M. Pharm (Industrial Pharmacy)

MIP 204T Entrepreneurship Management

UNIT 4

Performance Appraisal

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the pay of employees and compare it with targets and plans.
2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

Objectives of Performance Appraisal

The Objectives of Performance Appraisal are:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. To provide a feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

Advantages of Performance Appraisal:

It is said that performance appraisal is an investment for the company which can be justified by following advantages:

1. **Promotion:** Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.

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2. **Compensation:** Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which includes bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.

3. **Employees Development:** The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyse strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.

4. **Selection Validation:** Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.

5. **Communication:** For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:

    a. Through performance appraisal, the employers can understand and accept skills of subordinates.

    b. The subordinates can also understand and create a trust and confidence in superiors.

    c. It also helps in maintaining cordial and congenial labour management relationship.

    d. It develops the spirit of work and boosts the morale of employees.

    All the above factors ensure effective communication.

6. **Motivation:** Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

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TECHNIQUES / METHODS OF PERFORMANCE APPRAISALS

Numerous methods have been devised to measure the quantity and quality of performance appraisals. Each of the methods is effective for some purposes for some organizations only. None should be dismissed or accepted as appropriate except as they relate to the particular needs of the organization or an employee.

Broadly all methods of appraisals can be divided into two different categories.

- Past Oriented Methods
- Future Oriented Methods

Past Oriented Methods

1. **Rating Scales:** Rating scales consists of several numerical scales representing job related performance criterions such as dependability, initiative, output, attendance, attitude etc. Each scales ranges from excellent to poor. The total numerical scores are computed and final conclusions are derived. Advantages – Adaptability, easy to use, low cost, every type of job can be evaluated, large number of employees covered, no formal training required. Disadvantages – Rater's biases

2. **Checklist:** Under this method, checklist of statements of traits of employee in the form of Yes or No based questions is prepared. Here the rater only does the reporting or checking and HR department does the actual evaluation. Advantages – economy, ease of administration, limited training required, standardization. Disadvantages – Raters biases, use of improper weighs by HR, does not allow rater to give relative ratings

3. **Forced Choice Method:** The series of statements arranged in the blocks of two or more are given and the rater indicates which statement is true or false. The rater is forced to make a choice. HR department does actual assessment. Advantages – Absence of personal biases because of forced choice. Disadvantages – Statements may be wrongly framed.

4. **Forced Distribution Method:** here employees are clustered around a high point on a rating scale. Rater is compelled to distribute the employees on all points on the scale. It is assumed that the performance is conformed to normal distribution. Advantages – Eliminates Disadvantages – Assumption of normal distribution, unrealistic, errors of central tendency.

5. **Critical Incidents Method:** The approach is focused on certain critical behaviors of employee that makes all the difference in the performance. Supervisors as and when they occur record such incidents. Advantages – Evaluations are based on actual job behaviors, ratings are supported by descriptions, feedback is easy, reduces recency biases, chances of subordinate improvement are high. Disadvantages – Negative incidents can be prioritized, forgetting incidents, overly close supervision; feedback may be too much and may appear to be punishment.

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6. **Behaviorally Anchored Rating Scales:** statements of effective and ineffective behaviors determine the points. They are said to be behaviorally anchored. The rater is supposed to say, which behavior describes the employee performance. Advantages – helps overcome rating errors. Disadvantages – Suffers from distortions inherent in most rating techniques.

7. **Field Review Method:** This is an appraisal done by someone outside employees' own department usually from corporate or HR department. Advantages – Useful for managerial level promotions, when comparable information is needed, Disadvantages – Outsider is generally not familiar with employees work environment, Observation of actual behaviors not possible.

8. **Performance Tests & Observations:** This is based on the test of knowledge or skills. The tests may be written or an actual presentation of skills. Tests must be reliable and validated to be useful. Advantage – Tests may be apt to measure potential more than actual performance. Disadvantages – Tests may suffer if costs of test development or administration are high.

9. **Confidential Records:** Mostly used by government departments, however its application in industry is not ruled out. Here the report is given in the form of Annual Confidentiality Report (ACR) and may record ratings with respect to following items; attendance, self expression, team work, leadership, initiative, technical ability, reasoning ability, originality and resourcefulness etc. The system is highly secretive and confidential. Feedback to the assessee is given only in case of an adverse entry. Disadvantage is that it is highly subjective and ratings can be manipulated because the evaluations are linked to HR actions like promotions etc.

