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every eight flashlights packed in a box, a total of 50 solar pillows could be placed into the same container. Once set in the sun for a few hours, the solar pillow could produce a substantial amount of reliable light.

A second factor that was part of Stork and Sreshta's thinking is a principle they called "here and there." The same product—the solar pillow—could be used by someone who is camping or pursuing any form of outdoor recreation as easily as someone in a disaster situation or a developing country using the solar pillow as an alternative to a kerosene lantern. That facet of the device provided the solar pillow a more robust market than a product designed exclusively for a disaster situation or to be used in developing countries.

The design studio class eventually ended, but Stork and Sreshta couldn't let go of the solar pillow idea. Through the summer and fall of 2010, they entered their idea, now called LuminAID, into several business plan competitions. They also shipped 50 early prototypes of the device to places like Haiti, Ghana, and Nicaragua for feedback and advice. They continued to work on the device while finishing school. During that time, the initial prototype evolved to reduce the cost, make it more durable, and brighten the light. In November 2011, Stork and Sreshta launched an Indiegogo crowdfunding campaign titled "LuminAID: An Inflatable Solar Light." The campaign included a short 2-minute, 51-second video that explained the device and the entrepreneurs' passion to bring it to market. If you'd like to see the video and hear directly from Stork and Sreshta, simply go to [Indiegogo.com](https://www.indiegogo.com) and type in the search bar "LuminAID." The goal of the Indiegogo campaign was threefold: test interest and demand for the device, raise money for the initial product run (assuming sufficient interest existed), and get feedback and advice. One thing that is helpful about running an Indiegogo campaign (the same is true for Kickstarter) is that anyone can write a comment about the campaign, during and after the campaign is concluded. Stork and Sreshta's campaign generated over 500 comments, some of which were helpful to them in tweaking the LuminAid device. The campaign was a hit, raising \$51,829, more than five times the original goal. Stork and Sreshta were not only heartened by the overall response, but were pleased to see pledges come in from several developing countries. The pledges from the developing countries, in particular, affirmed in their minds the potential for their device.

Stork and Sreshta managed a successful production run of the LuminAid device and fulfilled their Indiegogo commitments. They used the shipping of the devices as another opportunity to obtain feedback. The e-mail they posted on Indiegogo when the devices were shipped was addressed to "Dear Friends." In part, the e-mail said "When you receive the light, we would greatly value your feedback. This is our first manufacturing run and your comments

will help us to improve the product and develop additional products. Please e-mail us at info@luminAIDlab.com with questions or suggestions.” After providing instructions on how to use the LuminAID device, the e-mail ended with: “We included instructions with each LuminAID. Feel free to email us if you have any questions and don’t forget to send us pictures and stories of the LuminAID in use.”

The Indiegogo campaign concluded in late 2012, and the devices were shipped in early 2013 to over 25 countries! LuminAID is now moving forward, but at a measured pace. Stork is working on LuminAID full time, and at the time this feature was written, March 2014, Sreshta was an MBA student at the University of Chicago Booth School of Business. Upon graduation, she plans to work on LuminAID full time. The LuminAID device is now available via the company’s website, Amazon.com, LLBean, and several similar outlets. Stork and Sreshta have and are continuing to establish partnerships with relief agencies to utilize the LuminAID solution in disaster situations and in developing countries.

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In this chapter, we'll discuss the importance of feasibility analysis. Conducting a well-crafted feasibility analysis, prior to developing a business model, is a critical step in discerning the merits of a business idea. The front cover of this book, along with the pages that introduce each of the four parts of the book, include a depiction of three children in a developing country utilizing a LuminAID device. Note the sense of wonder on their faces. The devices provide a surprising amount of light given their relatively simple design and attractive price-point.

Feasibility Analysis

Learning Objective

1. Explain what a feasibility analysis is and why it's important.

Feasibility analysis ⓘ is the process of determining if a business idea is viable (see **Figure 3.1** ⓘ). If a business idea falls short on one or more of the four components of feasibility analysis, it should be dropped or rethought, as shown in the figure. Many entrepreneurs make the mistake of identifying a business idea and then jumping directly to developing a business model (see **Chapter 4** ⓘ) to describe and gain support for the idea. This sequence often omits or provides little time for the important step of testing the feasibility of a business idea.

