

\$200K
Entrepreneurs
Challenge

**Tips for Writing Your
Feasibility Analysis**

(Social Venture)



Berkley Center for
Entrepreneurship
and Innovation

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Overview

Will It Fly?

That's the primary question your feasibility analysis must answer. You will be evaluated based on your ability to make a convincing case that yours is an idea with the potential to soar. To do this, you must clearly articulate:

- A potentially transformative solution to a pressing social need or problem.
- Strategies for measuring your concept's social impact.
- A well thought-out business model that delivers value to key users and/or stakeholders.
- A reasonable path to financial sustainability. (Ventures must have an earned income stream.)
- A team with the skills, experience and/or connections to make it happen.

These guidelines will walk you through the many issues you must address, section by section, when developing your feasibility analysis. Before you begin, please keep in mind the following:

1. Don't make writing the feasibility analysis an academic exercise by mechanically answering the questions in this guide. These questions are designed to provoke deep thought about your concept. Use them to develop a document that tells a riveting story of your idea's potential.
2. The on-going boot camps, coaching sessions and other resources offered will expose you to strategies that will help you come up with the answers you'll need. Be sure to take advantage of them.
3. The feasibility analysis is a high-level document; it's not meant to be all-encompassing. Later in this process, semi-finalists teams will be asked to describe their ventures in greater detail.

The \$200K Entrepreneurs Challenge is an intense and thrilling journey. So, get ready to work hard, take risks, and above all, enjoy the ride!

All the best,

The Berkley Center Team

bit.ly/berkleycenter.com

Opportunity

(10%)

Status Quo

- What's the high-level social need or problem you'd like to change or challenge?
- How will you address this need?
- How is the status quo currently less than optimal?

Insight

- What is the key insight that reveals a need in the marketplace?
- What is the gap you've observed between the way things are now and the way things ought to be or could be?
- Why does this gap (i.e., need, want, problem or pain) persist?
- Why haven't others successfully addressed this before?

After reviewing this section, readers should:

- Be tingling because they're so excited about the "big idea" behind your venture.
- Be intrigued by your idea's potential to affect long-term change or large-scale improvement in circumstances.
- Believe your idea is timely and potentially impactful.

Solution

(15%)

Value Proposition

- Describe your products/services.
- How will your products/services create pain or relieve pain?
- What *unique* value will users/customers derive from your products/services?
- How will your products/services enhance the way people live, work, do business or play?

After reviewing this section, readers should:

- Understand who will care about your solution and why.
- Believe you've clearly identified and sharply-defined an important market segment.
- Understand why you've chosen to target this group.

Customer Segments

- Who will care about your solution and why?
- Who are your potential users/customers? Describe your *initial* target segments using relevant demographic, psychographic and/or behavioral characteristics.
- What needs, desires, or traits do they have in common? Is there an archetype?
- Describe the serviceable addressable market and serviceable obtainable market.
- Is yours a multi-sided market, with two or more interdependent customer segments?
- Are users and buyers one and the same?

Solution (cont'd)

Opportunity/Solution Fit

- How passionate or enthusiastic will customers and stakeholders be about your product/solution? Why?
- Why will they prefer your offering to existing alternatives?
- What evidence do you have that customers will go wild with desire for your product? Explain your confidence.
- What pass/fail experiments did you run to verify your assumptions about market potential and social impact?
- Who have you talked to in order to better understand the situation and the appropriateness of your solution?
- Explain how your customer discovery efforts lead you to this conclusion.

After reviewing this section, readers should:

- Understand the "gap" you intend to fill in the marketplace.
- Be impressed by the extent you've solicited third-party input to validate your hypotheses and refine your idea..

Measuring Social Impact (15%)

Assessing Your Effectiveness

- How will you assess your effectiveness in achieving your stated social mission?
- What 3-4 indicators will link back to your theory of change and strategy?
- How will you measure these indicators to determine your social impact?

A Resource for Social Impact Measurement

Once the 3-4 indicators have been named, these indicators can then be tracked over time. An example might be:

Solar Panel Retailer that believes that deriving energy from solar power is cleaner and less harmful for the environment may define its social indicators as:

of solar panels installed per fiscal year;

% of panels installed that replace other forms of energy; and

Savings in air emissions related to non-solar power energy generation/sale.

In measuring your social impact from your social indicators, there is a great resource to use (since every social venture is unique in how it captures and delivers its social impact). This resource is called **TRASI – Tools and Resources for Assessing Social Impact**. TRASI is an interactive online database that provides tools and resources for measuring social value creation. The user-friendly website provides approaches to assessing social impact, strategies for creating and conducting an assessment and ready-to-use tools for measuring social impact (trasi.foundationcenter.org).

Measuring Social Impact

(cont'd)

The database is managed by the Foundation Center, which works in partnership with McKinsey and Company and NYU Stern School of Business to address the growing interest in the field of measuring social value creation.

The database consists of more than 150 distinct evaluation approaches from a range of organizations such as social entrepreneurs, social investors, foundations, and NGOs. Before a measurement technique is uploaded on the database, it is reviewed by a team of experts who use a four-step process to assess its appropriateness. In order to do so, they determine the scope of the tool/resource and determine the staff and stakeholder involvement that would be required for its use.

