

Capital investment decision making

Finance



Capital Investment Decision Making Capital Investment Decision Making A capital investment scenario of a healthcare organization is the decision to invest in physical therapy through setting up a physical therapy department. The organization's decision has been driven by a number of factors that include the rapidly growing demand for physical therapy services as well as increase in activity in this sector. The organization has also realized that most health insurers are requesting that physicians first refer patients to therapists with an aim of reducing medical costs. The target department, within the organization, specializes in providing physical therapy services. Due to the nature of these services, the organization plans to purchase specialized facilities and to recruit several therapists who will be providing these services to outpatients at their homes (Baker & English, 2011).

Among the decisions that the organization will have to make before the investment are the effects of this venture on the organization's culture. The investment should work to motivate the organization's staff. Another decision that the organization will need to make is how the desired quality of services will be achieved and be maintained. The organization will further have to make ethical considerations before commencing on the project.

Among the main kinds of information needed to evaluate this project include capital budgeting models. The organization will have to choose a capital budgeting model that best suits its operations (Cumming, 2010).

During this decision making process, the organization may experiences challenges when choosing on a capital budget model that works well for its operations. Deciding on methods of performance evaluation may also be challenging due to the wide variety of these methods. However, the organization can hire financial analysts who can assist in making these

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decisions (Serfas, 2011).

References

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