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# Cost Benefits Analysis Template

## What is Cost Benefits Analysis Template?

A Cost-Benefit Analysis (CBA) template is a tool used to evaluate the feasibility of a project or decision by comparing its costs with its benefits. It helps organizations make informed decisions by quantifying the potential advantages and disadvantages of a particular course of action.

Here's a typical CBA template:

### Costs

1. **Initial Investment:** The upfront costs associated with implementing the project, such as equipment purchases, training, or software licenses.
2. **Ongoing Expenses:** Regular expenses incurred during the project's lifespan, including maintenance, personnel salaries, and other operational costs.
3. **Opportunity Costs:** The potential benefits foregone by investing in this project instead of using those resources for another opportunity.

### Benefits

1. **Monetary Benefits:** Quantifiable financial advantages, such as increased revenue, reduced expenses, or cost savings.
2. **Non-Monetary Benefits:** Intangible benefits, like improved customer satisfaction, enhanced reputation, or environmental sustainability.
3. **Risk Reduction:** The potential reduction of risks associated with the project, such as market fluctuations, regulatory changes, or unforeseen events.

### Calculation

1. **Cost-Benefit Ratio:** Divide the total costs by the total benefits to determine the ratio. A higher ratio indicates a more beneficial investment.
2. **Net Present Value (NPV):** Calculate the present value of the benefits and subtract the present value of the costs to determine the NPV.
3. **Internal Rate of Return (IRR):** Determine the rate at which the project's net cash inflows equal its net cash outflows.

### Evaluation

1. **Cost-Benefit Comparison:** Compare the costs with the benefits to determine whether the investment is justified.
2. **Sensitivity Analysis:** Analyze how changes in assumptions or variables affect the CBA results.
3. **Break-Even Analysis:** Determine at what point the project's cash inflows equal its cash outflows.

### Example of a Cost-Benefit Analysis Template:

Costs	Benefits
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—	—
Initial Investment: \$100,000	Monetary Benefit: Increased revenue (\$150,000)
Ongoing Expenses: \$50,000/year	Non-Monetary Benefit: Improved customer satisfaction (25% increase in repeat business)
Opportunity Cost: Foregone investment opportunity (\$75,000)	Risk Reduction: Reduced regulatory risk (10%)

In this example, the project's costs total \$150,000 per year, while its benefits include increased revenue of \$150,000 and improved customer satisfaction. The CBA template helps evaluate whether the investment is justified by comparing these costs with benefits.

By using a Cost-Benefit Analysis template, organizations can make informed decisions about investments, projects, or strategic initiatives that align with their goals and objectives.

costs, benefits, analysis, finance, evaluation

# Cost-Benefit Analysis Template

## Project Overview

**Project Name:** **Project Manager:** **Analysis Prepared By:** **Date:**

## Executive Summary

Provide a brief overview of the project, the costs involved, and the expected benefits.

## Cost Analysis

### Initial Costs

- **Capital Costs:**
  - Description:
  - Amount:
- **Operating Costs:**
  - Description:
  - Amount:

### Recurring Costs

- **Maintenance Costs:**
  - Description:
  - Amount:
- **Other Operational Costs:**
  - Description:
  - Amount:

# Benefit Analysis

## Tangible Benefits

- **Increased Revenue:**
  - Description:
  - Amount:
- **Cost Savings:**
  - Description:
  - Amount:

## Intangible Benefits

- **Improved Customer Satisfaction:**
  - Description:
  - Impact Measurement:
- **Enhanced Employee Productivity:**
  - Description:
  - Impact Measurement:

## Net Present Value (NPV)

Calculate the NPV of the project using the formula:  $NPV = \sum_{t=1}^n \frac{R_t - C_t}{(1+i)^t}$  Where:

- (  $R_t$  ) = Net cash inflow during the period  $t$
- (  $C_t$  ) = Total cash outflow during the period  $t$
- (  $i$  ) = Discount rate
- (  $t$  ) = Number of time periods

### NPV Calculation:

## Return on Investment (ROI)

Calculate the ROI using the formula:  $ROI = \frac{\text{Net Benefits}}{\text{Cost of Investment}} \times 100$  **ROI Calculation:**

## Conclusion

Summarize the findings of the CBA and provide recommendations based on the analysis.

## Appendices

Include any additional charts, graphs, or detailed calculations used in the analysis.



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- [Project management](#)

### External links:

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