10. **Essay Method:** In this method the rater writes down the employee description in detail within a number of broad categories like, overall impression of performance, promoteability of employee, existing capabilities and qualifications of performing jobs, strengths and weaknesses and training needs of the employee. Advantage – It is extremely useful in filing information gaps about the employees that often occur in a better-structured checklist. Disadvantages – It its highly dependent upon the writing skills of rater and most of them are not good writers. They may get confused success depends on the memory power of raters.

11. **Cost Accounting Method:** Here performance is evaluated from the monetary returns yields to his or her organization. Cost to keep employee, and benefit the organization derives is ascertained. Hence it is more dependent upon cost and benefit analysis.

12. **Comparative Evaluation Method (Ranking & Paired Comparisons):** These are collection of different methods that compare performance with that of other co-workers. The usual techniques used may be ranking methods and paired comparison method.

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- **Ranking Methods:** Superior ranks his worker based on merit, from best to worst. However how best and why best are not elaborated in this method. It is easy to administer and explanation.

- **Paired Comparison Methods:** In this method each employee is rated with another employee in the form of pairs. The number of comparisons may be calculated with the help of a formula as under.

$$N \times (N-1) / 2$$

<u>Future Oriented Methods</u>

1. **Management By Objectives:** It means management by objectives and the performance is rated against the achievement of objectives stated by the management. MBO process goes as under.

- Establish goals and desired outcomes for each subordinate
- Setting performance standards
- Comparison of actual goals with goals attained by the employee
- Establish new goals and new strategies for goals not achieved in previous year.

Advantage – It is more useful for managerial positions.

Disadvantages – Not applicable to all jobs, allocation of merit pay may result in setting short-term goals rather than important and long-term goals etc.

2. **Psychological Appraisals:** These appraisals are more directed to assess employees potential for future performance rather than the past one. It is done in the form of in-depth interviews, psychological tests, and discussion with supervisors and review of other evaluations. It is more focused on employees emotional, intellectual, and motivational and other personal characteristics affecting his performance. This approach is slow and costly and may be useful for bright young members who may have considerable potential. However quality of these appraisals largely depend upon the skills of psychologists who perform the evaluation.

3. **Assessment Centers:** This technique was first developed in USA and UK in 1943. An assessment center is a central location where managers may come together to have their participation in job related exercises evaluated by trained observers. It is more focused on observation of behaviors across a series of select exercises or work samples. Assessees are requested to participate in in-basket exercises, work groups, computer simulations, role playing and other similar activities which require same attributes for successful performance in actual job. The characteristics assessed in assessment center can be assertiveness, persuasive ability, communicating ability, planning and organizational ability, self confidence, resistance to stress, energy level, decision making, sensitivity to feelings, administrative ability, creativity and mental

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alertness etc. Disadvantages – Costs of employees traveling and lodging, psychologists, ratings strongly influenced by assessee's inter-personal skills. Solid performers may feel suffocated in simulated situations. Those who are not selected for this also may get affected.

Advantages – well-conducted assessment center can achieve better forecasts of future performance and progress than other methods of appraisals. Also reliability, content validity and predictive ability are said to be high in assessment centers. The tests also make sure that the wrong people are not hired or promoted. Finally it clearly defines the criteria for selection and promotion.

4. **360-Degree Feedback:** It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self. In fact anyone who has useful information on how an employee does a job may be one of the appraisers. This technique is highly useful in terms of broader perspective, greater self-development and multi-source feedback is useful. 360-degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills. However on the negative side, receiving feedback from multiple sources can be intimidating, threatening etc. Multiple raters may be less adept at providing balanced and objective feedback.

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PROFITABILITY

Definition: Profitability is ability of a company to use its resources to generate revenues in excess of its expenses. In other words, this is a company's capability of generating profits from its operations.

Profitability control is a mechanism of monitoring the sales made, profits earned and expenditure incurred by a company. The relative profit earning capacity of a firm's products and consumer groups can be determined via profitability control. Sometimes surpisingly, it may be found out by companies how a small proportion of their products and even customers actually account for a significant percentage of the company's profits. This can be achieved through profitability control. At times when the companies earn surplus profits, then such profits may even be ploughed back or reinvested. This also forms part of profitability control.

