

Welcome to  
Workshop 4

# Levitt Social Challenge

Conducting a Feasibility Study

Welcome to  
Today's  
Session!

## Agenda:

- A) Upcoming Levitt Program Activities
- B) Reporting Out
- C) Financial Planning for Venture Development
- D) Developing the Feasibility Plan
- E) Questions and Discussion

# Program Timeline

- **Workshop Four – Preparing Dynamic Feasibility Plans**
- **Feasibility Plan Draft Due**
- **Final Plans Submitted for Review**
- **Workshop Five – Presentations with Sizzle and Impact**
- **Aaron Levitt Social Venture Challenge**
  - **Also you may want to consider attending the Midwest Social Entrepreneurship Symposium**

# The May Levitt Challenge

- May 20: The Aaron L. Levitt Social Entrepreneurship Challenge program:
  - Levitt project presentations : May 20 late afternoon/early evening
    - Levitt projects will present venture concept and overview of venture feasibility plan and receive feedback
    - Optional competition: those who choose to compete will present their venture concept and feasibility plan will receive formal judging. Successful projects will receive a year of developmental advising and in-kind capacity development support from the Midwest Center.

## Reporting Out

Please take a couple minutes to explain how your venture has developed and then present your 2 minute elevator speech.

# The financial Planning

Abridged Version

## Key components

- Start-up Costs
- Monthly Cash Flow Analysis From June to Start-up
- Year 1: Annual Income and Expenses

## Financial DIY Start-up Costs

- Supplies
- Equipment
- Lease/Capital
- Labor
- Reserves
- Other

## Financial DIY Cash Flow

- Start with projections of activities for each month
- Based on your activity Project Monthly:
  - Cash inflows
  - Cash Outflows
- Simply sum each column to calculate monthly totals
- Begin the next month with ending cash balance from the previous month

## Financial DIY Annual budget

- Estimates
  - Total revenue and Support
  - Total expenses
- Main difference with cash flow will be on expenses
- Let's look at an example

Tool to  
Develop Your  
Budget:  
Wallace  
Foundation  
Budget  
Builder

Wallace Foundation Budget Builder  
Web Site

- <http://www.wallacefoundation.org/knowledge-center/resources-for-financial-management/pages/program-based-budget-template.aspx>

## Other Thoughts

- Executive summary
  - Annual info not monthly
  - Use graphs to summarize info (Infographics)
- As necessary, get help

# Conducting a Social Venture Feasibility Study

Remember:  
The Flow of  
the Process of  
Venture  
Development

- Opportunity Identification, Clarification, and Assessment

Leads to

- Feasibility Plan Development (Viability Assessment)

Leads to

- Business Plan Development

*But not in a single cycle linear process: a strong venture development process will involve multiple iterations, gaining refinement from each cycle.*

# Key Elements of a Feasibility Study

- Executive Summary
- Explanation of the Venture
- Market Research on Potential Customers
- The Desire and Need for the Product or Service
- Assets and Capacity
- General Business & Revenue Model with Pricing Strategy
- Preliminary Financial Information
- Discussion of Feasibility

## Executive Summary

*This is the first part  
of the document,  
but the last part to be created.*

## What is the Start-Up Venture?

- What is the product or service?
- What support services are provided?
- Is the venture a start-up, expansion, or acquisition?
- Where and how is the product or service delivered?
- What is the nature of the venture, and how will it operate?
- What is the program design?
- What are the unique characteristics indicating success?

## Market Research on Potential Customers

- Who is the market you intend to serve?
- What are the characteristics of your target service market (age, gender, profession, income, needs)?
- Who are your funders? Who cares about this issue? What are their characteristics?
- What is the depth of your market?
- What is the market's potential growth?
- What percent of the market will the venture serve?
- What geographic area will you serve?

## Desire and Need for the Product or Service

- What is the social condition you will address?
- What are the characteristics of those affected by the social condition?
- What is the scale and distribution of the condition?
- Who recognizes the condition? What is your degree of community support?
- Who defines the condition as a problem?
- What are the community needs: normative, expressed, perceived and relative?

# Assets and Capacity

- Who are key leaders?
- Their relevant education, experience, skills, and expertise?
- What positions will the organization need?
- What skills and/or credentials must those holding key position have? (Licenses?)
- What functions will need to be performed?
- How many staff will be need in the first year?
- How will personnel be compensated
- Is there sufficient supply of skilled staff in the marketplace?
- What if any outside services that will be needed?
- What type of facility will be needed?
- What are the requirements for fixtures, furniture, machinery or other equipment?
- How will the venture administer quality and cost controls?

## General Business and Revenue Model

- What is the process required to produce items for sale, or to provide the service?
- Which aspects of this process will the venture undertake, and which will be provided by others? Who will provide them? Are there key collaborators?
- How will the product or service be distributed, promoted and advertised?
- What is the venture's pricing strategy?
- Will the venture be a program of an existing organization or will the program be a separate subsidiary?

## Preliminary Financial Information

- Start-up Budget
- First Year Budget
- Start-Up Capital
- How long until you begin to generate revenue?
- When do you estimate you will break even?
- What revenues must be achieved to break even?

# Feasibility Considerations

1. Mission Relevance
2. Risk Acceptability
  - What key planning assumptions have been made as a part of developing this venture?
  - What are inherent risks in development and operation and how will they be managed?
  - What uncertainties have you identified and what is known about them?
3. Competitive Capacity
  - Who is your competition? What are their strengths and weaknesses? How are they different from your venture?
  - What is the venture's competitive edge? Why is the venture unique?

## Appendices (not needed for feasibility plan)

- Market data – statistics
- List of product/service offerings
- Floor plan indicating requirements for space
- Capital-equipment list
- Quotes and estimates from vendors
- Rent, lease, or purchase agreements
- Letters indicating a line of credit or loan
- Letters of intent from potential customers
- Letters of support from others in the industry, or from foundations and corporate giving offices
- Legal documents, such as incorporation papers or nonprofit status determination letter
- Annual report and financial statement of the nonprofit parent

## Now write the Executive Summary

- What is the product or service?
- What is the market (clients and funders)?
- What is the community need?
- How will this product or service be delivered?
- Who is the leadership team?
- What is the business model?
- Is the venture part of a larger nonprofit organization?
- What are the revenue projections for the first year?
- When will the venture break even?
- How much money do you need, for what, and when?

# Let's Get to Work

- Use the remainder of our time today to sketch out the elements of your venture plan and determine what information you have, what information you need, and (once you have the info you need) whether the venture as designed is feasible.
- Examine: If your assessment indicates it's not yet feasible, how can you refine the design to make it feasible?
- *Be sure to consult with the coaches and facilitators as needed or useful!*