Feasibility Study

[Project name]

[Location] · Prepared for: [own decision / bank loan / investors / partners]

Prepared by: [name] · Date: [date]

How to use this template

Each section says what it must answer, gives prompts to write against and a table to fill in. The grey examples come from a real study: our published sample for a rooftop cocktail lounge in Austin, Texas (simplefeasibility.com/sample).

Write the executive summary last. Keep every number traceable to a quote, a benchmark or a calculation in your financial model.

Want the numbers filled in for your own idea? A SimpleFeasibility study builds this whole document, with an Excel model, from a one-sentence description. Free preview: https://www.simplefeasibility.com/feasibility-study-template

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1. Executive summary and recommendation

The page a lender or investor reads first. Write it last, in under a page.

- What is the project, where, and how big?
- Recommendation: go, go with conditions, or no-go, and the two or three conditions that decide it.
- Headline figures: total investment, equity required, NPV, IRR against your hurdle rate, payback period.
- The single biggest risk and how you will manage it.

Write here:

Figure	Value
Total investment	
Equity required	
NPV	
IRR (vs hurdle rate)	
Payback period	
Recommendation	

Example from the sample study

A rooftop cocktail lounge and bar, Austin, Texas, United States: total investment $745K, NPV $304K, IRR 23.9% against a 10% hurdle, payback in 3.6 years. Recommendation: viable — with caveats.

2. Project description

What exactly is being proposed, so every later number has a clear scope.

- The product or service, the customer it serves and the problem it solves.
- Location, premises size and capacity (seats, rooms, units, machines).
- Ownership, legal structure, opening date and the people behind it.
- Who the study is for: your own decision, a bank loan, investors or partners.

Write here:

Example from the sample study

A 120-guest rooftop cocktail lounge and bar in Austin, Texas, United States, opened by a team of seven.

3. Market analysis

Prove there is enough demand you can reach, sized from the bottom up.

- TAM: the total market for this kind of business in the area you serve.
- SAM: the segment that matches your offer, price point and location.
- SOM: what you can realistically win in year 1, and why.
- Demand evidence: customer interviews, pre-orders, search data, comparable venues.

Write here:

Measure	Value	How it was calculated
TAM		
SAM		
SOM (year 1)		

Example from the sample study

Sized to the market one venue can serve, not the national industry: TAM $1.4B, SAM $217.5M, SOM $1.9M in year 1.

4. Competitor analysis

Name the real local alternatives and show where you win.

- Three to five named direct competitors, with price, location and positioning.
- Their strengths and weaknesses from a customer's point of view.
- Your advantage, and why competitors cannot copy it quickly.

Write here:

Competitor	Strengths	Weaknesses	Price point

Example from the sample study

Competitor	Strength	Weakness
Paggi House	Prime location with panoramic views of downtown Austin	Limited parking availability in the immediate vicinity
Azul Rooftop	Located atop the Westin Austin Downtown providing the highest vantage point	Strict dress code and door policy can deter walk-ins
Rules & Regs	Backed by Fairmont hospitality standards and service quality	Corporate hotel atmosphere lacks neighborhood intimacy

5. Technical and operational plan

Show the business can actually be built and run.

- Site and premises: lease or buy, condition, fit-out needed, zoning.
- Equipment, technology and suppliers, with quotes where you have them.
- Licences and permits, who issues them and how long they take.
- Opening timeline from signing the lease to the first customer.

Write here:

Example from the sample study

The largest item is structural: rooftop reinforcement, HVAC and bar build-out. Liquor licensing, city permits and utility deposits are budgeted separately.

6. Startup costs (capital expenditure)

Every cost to open the doors, with a contingency.

- List each item with its source (quote, catalogue, benchmark).
- Add 10-15% contingency for build-outs.
- Include opening stock, deposits and pre-opening wages.