What Does Profitability Mean?

Profitability is one of four building blocks for analyzing financial statements and company performance as a whole. The other three are efficiency, solvency, and market prospects. Investors, creditors, and managers use these key concepts to analyze how well a company is doing and the future potential it could have if operations were managed properly.

The two key aspects of profitability are revenues and expenses. Revenues are the business income. This is the amount of money earned from customers by selling products or providing services. Generating income isn't free, however. Businesses must use their resources in order to produce these products and provide these services.

Resources, like cash, are used to pay for expenses like employee payroll, rent, utilities, and other necessities in the production process. Profitability looks at the relationship between the revenues and expenses to see how well a company is performing and the future potential growth a company might have.

Profit is considered as a significant element of a business activity. According to Peter Drucker, "profit is a condition of survival. It is the cost of the future, the cost of staying in a business." Thus, profit should be planned and managed properly.

An organization should plan profits by taking into consideration its capabilities and resources. Profit planning lays foundation for the future income statement of the organization. The profit planning process begins with the forecasting of Les and estimating the desired level of profit taking in view the market conditions.

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The steps involved in profit planning process (as shown in Figure-6) are explained as follows:

1. Establishing profit goals:

Implies that profit goals should be set in alignment with the strategic plans of the organization. Moreover, the profit goals of an organization should be realistic in nature based on the capabilities and resources of the organization.

2. Determining expected sales volume:

Constitutes the most important step of the profit planning process. An organization needs to forecast its sales volume so that it can achieve its profit goals. The sales volume can be anticipated by taking into account the market and industry trends and performing competitive analysis.

3. Estimating expenses:

Requires that an organization needs to estimate its expenses for the planned sales volume. Expenses can be determined from the past data. If an organization is new, then the data of similar organization in same industry can be taken. The expense forecasts should be adjusted to the economic conditions of the country.

4. Determining profit:

Helps in estimating the exact value of sales. It is calculated as:

Estimated Profit = Projected Sales Income – Expected Expenses

After planning profit successfully, an organization needs to control profit. Profit control involves measuring the gap between the estimated level and actual level of profit achieved by an organization. If there is any deviation, the necessary actions are taken by the organization.

Profit control involves two steps, which are as follows:

1. Comparing estimates with the goal:

Involves comparing the estimated profit with the expected profit. If there is a large gap between the estimated profits and the expected profits, the measures should be taken.

2. Using alternatives to achieve the desired profit:

Includes the following:

a. Making changes in planned sales volume by increasing sales promotion, improving product quality, providing better service, and providing after sales support to customers.

b. Reducing planned expenses by minimizing losses, implementing better control systems, improving product quality, and increasing the productivity of human resource and machines.

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DEMANDS AND CHALLENGES TO ENTREPRENEURSHIP

1) Business Identification
2) Generation of Finance
3) Business Management
4) Recruitment of Employees
5) Creation of Business Teams
6) Business Marketing and Branding
7) Changing Business Environment
8) Government policies and procedures
9) Identification of Good Customers
10) Adapting to changes
11) Focus and Commitment

NEED FOR DIVERSIFICATION

1) Better product variety
2) More markets are tapped
3) Companies gain more technological capability
4) Economies of scale
5) Cross selling
6) Brand Equity
7) Risk factor is reduced

Techniques of Expansion and Diversification

The effective process of Growth, Diversification, and Expansion are explained below.

1) *Increase In Sales*
   This is done by selling more of the company's products to the existing customers interested in the products or by selling to them other products or services the company can provide. The company can also try to find other customers who are ready to join the existing ones in buying the products.

2) *Identification of New Customers or Markets*
   Some potential customers do exist in other markets that have not been explored. Identifying these markets and customers is one of the methods of growth.
   They are likely to be similar to those in the existing market and their population may even be more than existing ones. This approach may require some fund to execute especially when new geographical areas are being considered.

