

Feasibility Study Outline

Purpose of Study:

- Assess market and identify business opportunities
- Understand operating needs of competitive staffing agency
- Determine cost structure and break-even sales volume; forecast capital requirements

The feasibility study findings indicate whether the proposed staffing agency is feasible, and if so, under what conditions. It identifies obstacles to feasibility, and outlines next steps needed to develop the business.

1. Assessment of Local Market Demand

Conduct labor market research to determine:

What is industry mix of the local labor market?

What are the largest employment sectors?

What are main areas of job growth? Conversely, what sectors are declining?

What is the occupational mix? What is the wage scale?

What jobs are available to individuals with a high school education or less? What level of higher education and/or specialized training is required to access other available jobs?

What jobs are accessible via public transportation?

Interview employers in key sectors to determine:

What employers use entry-level temporary and temp-to-perm staffing?

What workforce skills are needed to meet their needs?

How open are they to employing individuals with criminal records?

Who is their current staffing vendor? Would they be willing to try a community-based agency?

2. Assessment of Local Labor Supply

Interview local training organizations to learn:

What type of skills training do they provide?

How many individuals do they train annually?

To what extent do they use staffing companies to place their trainees?

Would they be willing to refer their trainees to a community-based staffing agency?

3. Assessment of Competition

Conduct local market research to determine:

How many staffing service companies are currently operating in the target market?

Are they large/small? national/local? Are they staffing generalists or specialists?

What kinds of temporary placements do they make?

Which firms would be main competitors (i.e., those making entry-level and lower-skilled placements?) What are their strengths and weaknesses?

What is the competitive advantage of the proposed alternative staffing agency?

(typically, they are better able to recruit and support individuals with barriers to employment, and due to this support, offer greater potential to reduce labor turnover, thus providing employers with a more stable, motivated workforce.)

4. Operations

Determine management skills required (sales and marketing, staffing coordination, financial management, web site development and maintenance).

Understand the workflow and service process.

Identify equipment and software needs.

5. Financial Analysis

Develop an understanding of the cost structure of the agency including:

- Staffing service billing and wage rates
- Statutory benefit costs
- Fixed operating costs

Determine sales volume needed to break even.

Develop monthly sales forecast.

Use financial data to develop three-year pro forma financial statements (income statements, balance sheets and cash flow statements).

Estimate start-up capital requirements.

Identify potential sources of financing.