

	Capital Costs	Depreciated over	Other Setup Costs	Annum Cost	Revenue	Capital
Costs						
Office Infrastructure Setup						
Server Costs						
Server maintenance						
Flex worker Support & Management						
Training						
ICT Remote Support						
Flex worker Setup						
Laptop x 3						
Home Office furniture x 3						
Training						
Admin payments (3 x 104 - the HRM&C limit with no supporting info)						
Home Broadband payments to staff x 3						
Total Setup Costs	0		0			
Alternative Per Annum Costs				0		0
Total per annum costs						0
Benefits						
Increased staff retention by 10% on expected staff annual turnover						
Advertising costs saved on						
Training costs saved on						
Productivity increased						
Extended office hours 15%						
Additional Business won						

Cost Benefit Analysis

Discover the power of cost benefit analysis and learn how it can help you make informed decisions that maximize your resources and drive success.



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The Importance of Conducting a Cost Benefit Analysis

1 Quantifying Value

A cost benefit analysis provides a systematic framework for assessing the financial impact of a proposed decision or project.

2 Risk Evaluation

By weighing the costs and potential benefits, organizations can identify and mitigate potential risks and uncertainties.

3 Evidence-Based Decision Making

A cost benefit analysis ensures that decisions are grounded in objective data and rational analysis, rather than subjective opinions or biases.

Key Components of a Cost Benefit Analysis

Identification of Costs

- Direct costs
- Indirect costs
- Opportunity costs

Quantification of Benefits

- Tangible benefits
- Intangible benefits
- Social benefits

Discounting

Future benefits and costs are adjusted to reflect their present value, considering factors such as inflation and risk.

Benefits of Conducting a Cost Benefit Analysis

1

Optimal Resource Allocation

A cost benefit analysis helps determine how resources should be allocated to achieve the maximum return on investment.

2

Improved Decision Making

By systematically evaluating costs and benefits, organizations can make more informed decisions and avoid potential pitfalls.

3

Enhanced Stakeholder Communication

A cost benefit analysis provides a transparent and objective basis for communicating and justifying important decisions to stakeholders.

Limitations of Cost Benefit Analysis

Subjectivity

Assigning precise monetary values to intangible factors and predicting future costs/benefits can be subjective and challenging.

Incomplete Data

Insufficient data or inaccurate assumptions can compromise the accuracy and reliability of a cost benefit analysis.

External Factors

Changes in market conditions, legislation, or stakeholder dynamics can render the initial analysis outdated.

Real World Examples of Successful Cost Benefit Analysis



Solar Power Plant

A cost benefit analysis helped determine the financial viability of building a solar power plant, considering installation costs and long-term energy savings.



Product Development

By evaluating the projected costs and potential