Unit 7 - Week 5

Assignment

The decision to construct a new plant is complex.

1. List the factors to consider in the decision.

2. The company has been advised by a consultant to conduct a feasibility study. What are the typical steps involved in such a study?

3. A proposed alternative plant is estimated to have a fixed capital investment of $100 million and an estimated revenue of $150 million per year. The annual operating cost is estimated at $50 million. What is the payback period for this project?