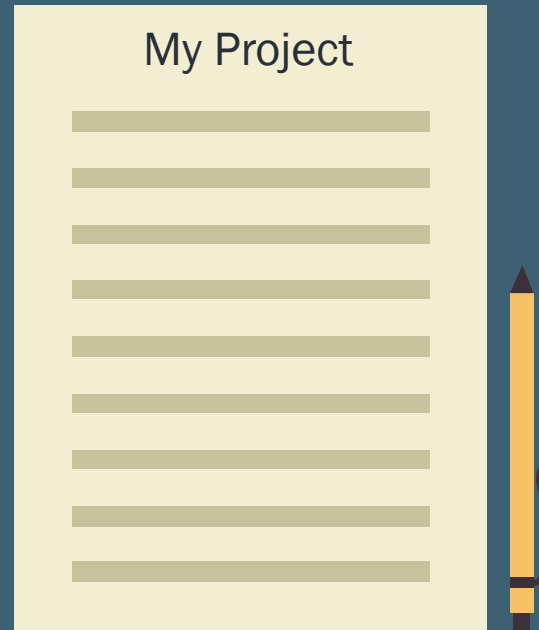
Study the impact of external variables

The participants are divided into work groups, each group studies the external factors according to the marketing feasibility study model.

Practical Application



Individual Home Activity: Studying Environmental Variables



External environmental variables (competitive/specific)

External environmental variables:

- These are all environmental variables that fall within the framework of business companies and organizations and are included in the framework of these variables (specialized government agencies, associations and unions of the activity, suppliers, competitors, logistics service providers, new entrant competitors, etc.)
- The competitive/specific external variables may constitute an opportunity or a threat to the company, product, or idea under study.

How are competitive/specific external variables studied?

When studying the impact of the external environment, we can study the following competitive/specific variables:

- Study the bargaining power of suppliers (the fewer the number of suppliers, the greater the bargaining power of suppliers and vice versa).
- Study the bargaining power of buyers (the greater the volume of the supply and the number of competing products and services, the greater the bargaining power of buyers and vice versa).

External environmental variables (competitive/specific)



- The intensity of competition (the more types of products that are similar in terms of characteristics, the greater the intensity of competition, the smaller the capital volume needed to start an activity, the greater the intensity of competition).
- Entrants (the more new entrants in an activity, the greater the threat of new entrants).
- Alternative products or services.

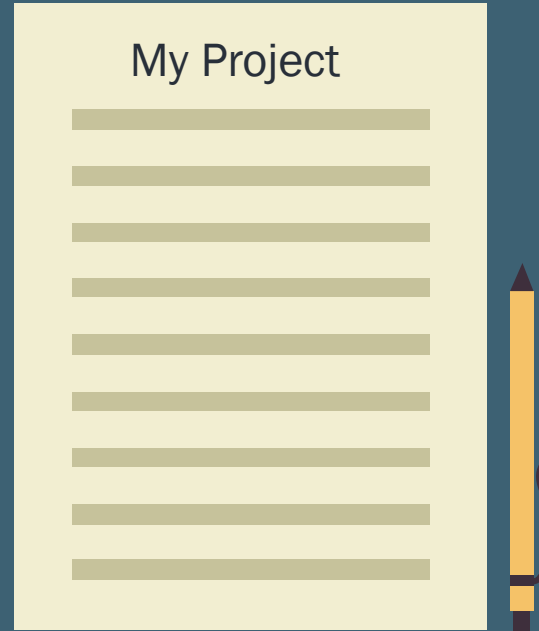
Study the effect of competitive/specific variables

The participants are divided into work groups, each group studies external factors according to the marketing feasibility study model.

Practical Application



Individual Home Activity: Studying Environmental Variables



Product Strategy



Before and after sales services

Products

Quality

Sizes and packages

Packaging

Design

Components

Competitive advantage

Security

Trade Name/Trade mark

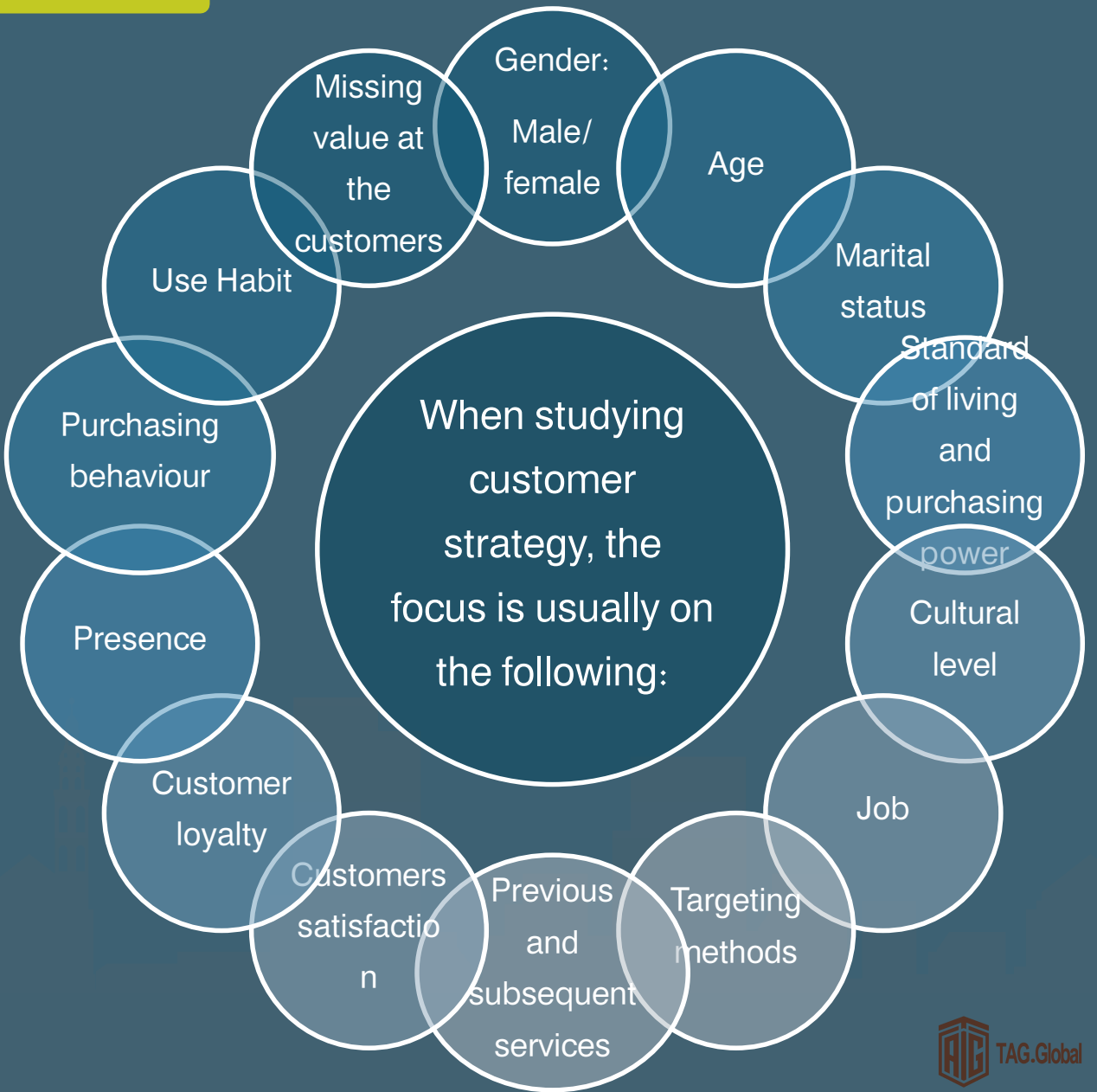
Return policy

When studying the product strategy, the focus is usually on the following:

Distribution Strategy



Customer Strategy



Marketing Strategy

Participants are divided into work groups, each group studies marketing according to the model for analyzing competitors' marketing strategies.

Practical Application



Individual Home Activity: Studying Marketing Strategies