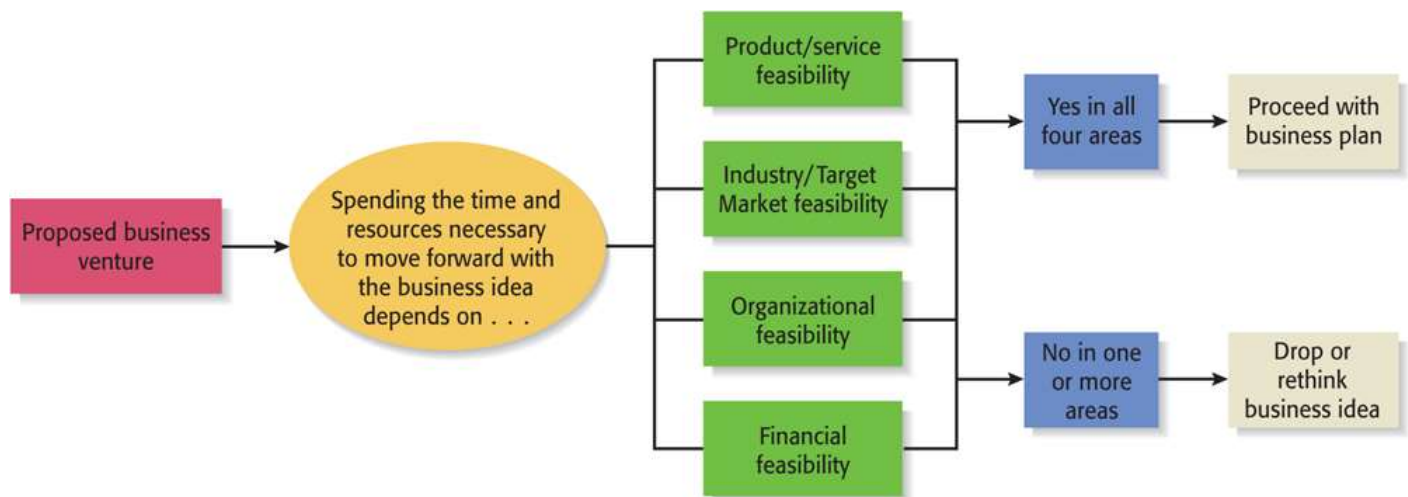


Figure 3.1 Role of Feasibility Analysis in Developing Successful Business Ideas

A mental transition must be made when completing a feasibility analysis from thinking of a business idea as just an idea to thinking of it as a business. A feasibility analysis is an assessment of a potential business rather than strictly a product or service idea. The sequential nature of the steps shown in **Figure 3.1** ⓘ clearly separates the investigative portion of thinking through the merits of a business idea from the planning and selling portion of the process. Feasibility analysis is investigative in nature and is designed to critique the merits of a proposed business. A business plan (see **Chapter 6** ⓘ) is more focused on planning and selling. The reason it's important to complete the entire process, according to John W. Mullins, the author of the highly regarded book *The New Business Road Test*, is to avoid falling into the “everything about my opportunity is wonderful” mode. In Mullins’s view, failure to properly investigate the merits of a business idea before developing a business model and a business plan is written runs the risk of blinding an entrepreneur to inherent risks associated with the potential business and results in too positive of a plan.¹

This chapter provides a methodology for conducting a feasibility analysis by describing its four key areas: product/service feasibility, industry/target market feasibility, organizational feasibility, and financial feasibility. We introduce supplemental material in two appendixes to the chapter. **Appendix 3.1**  contains a tool called First Screen, which is a template for completing a feasibility analysis. **Appendix 3.2**  contains an Internet Resource Table that provides information on Internet resources that are helpful in completing First Screen.

An outline for the approach to feasibility analysis we describe in this chapter is provided in **Table 3.1** . Completing a feasibility analysis requires both primary

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and secondary research. **Primary research** ⓘ is research that is collected by the person or persons completing the analysis. It normally includes talking to prospective customers, getting feedback from industry experts, conducting focus groups, and administering surveys. **Secondary research** ⓘ probes data that is already collected. The data generally includes industry studies, Census Bureau data, analyst forecasts, and other pertinent information gleaned through library and Internet research. The Internet Resource Table in **Appendix 3.2** 📄 is useful for conducting secondary research.

Table 3.1 Feasibility Analysis

It should be emphasized that while a feasibility analysis tests the merits of a specific idea, it allows ample opportunity for the idea to be revised, altered, and changed as a result of the feedback that is obtained and the analysis that is conducted. The key objective behind feasibility analysis is to put an idea to the test—by eliciting feedback from potential customers, talking to industry experts, studying industry trends, thinking through the financials, and scrutinizing it in other ways. These types of activities not only help determine whether an idea is feasible but also help shape and mold the idea.

Now let's turn our attention to the four areas of feasibility analysis. The first area we'll discuss is product/service feasibility.