3) *Developing New Products for Existing Customers*
   In this case, it does not necessarily mean that new products have to be really developed. The already known products can be repackaged or modified for existing customers. However, when the products are becoming uncompetitive or

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obsolete, there may need to consider completely new products. When old products are repackaged for existing customers, the risk is usually minimized. Creating a completely new product is risky and requires significant fund investment. And, the investment can be of medium or long term period.

4) *Developing New Product for New Customers*

This is pure diversification and it is a risk to business development especially for a small enterprise whose resources for publicity are very low. While companies diversify to avoid some risks, it is entering into other forms of risk at the same time.This option can only be considered when it is not possible to meet the objective for growth through the three aforementioned approaches. It can also be considered when all potentials of those three approaches have been exhausted. The approach is best used when looking for a genuinely new and innovative way to grow and there is enough capital to invest and other necessary resources are available.

5) *Merger and Acquisition*

A merger is an external growth process. It involves a combination of two or more companies coming together to form a new corporate organization. Acquisition takes place when a company offers cash or securities in exchange for majority shares of another company. It can mean a complete purchase of one company by another company. An acquisition may be private or public, depending on whether the acquired or merging company is or isn’t listed in public markets. The acquisition process is very complex, with many dimensions influencing its outcome. There are numbers of advantages attached to the merger. These are economies of large-scale production, better utilization of fund, efficient use of resources and possibility of diversification. On the other hand, merger can make effective co-ordination and control to become difficult thereby causing great reduction in efficiency and profitability.

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GROWTH STRATEGIES

Most small companies have plans to grow their business and increase sales and profits. However, there are certain methods companies must use for implementing a growth strategy. The method a company uses to expand its business is largely contingent upon its financial situation, the competition and even government regulation. Some common growth strategies in business include market penetration, market expansion, product expansion, diversification and acquisition.

1) *Market Penetration Strategy*
   One growth strategy in business is market penetration. A small company uses a market penetration strategy when it decides to market existing products within the same market it has been using. The only way to grow using existing products and markets is to increase market share, according to small business experts. Market share is the percent of unit and dollar sales a company holds within a certain market vs. all other competitors. One way to increase market share is by lowering prices. For example, in markets where there is little differentiation among products, a lower price may help a company increase its share of the market.

2) *Market Expansion or Development*
   A market expansion growth strategy, often called market development, entails selling current products in a new market. There several reasons why a company may consider a market expansion strategy. First, the competition may be such that there is no room for growth within the current market. If a business does not find new markets for its products, it cannot increase sales or profits. A small company may also use a market expansion strategy if it finds new uses for its product. For example, a small soap distributor that sells to retail stores may discover that factory workers also use its product.

3) *Product Expansion Strategy*
   A small company may also expand its product line or add new features to increase its sales and profits. When small companies employ a product expansion strategy, also known as product development, they continue selling within the existing market. A product expansion growth strategy often works well when technology starts to change. A small company may also be forced to add new products as older ones become outmoded.

4) *Growth Through Diversification*
   Growth strategies in business also include diversification, where a small company will sell new products to new markets. This type of strategy can be very risky. A small company will need to plan carefully when using a diversification growth strategy. Marketing research is essential because a company will need to determine if consumers in the new market will potentially like the new products.

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5) *Acquisition of Other Companies*

Growth strategies in business can also includes an acquisition. In acquisition, a company purchases another company to expand its operations. A small company may use this type of strategy to expand its product line and enter new markets. An acquisition growth strategy can be risky, but not as risky as a diversification strategy. One reason is that the products and market are already established. A company must know exactly what it wants to achieve when using an acquisition strategy, mainly because of the significant investment required to implement it

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JOINT VENTURE

A Joint Venture (JV) is a cooperative enterprise entered into by two or more business entities for the purpose of a specific project or other business activity. Each business keeps its individual legal status. Joint ventures are often entered into for a single purpose - a production or research activity. But they may also be formed for a continuing purpose.

In a Joint Venture:

1) Each party contributes assets and shares risks and agree to share income and expenses.
2) It might be informal (a handshake) or formal.
3) It may be short term or long term.
4) In most cases, the individual entities retain their legal status.

Both companies have some proprietary (ownership) basis for this shared interest. For example, two companies with online patents for accounting apps might form a joint venture.[1]

Often the joint venture creates a separate business entity, to which the owners contribute assets, have equity (ownership), and agree on how this entity may be managed. The new entity may be a corporation, limited liability company, or partnership.