The TRASI website also has a “Terms Defined” section in which it defines in detail each of the terms it employs that may be unfamiliar to users. It has a series of videos that include discussions on social impact assessment by thought leaders in the field which serve to provide the user with a broader idea of social value creation and measurement before getting into the specifics of the database. New tools and assessment methodologies are continuously added and such updates are sent out to the TRASI community through a variety of methods like email and the social media.

Operations Plan

(20%)

Channels

- How do you plan to sell and market your product/service to customers?
- What distribution methods will you use? (Web? Physical? Direct? OEM? Distributors?)
- What are the financial and operational implications of the channel strategies selected?

After reviewing this section, readers should:

- Believe that the team is cautiously optimistic rather than dangerously naive about the potential challenges ahead.

Key Partners

- What partnerships must you forge to insure success? What strategic alliances, if formed, could help you reduce risks?
- What joint ventures will enable you to acquire necessary resources/inputs?

Key Resources

- What physical, intellectual or human resources must you have to make your business model work?
- What are the most important assets required to deliver your proposed value proposition?
- Will you be able to acquire the resources needed?
- Does the necessary infrastructure exist to produce and deliver your product/service?

Operations Plan (cont'd)

Status & Traction

- What's your current status? Describe milestones achieved so far, e.g., product development deadlines, beta testing, prototypes, users/customers acquired, letters of intent received, orders placed, etc.

Critical Risks

- How can you insure your product will work as planned? Will you be able to deliver the desired quality?
- Will you be able to manufacture your product? What key resources and partnerships must be in place? What activities must you master? Can you scale?
- What legal or regulatory issues could adversely impact the business? What regulatory approvals are required?
- Are there political, governmental, social or cultural obstacles you'll likely encounter? What are they? How will you overcome them?
- What are the key technical hurdles/milestones that must be overcome to bring your product/service to market, if any?

Financial Analysis (20%)

Sources & Uses of Startup Capital

- What are your anticipated startup expenses? How much cash will you need to get to “day one”, i.e., launch? (Technical talent? Equipment? Leases? Inventory? Key hires? Supplies? Professional fees? Licenses? etc.)
- How much cash will you need to reach important milestones, e.g., prototype, beta test, regulatory approval, first-customer ship, pilot program, etc.?

After reviewing this section, readers should:

- Understand the estimated cost to launch.
- Be able to assess the financial potential & viability of the venture.
- Have confidence that the team has carefully thought through operating cash needs.
- Understand the key assumptions used to develop the financial plan.

Prepare a startup budget.

Unit Level Cost Analysis

Estimate the per unit cost to produce and deliver your product or service. Your preliminary financial analysis should reflect:

- Fixed versus variable costs
- Cost of goods sold
- Channel costs and margins
- Customer acquisition costs (CAC)

Breakeven Analysis

At the breakeven point, total costs equal total revenue. It's the point at which a venture becomes profitable as expressed in volume of sales, in units and dollars.

- How many units must you sell to cover your costs?

Pricing and Revenue Model

- Describe how you will make money, i.e., what you will charge for, how much and who is going to pay you. Will you have multiple revenue streams?
- What is the revenue model for each customer segment you plan to serve? (Asset sale, usage fee, rental, license, advertising, freemium, etc.)
- What price will you charge? Describe your pricing strategy.

Profit & Loss Statement

The profit & loss statement summarizes the revenue, cost of goods or services and expenses incurred by a venture. Among other things, it answers the following:

- What are your projected sales?
- What are your fixed and variable costs?
- Are margins sufficient to cover operations?

Although there are many unknowns pertaining to your venture, developing a P&L statement is still important at this stage. Doing so forces you to examine the logic underpinning your financial model. In the end, you'll have a better grasp on the interrelationships between your assumptions and strategic decisions and their impact on the venture's chances for financial feasibility.

Prepare a monthly profit & loss statement for year 1 and quarterly P&L for year 2.

Team

(20%)

Founders

- Briefly describe the relevant experience, skills and qualifications of each team member. Highlight prior startup experience or related industry expertise.
- Explain the primary role each person will play.
- Indicate whether or not this team has worked together before.

Advisors

- List key advisors who are lending their expertise (and not simply their names) to the management team. This may include an advisory board, board of directors or professional service providers, e.g., lawyer, accountant, consultants, etc.

Key Hires

- Describe whose missing from the team. What skill sets does the team lack and will need to acquire/hire?

Submission Instructions

Please follow these instructions EXACTLY as described. No exceptions. Failure to do so may result in your feasibility analysis not being evaluated.

Format

Your submission **must not exceed 8 pages**, as described below.

- Your feasibility analysis should be a maximum of four pages. (= 4 pages)
- In addition to the feasibility analysis, include a 3-page financial analysis containing: (a) 1-page Startup Budget, (b) 1-page monthly profit & loss statement for year 1 and (c) 1-page quarterly profit & loss statement for year 2. (= 3 pages)
- Optional: You may submit one page of supporting visual (*not written*) information about your product/service, e.g., diagrams, screen shots, product illustrations, etc. Do not use this optional page to add more text to your feasibility analysis. (= 1 page)
- Document should be on letter-sized paper with 11-point type and 1" margins on all sides.

Submission Deadline

- **Materials must be submitted by 1:00 pm on Friday, November 14, 2014.**
- Submission is online through your Gust account: <https://gust.com/organizations/social-venture-competition>

Additional Information

Please check NYU Classes for the latest competition updates, helpful information and useful resources. If you have questions, contact Loretta Poole, associate director, Berkley Center, at lpool@stern.nyu.edu.