

Feasibility Study

Elements of marketing study

The elements of the marketing study include the following vocabulary:

- **Marketing study:** description of the project and study of the market and competitors.
- **Technical study:** Determine operational and investment costs and expected revenues.
- **Financial study:** Determine net profit and rate of return on investment.

Marketing study for the project

The elements of a marketing study for the feasibility of a project include the following items:

Executive summary of the project

The executive summary of the project includes the following:

- **Description of the project idea:** The nature of the services provided in the project.
- **Determining the project location:** The most appropriate location is chosen to provide project services.
- **Determine the type of project:** The type of project is determined as service, commercial, medical,
- **Project start date:** The start date will be determined after obtaining the required licenses.

Project strategic plan

The project's strategic plan includes the following

- **Vision:** The first destination for providing specific services.
- **Mission:** Providing highly efficient services
- **Strategic objectives:** achieving financial returns, meeting customer requirements.

Project strengths

The project's strengths include:

- The project owner's experience with the activities.
- The investor and project owner's passion for the project idea.

- The entrepreneur's good relationship with target customers.
- The entrepreneur's good relationship with suppliers.

Weak points of the project

Project weaknesses include:

- A new and emerging project.
- Difficulty obtaining the necessary financing to open the project.
- No previous clients.

Potential opportunities for the project

Potential project opportunities include:

- The government is directed to provide support to new and emerging projects.
- Launching new activities that require more project services.
- Applying the localization system to carry out project activities.

Potential threats to the project

Potential threats to the project include:

- The prices of services rise as the purchasing power of customers declines.
- Some investors withdraw from the project and the project capital decreases.
- Establishing similar projects in the region with large capital.
- Changing the laws regulating the practice of project activities in the city.

Market study for the project

The project market is studied as follows:

- Target market: neighborhoods, companies and facilities that need services.
- Target customers: individual customers, business owners and facilities.
- Competitors: Projects that provide the same services.
- Marketing plan: Building the project's identity, creating a website, and opening communication channels with customers.

Technical study of the project

The elements of a Technical study for the feasibility of a project include the following items:

Project inputs

Project inputs include the following items:

The machines and the equipment	
The project area	
Manpower	
facilities	

Project deliverables

Project deliverables include:

Main Products	
Added values	

Expected revenues of the project

Projected revenues for the project include:

Type of services	number of units	unit price	Monthly revenue	Annual revenue
the total				

Operating costs of the project

Operating costs for the project include:

Materials	Monthly quantity	unit price	Monthly cost	Annual cost
the total				

Manpower costs for the project

Project manpower costs include:

Function	the number	Monthly Salary	Total monthly salaries	Total annual salaries
the total				

Rental costs for the project

Rental costs for the project include:

clause	Monthly rental costs	Annual rental costs
Rental costs		
the total		

Project administrative costs

Project administrative costs include:

clause	Monthly costs	Annual costs
The cost of issuing a commercial register		
Commercial subscription cost		
The cost of a municipal license		
The cost of a billboard license		
Cost of a civil defense license		
Cost of licenses and labor fees		
Social insurance fees		
Telephone and mobile costs		
Internet costs		
Stationery costs		
Hospitality expenses costs		
General overhead costs		
Other costs		
the total		

Marketing costs for the project

Marketing costs include:

Marketing method	Unit cost	number of units	Monthly cost	Annual cost
advertisements				

Designs and prints				
website				
E-Marketing				
Promotional offers				
Other marketing methods				
the total				

facilities and energy costs of the project

Energy and facilities costs for the project include:

Type of costs	Monthly costs	Annual costs
Diesel fuel		
Gasoline fuel		
electricity		
water		
phone		
Internet		
the total		

Maintenance costs for the project

Maintenance costs are usually stated as a percentage of total assets as follows:

Maintenance Type	Monthly costs	Annual costs
General maintenance 2.5% of total assets		
Securing 1% of total assets		
the total		

Other costs of the project

Other costs of the project include:

Type of costs	Monthly costs	Annual costs
Uniform costs for project workers		
Training costs for project workers		
the total		

Total operating costs of the project

The total operating costs for the project include:

Type of costs	Monthly costs	Annual costs
Purchases value		
Salaries and wages		
Rentals		
Marketing costs		
Administrative expenses		
facilities and energy costs		
Maintenance costs		
Other expenses		
the total		
Reserve 5%		
Total costs with reserve		

Capital cost of the project

The capital cost of the project includes the following:

clause	Statement	the number	unit price	Total	Depreciation ratio	Annual depreciation value
Equipment						
The machines						
Other assets						
the total						
Reserve 5%						
Total costs with reserve						

Fixed assets of the project

The project's fixed assets include:

clause	the cost	Monthly depreciation	Annual depreciation
Equipment			
The machines			
Furniture			
Other assets			
Reserve 5%			
Total costs with reserve			

Establishment expenses for a project

Establishment expenses for the project include the following:

Expenses	the cost
Legal expenses	
Consulting expenses	
Other establishment expenses	
the total	

Project capital

The project capital includes the following:

clause	the value
Current assets	
Fixed assets	
Establishment expenses	
the total	

Project funding sources

Project funding sources include:

clause	the details	the value
Self-financing	Available amount	
Loan	Loan value	
	Number of years of loan	
	The grace period	
	Loan interest	

	Banking service fees	
	Total loan expenses	
Other financial support	Available amount	
the total		

Financial study of the project

The elements of the project's financial study include the following items:

Expected income of the project

The expected income of the project includes the following items:

the year	1	2	3	4	5	Average
Production capacity						
Revenues						
Promotion discount and 1% returns						
Selling commissions 1%						
Net revenue						
Variable costs						
Service costs (value of purchases)						
Marketing expenses						
Administrative expenses						
facilities and energy costs						
Maintenance costs and spare parts						
Other miscellaneous expenses						
Value added tax						
Total variable costs						
gross profit						
Fixed costs						
Salaries and wages +5% annually						
Rentals						
Establishment expenses						
Depreciation of assets						
Total fixed costs						
Total costs						
Total operating profit						

Banking service fees						
Net profit before tax and zakat						
Value added tax						
Zakat						
Net profit						
Accumulated profits at the beginning of the year						
Employee distributions 5%						
Provision for end of severance pay						
Accumulated profits at the end of the year						

Annual return of the project

The annual return of the project is calculated as follows:

the year	Annual revenue	Annual costs	Annual return
First year			
Second Year			
the Third Year			
the fourth year			
the fifth year			

Summary of the project's financial study

The project financial study summary includes the following items:

The total investment cost of the project	
Average revenue	
Average expenses	
Average net profit	
Average cash flows	
Average gross profit	
Working capital	
Expenses of incorporation	
Cost of fixed assets	
The ratio of gross profit to revenue	
Net profit to revenue ratio	

Rate of return on investment	
Payback period in years	
Net present value of the project	
The project's internal rate of return	

Sensitivity analysis of the project

A sensitivity analysis is prepared for the project to find out how the net profit and the rate of return on investment change with changes in costs and revenues. For a 10% change, the sensitivity analysis table can be organized as follows:

Income	fifth year	Costs +10%	Costs - 10%	Revenue +10%	Revenue - 10%
Revenues					
Operating costs					
Gross profit					
Fixed expenses					
Net profit					
Rate of return on investment					