

Topic-1 Encouraging and Protecting New Ideas

- 1. Set up a Focal Point for Ideas:** A specific person or group may be designated and given the responsibility of encouraging, collecting and evaluating ideas. Another technique is to set up an idea bank for storing ideas in physical or digital form. Such a repository may be located on the company's Intranet. It should be available only to qualified employees. The idea bank may contain separate files for active and inactive ideas.
- 2. Encouraging Creativity:** Several creative ideas have to be generated to discover the one that meets the requirements of an opportunity. Therefore, an organization must encourage and reward creative thinking among its employees.
- 3. Protecting Ideas:** Valuable ideas may constitute intellectual property which is intangible but valuable in the market place. Patents, trade marks, copyrights and trade secrets are used to protect intellectual property. Some of the steps that can be taken to protect new ideas from theft and loss are as under:
 - Put the idea into a tangible form. It may be entered into an idea logbook or saved on a computer disk. Entry in the logbook must be signed and dated.
 - Once an idea is finalized for patent protection access to it must be restricted.
 - Don't make an advertent or voluntary disclosure of an idea.

Topic-2 Meaning of Feasibility Analysis

Feasibility analysis is the process of judging the viability of business ideas. It is a comprehensive and analytical study of all aspects of an idea for a new venture.

Need for Feasibility Analysis

Feasibility analysis is an essential step in launching a new venture. It offers the following benefits:

1. Proper feasibility analysis gives a high level of confidence to the entrepreneur to go ahead.
2. It ensures that the entrepreneur takes a calculated risk rather than becoming a gambler.
3. It helps the entrepreneur to modify the business concept or to try another concept that is more viable.
4. It reduces the possibility of start-up failure.
5. It saves loss of money, hardwork and reputation of the entrepreneur.
6. It serves as the basis for preparing a business plan.
7. It builds the confidence of potential investors in the venture.

Test of Feasibility

After thinking upon a business idea and subsequently deliberating on it, the next step for an entrepreneur is to look after the feasibility of the business idea so generated. A feasibility analysis is the process of determining whether an entrepreneur's idea and business model form a viable foundation for creating a successful business. There are four essential elements required to test whether or not a potential business idea is feasible:

(a) What is the product and/or service that is the basis for the business?

It is a pre-requisite to understand the nature and type of product or service the entrepreneur has chosen upon. The importance of knowing about a product/service is to acknowledge the future capacity of the product/service to generate profitability for the company. Basically, a product/service is conceptualized well and the value which it offers to its customer is unique then it definitely adds to the reputation and branding of the company. The nature and type of product/service determines the type of marketing mix that will be followed once the production of the product is over.

(b) Who is the customer likely to be?

After having identified the basic nature and type of the product, the next feasibility which should be checked is customer interface. The company should then start checking on those customers who are highly likely to purchase the product on offer. Specific demographic questions like what

age group of customers, or what income group, or what status group etc. of customers would like to use the product/service. This type of feasibility check allows the organization to focus on a specific group of customers rather than wasting all the energy in the entire market area.

(c) What is the benefit of your product/service to the customer?

There are numerous varieties and choices of a particular product/service genre already available with the customers. It is with test of time and actual understanding of the needs of the customers that a particular product finds consonance and alignment with the customer. A marketer in particular and the manufacturer in general need to understand that the product so manufactured provides ultimately 'the customer delight'. When a particular customer meets all his/her needs with the product and the product performs to the expectation of the customer it actually presents the customer with delightful experience. Entrepreneurs need to understand the significance of a delightful customer as they are the one who ensure repeat sales and word of mouth publicity.

(d) How will the benefit be delivered?

Delivery of the intended benefits of the product/service has assumed a special role in the entire business process. Customers purchase a product after examining the product on the balance of perceived value and cost. When the product/service provides ultimate value to the customer and the customer perceives that value to be greater than the actual cost which she/he is incurring, then the customer goes for product purchase.

Components of Feasibility Testing

(1) Industry and Market Feasibility Analysis: When the evaluation process begins, the entrepreneurs find the industry and the targeted market segment a good starting point. The focus in the phase first up is to determine the overall attractiveness of an industry, and secondly whether the industry has the potential to have possible niches a business can occupy profitability.

(2) Product/Service Feasibility: This component is utilized in order to understand the product/service desirability exhibited by the consumers, and the product/service demand which the consumers have. For

evaluating the product/service desirability “Concept Test” is utilized. Concept test consists of a concept statement which describes the product features, the type of customers the product is meant for, the benefits of the product, positioning of the product vis-à-vis that of the competitors, description of the company management team etc. this concept statement then is circulated among the prospective customers and the industry experts to solicit the responses. This concept test is a good way to measure and understand whether product/service is reasonable and makes sense to its customers.

- (3) **Technical Feasibility:** The technical feasibility study assesses the details of how you will deliver a product or service (i.e., materials, labour, transportation, where your business will be located, the technology needed, etc.). A technical feasibility study is an excellent tool for troubleshooting and long-term planning. Under this several questions can be assessed before moving forward. Questions like what should be the most appropriate technology to adopt for the particular type of business project, or what should be the most economical technical size of the plant and equipments. Other aspects like necessary inputs or raw materials like power, fuel, water etc. should be assessed on their availability and appropriateness for and with the business project.
- (4) **Commercial Feasibility:** While checking the commercial feasibility, three aspects need to be evaluated. Firstly, what would be the manufacturing cost of production for short-term and long-term perspectives? Secondly, measuring the existing demand of the product and how much would be demanded in the future. Thirdly, the assessment of the role of competitors should be done with respect to the present stage of the business.
- (5) **Financial Feasibility:** Assessing the financial feasibility, a proposed business venture go for a broad financial analysis. The major elements to be included in a financial feasibility are initial capital requirements, estimated earnings, and resulting return on investment. Evaluating the financial viability of the project can be done in the following specific ways:
- Estimating the cost of the project with cash flow estimation.
 - Working capital requirement

- Capital Budgeting decisions
- Projected Income Statements and Balance Sheets