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Cost-Benefit Analysis Template

What is Cost-Benefit Analysis Template?

A cost-benefit analysis (CBA) template is a structured framework used to evaluate the potential benefits and costs of a project, policy, or investment decision. It helps organizations make informed decisions by systematically weighing the advantages against the disadvantages. Here's a general outline of a cost-benefit analysis template:

I. Project/Proposal Overview

- Briefly describe the project or proposal being evaluated.
- Identify the key stakeholders and their interests.

II. Benefits

- Quantify the expected benefits, including:
  - + Financial benefits (e.g., increased revenue, cost savings)
  - + Non-financial benefits (e.g., improved efficiency, enhanced customer satisfaction)
  - + Intangible benefits (e.g., environmental impact, social responsibility)

III. Costs

- Identify and quantify the costs associated with the project or proposal, including:
  - + Initial investment costs
  - + Ongoing operational costs
  - + Maintenance and replacement costs
  - + Opportunity costs

IV. Analysis

- Calculate the net benefits by subtracting the total costs from the total benefits.
- Determine the payback period (the time it takes for the project to generate enough cash to recover its initial investment).
- Evaluate the internal rate of return (IRR) or net present value (NPV) to determine the project's profitability.

V. Sensitivity Analysis

- Test the robustness of the analysis by varying key assumptions and parameters.
- Identify areas where uncertainty is high and consider scenarios that might affect the outcome.

VI. Conclusion

- Summarize the findings, including the net benefits, payback period, IRR/NPV, and any recommendations for further action.
- Highlight any limitations or uncertainties in the analysis.

Here's a more detailed template with columns:

Category	Description	Cost/Benefit (in $)
—	—	—
Benefits	Financial benefits	100,000
	Non-financial benefits	-25,000
	Intangible benefits	-10,000
Initial Investment Costs	Equipment purchase	50,000
	Training and setup	20,000
Ongoing Operational Costs	Maintenance and repairs	5,000
	Staffing and overheads	30,000
Maintenance and Replacement Costs	Replacement cycle	10,000
	Ongoing maintenance	3,000
Opportunity Costs	Foregone revenue	-15,000
Total Benefits		145,000
Total Costs		128,000
Net Benefits		17,000
Payback Period	(in months)	6

This template provides a basic structure for conducting a cost-benefit analysis. You can customize it to fit your specific needs and add more columns or sections as necessary.

problem, finance, planning, strategy, feasibility, assessment

Cost-Benefit Analysis Template

Project Title

[Enter project title here]

Date

[Enter date here]

Prepared By

[Enter your name here]

Executive Summary

[Provide a brief overview of the project and the intention of the cost-benefit analysis]

Objective

[State the primary objective of the project]

Costs

1. Direct Costs

[Item 1]	[Description of cost item 1]	[$ Amount]	[Justification]
[Item 2]	[Description of cost item 2]	[$ Amount]	[Justification]
Total Direct Costs		**[$ Total]**	

2. Indirect Costs

[Item 1]	[Description of indirect cost 1]	[$ Amount]	[Justification]
[Item 2]	[Description of indirect cost 2]	[$ Amount]	[Justification]
Total Indirect Costs		**[$ Total]**	

3. Opportunity Costs

[Outline any significant opportunity costs that might result from this project.]

| | | **[$ Total Costs]** |

Benefits

1. Direct Benefits

[Item 1]	[Description of benefit item 1]	[$ Amount]	[Justification]
[Item 2]	[Description of benefit item 2]	[$ Amount]	[Justification]
Total Direct Benefits		**[$ Total]**	

2. Indirect Benefits

[Item 1]	[Description of indirect benefit 1]	[$ Amount]	[Justification]
[Item 2]	[Description of indirect benefit 2]	[$ Amount]	[Justification]
Total Indirect Benefits		**[$ Total]**	

| | | **[$ Total Benefits]** |

Cost-Benefit Ratio

Total Costs	[$ Total Costs]
Total Benefits	[$ Total Benefits]

Cost-Benefit Ratio [$ Total Benefits / Total Costs]

Conclusion

[Summarize the overall assessment of the project based on the cost-benefit analysis]

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