Topic 1: Activity 2- Project Selection Using Net Present Value

MSM657: Leading Projects in Contemporary Orgs.

May 7, 2011

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| --- | --- | --- |
| 1 | Year: | $ 15,000.00 |
| 2 | Year: | $ 125,000.00 |
| 3 | Year: | $ 220,000.00 |

(4). the first project is more attractive by app. 3%

I think the available resources in money and kind is not sufficient to run both at the same time. I feel each project will take about 9 months and the cost of $250,000.00.

Project 1

Year 1: PV= $114,286

Year 2: PV= $108,843

Year 3: PV= $103,660

Total = $ 326,789

Project 2

Year 1: PV= $ 14,285

Year 2: PV= $ 113,378

Year 3: PV= $190,044

Total= $ 317,707

I think project 1 is more attractive by appt. 3%