What is a Joint Venture?

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What a joint venture might look like:

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Why Form a Joint Venture?

Businesses form joint ventures for several reasons:

1) To combine resources. A bigger entity may have more clout in an industry or more resources to ensure the success of a venture.
2) To combine expertise. In technical businesses, one company might have expertise in one part of a venture while the second company might have expertise in another part. For example, Company A might be good at creating software, while Company B has experience creating the hardware that's needed for a venture.
3) To save money. Two companies might consider a joint venture to save money on advertising, maybe at a trade show or in a trade publication.
4) To enter a foreign market. In this case, a foreign company forms a joint venture with a U.S. company that is in the market the foreign company wants to enter.
5) To manage rental property. A joint venture may form a partnership to own and rent properties.

Forming a Joint Venture

A joint venture is formed by a written agreement (a contract) between the parties. The agreement should spell out the details of the purpose, how the two (or more) parties share in profits and losses, and how the parties share in making decisions about the joint venture.

The Joint Venture Agreement

A joint venture agreement provides the details of the agreement between the parties, including

1) Parties to the agreement
2) Management
3) Percentage ownership
4) Distributive share of each party
5) Bank account
6) Resources (usually a list)
7) Employment (employees and independent contractors working on the venture)
8) Administrative records
9) Financial statements.

The Benefit of Joint Ventures

Any two businesses of any size can work together on a joint project, while still maintaining the rest of their business apart from each other.

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FEASIBLITY STUDY

A feasibility study looks at the viability of a business venture or project with an emphasis on identifying potential problems. The study attempts to answer two main questions: Will the proposed business venture or project work, and should you proceed with it?

A feasibility study also addresses important issues such as where (and how) the business will operate. If done properly, your feasibility analysis will provide in-depth details about all the various components of your business to determine if it can succeed. In the end, this document will serve as a valuable tool for developing a winning business plan.

Why Feasibility Studies Are So Important

The information you gather and present in your feasibility study will help you identify all the things you need to make the business work, pinpoint logistical and other business-related problems and solutions, develop **marketing strategies** to convince a bank or investor that your business is worth investing in, and serve as a solid foundation for developing your business plan

Components of a Feasibility Study

1. Description of the Business: Describes the product or services you plan to offer.

2. Market Feasibility: Describes the industry, the current market, anticipated future market potential, competition, sales projections, and potential buyers.

3. Technical Feasibility: Details how you will deliver your product or service, including issues of materials, labor, transportation, where your business will be located, and the technology needed.

4. Financial Feasibility: Projects how much startup capital you'll need and examines potential sources of capital and returns on investment.

5. Organizational Feasibility: Examines the legal and corporate structure of the business. You can also include professional background information about the founders of the business and what skills they can contribute to the business.

6. Conclusions: Discusses how you envision the business succeeding. You need to be honest in your assessment because investors won't look at your conclusions and take that as proof. They will look at the data and question your conclusions if they appear unrealistic.

   Feasibility studies contain comprehensive, detailed information about your business structure, products, services, and the market. They also examine the logistics of how you will deliver a product or service and the resources you need to make the businsess run efficiently.

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UNIT 5

Project Report Format

The process of establishing a new business is preceded by the resolution to select entrepreneurship as an occupation. This calls for recognizing lucrative business ideas upon a meticulous evaluation of the entrepreneurial prospects. Creation of business ideas is not sufficient, they must be tested on techno-fiscal, economic and authorized viewpoints.

A project report for new business conducts a profound road map for effectual business venture. It discusses whether the business requires finance or not, the challenging risks, several problems en route, etc. Hence it becomes vital for every new business to prepare a project report, to acquaint them on forewarning issues.

