

Preparing, Evaluating and Analyzing Economic Feasibility Studies





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#### Introduction

A well-developed feasibility study is an essential foundation to allow project analysis and design activities to begin in a focused manner. It either refines a business case by examining a range of possible options and potential issues or forms a basis for developing one. Feasibility studies address issues that could affect the success of a potential project and evaluate the advantages and disadvantages of each option so that they can be classified. The final output of the study is a clear summary report that presents the proposed project. Capital and analysis of financial indicators associated with those operations.

### **Course Objectives**

At the end of this course, the participants will be able to:

- Develop their abilities and applied skills to prepare feasibility studies for investment projects, replacement, renovation and expansion of existing projects.
- Prepare a form for the financial feasibility study using the Excel program.
- Apply various methodologies in promoting and increasing investment opportunities and analyzing their financial indicators.
- Distinguish the financial rules and policies that must be mastered in order to tighten these studies, which ultimately leads to the establishment of successful investment projects.
- Prepare economic and technical studies related to new projects or expanding existing ones.
- Determine recent information related to the investment atmosphere.
- Define the general framework, concepts and experiences learned from feasibility studies.

#### **Targeted Audience**

Managers and professionals responsible for preparing, writing and analyzing feasibility studies.

#### Course Outline

#### Unit 1: Introduction and definitions:

- Feasibility study definitions
- The objectives of the feasibility study
- Feasibility study vs business plan
- Feasibility study course
- · Steps for preparing a feasibility study

#### Unit 2: Elements of a feasibility study:

- Elements of a feasibility study report
- Executive summary
- Feasibility study content

#### Market feasibility:



- Marketing analysis and research
- Types of marketing research data
- Sales forecast analysis

## Technical feasibility:

- · Necessary technical questions
- · Resource feasibility
- · Operational feasibility

#### Financial feasibility:

- Project costs
- Indirect costs
- · Ongoing costs

## Unit 3: Using the Excel program in the financial models for the feasibility study:

- Preparing the financial model for the feasibility study
- Average cost of capital WACC
- Calculating shareholder cost of capital CAPM
- · Free cash flow UFCF
- The final value of the project
- Prepare sensitivity tables
- · Create an analysis of different scenarios

#### Unit 4: Analysis and evaluation of the feasibility study:

## Financial Analysis Indicators:

- · Liquidity rates
- · Operations rates
- · Leverage rates
- Insurance rates
- · Profitability rates

## Investment Appraisal Analysis:

- · Break-even points for sales and quantity
- Payback period PP
- Net present value NPV
- · Internal rate of return IRR
- · Profitability Index PI

## Unit 5: Application and evaluation of the feasibility study:

- Summary and internal recommendations
- Evaluating feasibility studies
- Common mistakes in using the results of the feasibility study
- Offers application