the business. The lender must feel confident that the individuals planning the venture know exactly what they are doing, have solid knowledge of the industry and competition, and have carefully thought through all aspects of the business. A feasibility study starts with background information that acquaints the reader with placement of the business in the general societal context and then proceeds with the specifics of the business.

Every strategic and operational detail is covered so the reader fully understands what the business focus will be and how management intends to position the business in the marketplace relative to the competition. The plan includes exactly what the business will be, what products or services it will provide, and who are the intended customers and market. The study also includes the intended location of the business (with a map in the Appendix), the key personnel and their qualifications, and the daily operations of the business. The total required capital investment for the business is stated, with a detailed breakdown, and the sources for capital are listed. There is also projection of total revenues for the business for the first five years.

The feasibility study cannot be created in a vacuum. The industry and environmental analyses provide the reader with a background of the nature of the competitive environment and the driving forces in the firm’s external environment. Typical driving forces that can impact the success of the firm are the development and implementation of new technology, government regulation, general economic conditions, exchange rates, and global political stability. In creating a plan for a new business, the researcher is to analyze the economic characteristics of the industry in terms of market size and market growth rate. The competition is to be described and discussed in detail. Include demographics, products/services, relative geographic proximity to the proposed business, and strengths/weaknesses in the analysis. Identify, define, and analyze and define the driving forces that affect the industry. Identify the characteristics of a successful firm.

The feasibility study also includes much thoughtful introspection. The internal functional analyses need to cover management, marketing, and finance. The management analysis should include the strategic management plan and how it will be implemented. The marketing analysis includes product identification, pricing, distribution, and promotion along with the firm’s position in the marketplace. The financial analysis covers startup of the business and maintaining viability. The researcher must estimate the monthly and annual cost structure along with developing a revenue schedule. This may be analyzed using a “best case scenario,” “worst case scenario,” and “most likely case scenario” approach. A five-year pro forma income statement, balance sheet, and monthly cash flow statement should be developed for each year. If stock is involved, the compensation for major stockholders is to be discussed. There also needs to be discussion of the feasibility of the business including the probability of success and possible threats and opportunities.

4. POLICY ANALYSIS
   a. Definition of problem or opportunity
   b. Previous responses
c. Criteria for choice

d. Description of alternatives, to include capital and human resources, organizational activities, size, sponsorship, time to implement, etc.

e. Consequences of alternatives

f. Evaluation of alternatives, including political feasibility in areas of institutional factors, interest group factors, and potential factors

g. Choice

Typical title: “An Analysis of User Fees for Police Services”

A policy analysis specifies, and provides evidence for, the pros and cons of various options facing policymakers. It involves drawing together and evaluating facts and informed judgment regarding the causes and consequences of alternative strategies for dealing with a specific problem or opportunity in the delivery of human services. The focus may be on private or public policy. Previously-considered options may be compared, or one or more new options or new combinations of options may be formulated and included in the analysis. Among the elements of a policy analysis may be the following:

a. Definitions of the Problem or Opportunity
   A review of why an issue is, or should be, receiving attention from policymakers. This will typically include a presentation of alternative viewpoints representative of various affected interests. There may be a review of the arguments on the nature and interaction of socio-economic and other factors generating or sustaining the problem or creating the opportunity. Justification for some government action is often based on evidence of unsatisfactory performance in the private sector. There may be a prediction of trends if no action is taken. This prognosis may include “worst case,” “best case,” or “most probable” scenarios for the short term and long term.

b. Previous Responses
   A review of the history and effectiveness of relevant policy activities, including important legislative, administrative, and judicial actions. This review may include an analysis of previous program evaluations in the policy area.

c. Criteria for Choice
   A clear and consistent statement of the criteria by which the policies under study are to be judged. This should include a specification and defense of the objectives to be pursued, and of the operational indicators to be used in assessing the success of policies in achieving these objectives. This discussion may assess the values that would be furthered by the policies in question and the implications should the policy limits be exceeded.

d. Description of Alternatives
   A description of the alternative programs or strategies for coping with the problem or taking advantage of the opportunity. These may be compared in such terms as human and capital resource needs, organizational activities, size, sponsorship, and time required for implementation.

e. Consequences of Alternatives
Prediction of direct and indirect consequences of each alternative considered in the analysis framed in terms of costs and benefits for various affected interests. If consequences are uncertain, estimates of their probability may be presented. There may be specification and defense of the underlying assumptions about cause-effect relationships and of the techniques used for making these predictions.

f. Evaluation of Alternatives
An evaluation of each alternative (including the alternative of doing nothing) in terms of the specified criteria of choice. When alternatives are found to be superior with respect to certain criteria but inferior with respect to others, it may be necessary to rank or weight the criteria, or develop additional criteria for evaluating the trade-offs, the different combinations of goal achievement.
It may be important to evaluate each alternative in terms of the political feasibility of its enactment and implementation.*

g. Choice
A reasoned recommendation as to which specific course of action should be pursued on the basis of the specified criteria.

*Assessment of political feasibility might include analysis of the major facilitating and constraining factors falling into the following categories:

- **Institutional factors**: analysis here would include identification of the institutions most important for the generation, adoption, and implementation of policy in the area under study, and a description of their characteristic responses to reform proposals and of any structural features which may help to explain policy outcomes in this area.

- **Interest group factors**: there may be a description of the active interest groups. This may include an examination of: their formal positions, other values at stake which help to account for motivations, organizational attributes, alignments and coalitions among groups, lobbying tactics, and the availability and use of political resources.

- **Potential factors**: there may be a study of the inactive affected interests, reasons for their inactivity, and their likely orientations if aroused.

5. **PROGRAM DESIGN**
a. Program or setting
b. Needs assessment
c. Objectives
d. Target population
e. Design specifications, including frequency, duration, and form of activities or services, personnel, equipment, location and structure of delivery sites, time-frame for implementation, coordination with other programs, lessons learned from similar programs elsewhere, design materials (charts, procedural manuals, lesson plans, catalogues, job descriptions, forms, detailed budgets, etc.)
f. Sources of required resources
g. Program benefits/costs
h. Financial feasibility