Below is the sequence of standard format which should be followed while preparing new business project report:

1) Background of the business

2) Customer's profile

3) Long and short term Corporate Objectives
   a. To perform a viability assessment of the proposed new business ideas in terms of marketability, technical feasibility, financing and authorities
   b. To be able to prepare a relevant business plan
   c. To recognize fundamental startup issues

4) Market Analysis
   a. Discussion on the type of market, chief influencers, players, etc
   b. Market description
   c. Reasons for starting business in a particular market
   d. Target clients
   e. Advantages of the services offered by the new business
   f. Market consumption patterns
   g. Past and existing supply location
   h. Production prospects and limitations
   i. Exports and Imports
   j. Price structure
   k. Flexibility of demand
   l. Client behavior, purposes, intentions, impetus, approaches, inclinations and needs
   m. Supply network and marketing rules formulated by the government

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   n. Government and technical limitations imposed on the promotion of the product

5) Financial Assessment
   a. Investment expenditure and value of the entire project
   b. Methods of investment
   c. Anticipated productivity
   d. Money flows of the project report
   e. Investment value evaluated in context of different points of merit
   f. Estimated financial ranking

6) Marketing Assessment
   a. Product
   b. Price
   c. Place
   d. Promotion

7) Operational Plan
   a. Business models
   b. Production of goods and services

8) Financial Plan

9) Management Structure

10) Business structure (Ownership, staff, etc)

11) SWOT Analysis
   a. Significant Success aspects depending on Strengths, Weaknesses, Opportunities and Threats to be faced by the firm in future

12) Appendices
   a. Break-Even Assessment
   b. Profit and Loss Synopsis
   c. Fund Flow Summary

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FEASIBLITY STUDY

A technical feasibility study assesses the details of how you intend to deliver a product or service to customers. Think materials, labor, transportation, where your business will be located, and the technology that will be necessary to bring all this together. It's the logistical or tactical plan of how your business will produce, store, deliver, and track its products or services.

A technical feasibility study is an excellent tool for both troubleshooting and long-term planning. It can serve as a flowchart of how your products and services evolve and move through your business to physically reach your market.

1) *Begin—or End—With an Executive Summary*
   The word "summary" is key here.It is necessary highlight the key points of each section in the technical feasibility study. It is often easier and more concise to write it after the Study is completed, as the information that has to be included is clear. In either case, the summary should appear at the beginning of your technical feasibility study.

2) *Prepare an Outline*
   An outline will serve to guide the reader through the study. The order of presenting technical information isn't as important as making sure that all the components are in place to show how the business will be run. Specific financial information is not required in the technical portion of your feasibility study. However, all information in this component should support financial data represented elsewhere. Basic areas to be covered include materials, labor, transportation or shipping, physical location, and technology.

3) Calculate Material Requirements
   The materials required to produce a product or service need to be listed. This section will indicate the source of those materials. Information on volume discounts and availability as the business grows should be included. The parts and supplies needed to produce the product should also be shown, including things like glue and nails.

4) Calculate Labor Requirements
   The requirements of the labour required needs to be listed in this section. The numbers and skills required, initially as well as in the future, should be clearly spelt out. Labour can be broken into categories, if necessary, such as senior-level management, office, and clerical support, production or distribution staff, professional staff including lawyers, accountants, engineers, and marketing, and fulfillment employees—those in the mailroom or shipping department.

5) *Transportation and Shipping Requirements*
   Smaller items can be shipped via local carriers and couriers, but heavy or bulk items must be transported via a freight or trucking company. Perishable items need special overnight handling. Special permits to ship certain items may

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be required, If services are to be offered, the plan for trainers, educators, consultants, and sales personnel get to get customers and clients need to be indicated.

6) *Marketing Requirements*
The marketing and advertising stratedgy needs to be clearly spelt out. This is very important in the current scenario, as information on competing products and competitors is freely available.

7) *Location Requirements*
Location requirements for the office, warehouse facilities, factory, parking, etc. should be clearly indicated.

8) *Technology Requirements*
The technology component of the feasibility study should include discussions about telephone answering systems, computer hardware and software, and inventory management. Cash registers and the ability to accept credit cards and process cheques and accept online payments is very important. Cellphones and PDAs are almost a must for most businesses, as are alarm or camera systems and manufacturing equipment as well.

9) *Target Dates*
A timeline is very important in a feasibility report as it is important in determining the time taken to bring the product or service to the market. This is also very critical for planning cash flows.

10) *Support for Financial Information*
All financial information should be credible and validated. Calculations should be based on realistic estimates, market conditions and have enough overheads.The technical component should serve as the written explanation of the financial data to include detailed information as to why an expense has been projected high or low. You can explain why it's even necessary.

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