



EDGE Fellows Feasibility Analysis Objectives and Outline

The Entrepreneurs EDGE, Independence Technology Center
6801 Brecksville, Suite #160, Independence, OH 44131; www.edgef.org

While progress will vary depending on specific projects, below is a general overview of anticipated progress on student projects. This is simply a *guideline* and is not meant to limit teams' approaches to a thorough feasibility study. On most Friday afternoons, EDGE Fellows will meet together to share accomplishments, challenges, and next steps as well as share best practices. We may also meet at various locations – including area universities or companies.

Last week of May – Orientation Meetings (TBD)

During orientation sessions EDGE Fellows will be assigned in their project teams, will meet with regional leaders that will help teams develop approaches to their projects, and will develop working relationships with their peers. Each project team will make short presentations at the end of the week on how they plan to approach their projects and will meet with leaders from their host companies and business mentors in order to clarify expectations.

Weeks 1 – 2 in June:

Visit host company once or twice and work at EDGE once or twice. What does “success” mean for your project? What is the market space for your idea and what are various applications of the idea? Analyze **global** and **national** trends. Address questions in sections I and II (below) on Market Segmentation and Customer Analysis. Meet with your Idea Generator, team mentor and EDGE advisor to discuss potential resources (both primary and secondary) that you can utilize in your analysis. Complete initial customer interviews. Weekly one-page progress reports and timesheets reflect research efforts.

Weeks 3 – 4:

Address sections III and IV (Cost Analysis and Pricing) by continuing to analyze **global** and **national** trends. Formulate questions for prospective customers and determine how to reach them. By the end of June, teams try to complete market research efforts and most interviews with suppliers, distributors, wholesalers, etc. Begin sections I and II. Teams will give short presentations during upcoming Friday meeting sessions.

Week 5:

This is often the week of the Fourth of July and will be a harder week to reach industry professionals. Teams do not get the week off, so plan ahead for this. Teams have the 4th off and will receive a floating holiday (which can be used on any day during this week). We will discuss more on how this time can be used -- i.e. writing up interview reports, drafting financial model or final presentation, etc. Provide a draft of first section of the final paper.

Week 6 - 8:

Formulate recommendations for the Idea Generator/Host Company and schedule a date for presenting to the host company. (Interns are encouraged to attend other teams' presentations to show support and to learn more about the other participating companies.)

- Drafts of final reports are due (TBD) and Peer/Staff critiquing of reports (TBD).

Week 9:

Complete final presentations, acknowledge supporting parties (i.e., thank you notes), complete final reports, etc. Present to EDGE and teams. Everything is due by July 31st.

First week of August: Public Presentation Event (Location and Date - TBD)

I. Market Segmentation

- What is the current size of the market for this product/service?
- Number of potential customers and physical boundaries?
- What is the projected market growth rate? ⁱ
- Which segment of the market is the most attractive in terms of future growth potential, ease of entry, competition, profit potential, and overall risk?
- What are the market trends?
 - What is the current dollar value or quantity of product/service being sold into each segment of the market?
 - Who are the competitors? (e.g. How big are the companies in revenues? How fast has they been growing in the past 5 years? What markets are they located in?)
 - SWOT analysis – Strengths of your product/service relative to the competition, Weaknesses of your product/service relative to the competition, Opportunities in the market ⁱⁱ, Threats to entering this market ⁱⁱⁱ
 - Are there substitute/alternative products/services available on the market?
 - How do products generally get to the customer?
 - What social, technical, environmental or economic changes are taking place within the market and how will they impact sales?

II. Customer Analysis

- What does the customer want/need that isn't already available?
- Why will customers buy this product/service? (need, luxury, impulse, replacement, improvement, status, pleasure, quality, price, guarantee, durability)
- When will the customers buy these products/services (times of year, month, week, day)?
- How often will customers buy this product/service?
- Where are the customers located? Define market area.
- How many potential customers are in the market area?
- Is the population growing or declining in the market area?
- Is the internet a viable method for selling/distributing this product?
What percentage of new customers would purchase this product online?

III. Cost Analysis

- Market prices of materials (determine the range high – low)
- Costs associated with procurement
- Do alternative technologies represent cost savings?
(Best to contact suppliers of equipment.)
- Implications of warehousing, storage, delivery systems (ownership vs. partnership)
 - Can my equipment be used to manufacture other products or product other services?
- Available infrastructures to support physical movement of products to warehouses or storage.

IV. Pricing

- What control do you have over the product price (e.g. exclusive product, no competition, high market demand, etc.)?
- What are competitor prices and how do they price their products?
- What price and sales volume are needed to achieve profit objectives?
- Can you sell your product at different prices to different markets?
- Can you maintain your prices over time and what do you expect to happen to competitors' prices?
- Are your prices quantity-sensitive?

Resources

Business Statistics

<http://www.bizstats.com/>

Small Business Administration Tools and References

<http://www.sba.gov/tools/index.html>

Bureau of Labor Statistics

<http://www.bls.gov/>

Trend Watching:

<http://www.trendwatching.com/>

Census Bureau

www.census.gov

Other Resources

www.ibisworld.com

www.Alexa.com

www.axentis.com

www.cosemindspring.com

www.helpbizowners.com

www.dnb.com

www.hoovers.com

www.frost.com

www.bloomberg.com/

www.lexisnexus.com

www.economist.com

www.google.com/finance

<http://finance.yahoo.com>

www.internetworldstats.com

www.salary.com

www.sba.gov

www.tsnn.com

www.vovici.com

www.zeromillion.com

Endnotes:

ⁱ Market Growth Rate

A simple means of forecasting the market growth rate is to extrapolate historical data into the future. While this method may provide a first-order estimate, it does not predict important turning points. A better method is to study growth drivers such as demographic information and sales growth in complementary products. Such drivers serve as leading indicators that are more accurate than simply extrapolating historical data.

Important inflection points in the market growth rate sometimes can be predicted by constructing a product diffusion curve. The shape of the curve can be estimated by studying the characteristics of the adoption rate of a similar product in the past.

Ultimately, the maturity and decline stages of the [product life cycle](#) will be reached. Some leading indicators of the decline phase include price pressure caused by competition, a decrease in brand loyalty, the emergence of substitute products, market saturation, and the lack of growth drivers.

ii It is also worthwhile dividing the total market by the number of competitors that exist in that market. If, for example, you have decided that your market size is a total of 100 000 units, selling for \$300,000 annually and there are present only four suppliers in competition with each other, you have thereby established that the average supplier at present has a market share of 25,000 units giving him/her revenue of \$75,000 annually.

The question you then need to ask yourself is whether you could in a reasonable period of say, 3 years from starting, expect your business to grow to at least the average market share of 25,000 units and \$75,000 annually. You will realize that to do this, you will need to take some business away from the existing suppliers, thus increasing the extent of the competition. Or you may have reason to believe that the total market will grow rapidly by the injection of new customers so as to allow you to reach this level in a short period of time.

iii How is this product/service different from what already exists? Are there other services or products I could offer to increase my lines of business?

- Who are my major competitors and where are they located?
- What are the competitions' strengths/weaknesses?
- Are my competitors planning to expand? Where?
- Are there new competitors entering the market? Who? Where?
- Did any competitors go out of business in the last two years? Why?
- Is there a growing demand for my product or service or am I taking business away from my competition?