

# Feasibility Studies

## Definition

A Feasibility Study asks the question ‘*can we do this?*’ it should be a precursor to finalising the business case<sup>1</sup> which addresses the question ‘*should we do this?*’

The purpose of a Feasibility Study is to identify the likelihood of one or more solutions meeting the stated business requirements. During the Feasibility Study, a range of potential solutions to a particular business problem or opportunity are assessed and documented. The outcome of the Feasibility Study is either a preferred solution for implementation or a statement that the capability to resolve the problem is beyond the resources of your organisation.

## Undertaking a Feasibility Study

A Feasibility Study needs to be completed as early in the Project Life Cycle as possible. You need to identify a range of alternative solutions and determine which option is the most feasible to implement. The steps in a typical Feasibility Study are:

### Step 1: Understand the problem

In most cases, the business driver is a problem or opportunity in the organisation. You need to have a clear understanding of what this is (otherwise you can solve the wrong problem). This is not just a technical question, time, cost, quality, service and reputational issues can be involved.

### Step 2: Identify Alternative Solutions

Based on a clear understanding of the business problem, you need to determine the alternative solutions. A range of solutions will assist in optimising the outcome from the Feasibility Study.

### Step 3: Determine the Feasibility of each option

To identify the feasibility of each solution assessments need to be made for a range of factors:

- Time (likely time and potential range of outcomes)
- Cost (likely cost and potential range of outcomes)
- The risk profile of the solution (opportunities and threats)
- Quality, reliability and performance issues
- Other factors relevant to the solution.

To answer these questions, you need to use a variety of methods to obtain reliable data including online research, prototyping and modelling.

### Step 4: Choose a Preferred Solution

The next step is to select a preferred solution. Each parameter should have an acceptable range defined and a weighting allocated to allow effective comparison. Options that fall outside of an acceptable range are discarded. The rest are weighted and the optimum solution(s) identified. The selected option is generally the solution that you have the highest confidence of delivering but cost and/or time considerations may force a higher risk option. One key question is what is the likelihood of the alternative solutions actually delivering the benefits stated in the Business Case? Based on the results of the Feasibility Study and the Benefits and Costs portrayed in the Business Case, a preferred solution is identified.

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<sup>1</sup> See WP1018 Developing a Business Case: [http://www.mosaicprojects.com.au/WhitePapers/WP1018\\_Business\\_Case.pdf](http://www.mosaicprojects.com.au/WhitePapers/WP1018_Business_Case.pdf)

## **Step 5: Obtain Buy In**

The preferred solution needs to be agreed by all of the key stakeholders. Once agreed the business case can be firmed up and the project initiated. It is not uncommon for projects to be initiated ahead of the feasibility study. Ideally, in these circumstances a 'gateway' process should be initiated to evaluate the viability of the project once the most feasible option has been determined. Alternatively, you may be forced to undertake the study and determine the options within the established parameters of the project (not a good idea!).

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