Write here:

Item	Cost	Source
Contingency		
Total		

Example from the sample study

Item	Cost
Rooftop Structural Reinforcement, HVAC & Bar Buildout	$504K
Weatherproof Architectural Sound & Lighting System	$51K
Outdoor Lounge & Bar Furniture Package (120 Capacity)	$31K
Refrigeration, Glass Frosters & Commercial Ice Maker	$31K
Total investment	$745K

7. Operating costs

What it costs to run each month, before you sell anything.

- Rent, utilities, insurance, software, marketing, maintenance, professional fees.
- Variable costs as a share of revenue: cost of goods, card fees, commissions.

Write here:

Monthly cost	Amount
Rent	
Utilities	
Insurance	
Marketing	
Other	
Total per month	

Example from the sample study

Monthly cost	Amount
Commercial Rooftop Base Rent & CAM	$4,850
Commercial Electricity (HVAC, Misters & Lighting)	$3,500
Merchant Processing & POS Gateway Fees	$3,125
Commercial Property & General Liability Insurance	$2,750

8. Staffing

Who you need, when, and what they cost fully loaded.

- Each role, headcount and salary.
- On-costs: payroll tax, benefits, insurance (often 15-30% on top of salary).
- Owner's own salary, even if you defer it.

Write here:

Role	Headcount	Loaded annual cost
Total		

Example from the sample study

Role	Headcount	Loaded annual cost
Owner/Operator	1	$69K
Bar Manager	1	$71K
Bartender	2	$87K
Barback	1	$33K

9. Revenue model and five-year projection

How money comes in, and a projection a lender can test line by line.

- Price per sale, sales per day or month, and how you reach full capacity (the ramp).
- Year 1 is often a partial year: say so, and show when trading settles.
- Gross profit, EBITDA and net income for each year.

Write here:

Year	Revenue	Gross profit	EBITDA	Net income
Year 1				
Year 2				
Year 3				
Year 4				
Year 5				

Example from the sample study

Year	Revenue	EBITDA	Net income
Year 1	$410K	-$307K	-$463K
Year 2	$1.2M	$239K	$69K
Year 3	$1.4M	$378K	$181K
Year 4	$1.6M	$545K	$316K
Year 5	$1.9M	$744K	$476K

10. Financial returns

Whether the project earns more than the money costs.

- NPV at your discount rate (state the rate).
- IRR, compared with your hurdle rate or cost of capital.
- Payback period and breakeven point (units, revenue or occupancy).

Write here:

Metric	Value
Discount rate	
NPV	
IRR	
Payback period	
Breakeven	

Example from the sample study

NPV $304K, IRR 23.9% against a 10% hurdle, payback in 3.6 years, gross margin 75.2% once trading settles.

11. Risks and sensitivity

What could break the plan, and what the numbers look like if it does.

- Rate each risk by likelihood and impact, with a mitigation.
- Re-run the model with sales 10-20% lower and costs 10% higher: is it still viable?
- Name the assumption the result is most sensitive to.

Write here:

Risk	Likelihood	Impact	Mitigation

Example from the sample study

- Lower-than-projected Average Spend per Head or Guest Volume
- Initial Operating Losses and Cash Flow Burn
- Staffing Challenges and Labor Cost Volatility
- Weather Dependency for Rooftop Operations
- Regulatory Delays and Compliance Burden

12. Funding plan

Where the money comes from and how it is repaid.

- Sources and uses of funds: equity, loans, grants, leases.
- Loan amount, rate, term and annual debt service.
- Debt service coverage once trading settles.

Write here:

Source	Amount	Terms
Owner equity		
Bank loan		
Other		
Total		

13. Legal and regulatory review

Everything you need permission for, and anything that could stop you.

- Business registration, licences and permits, and their lead times.
- Zoning, health and safety, employment and environmental rules.
- Leases and contracts that need legal review.

Write here:

14. Conclusion and next steps

Turn the analysis into a decision.

- Restate the recommendation and the conditions attached to it.
- The tests to run before committing money (quotes, demand tests, lender meetings).
- Who decides, and by when.

Write here:

15. Assumptions and sources

Let a reader check your work.

- Every key assumption with its source and date.
- Where you used benchmarks instead of quotes.
- Numbered list of sources.

Write here: