

THE FEASIBILITY STUDY

When an initial requirement is considered it is necessary to establish the viability or feasibility of the project. In order to do this a preliminary investigation of the business problem or opportunity in terms of the new system required is carried out. This involves:

- ! defining the problem and or opportunity
- ! establishing the overall objectives
- ! identifying the users of new system
- ! establishing the functional scope of the system
- ! estimating the project size
- ! proposing general options or scenarios
- ! carrying out a 'make or buy' analysis
- ! evaluating alternative options
- ! establishing the technical feasibility (will it work at all?)
- ! considering the economic feasibility (will it cost more than the expected benefits?)
- ! identifying the operational feasibility (is it practical and workable on a day to day basis?)
- ! identifying the organisational feasibility (change, working practices, politics etc.)
- ! carrying out a Cost Benefit Analysis for selected option(s)
- ! assessing the project risk
- ! identifying and evaluating possible development options:
 - do Everything option
 - do Most of what's wanted option
 - concentrate on the essentials option
 - recommendation to proceed or abandon

The Feasibility Study is therefore supported by a Feasibility Study Report or Study Proposal Report. A prime purpose of this report is to establish the Terms of Reference for the full study if it is to be carried out. This may include identifying the Critical Success Factors (CSFs):

- ! **Cost reduction**
 - e.g. reduce cost of producing product from say £60 to £45 per unit
- ! **Competitive advantage**
 - e.g. bring product to market 6 months ahead of competitors
- ! **Customer service**
 - e.g. reduce average waiting time from 3 minutes to 1 minute
- ! **Capability**
 - e.g. increase production rate to 100 units per hour
- ! **Control**
 - e.g. quality checks at all stages of production process
- ! **Communication**
 - e.g. all sales people can submit orders by laptops on day of closing deal

For suggested content of the Study Proposal report see the handout Guidelines to Writing Reports.