

Capital investment decision making

Finance



Capital Investment Decision Making Capital Investment Decision Making A health care is on the verge of acquiring a self-contained van cum ambulance. The ambulance is poised to be able to serve long distance purposes in maintaining and or improving the condition of patients in transit to medical attention at the hospital. The organization made consideration of purchasing the ambulance on the premise that their area of coverage in medical emergency surveillance is extensive, and sometimes patients take long before reaching the hospital.

A number of decisions need to materialize. The organization ought to decide on whether buying the van would be economical in the end; if the purchase would mean service improvement and enhanced productivity. The institution must also decide on a payment and delivery modes of the van that would be cost-effective. Other decisions would include appropriate model of the van and urgency of acquiring the van (Cleverley, Cleverley & Song, 2011).

Information for evaluation of the investment on the van shall include the institution's financial capacity, inventory, and expected trends; a clear record of prospective patient's physical locations to determine the urgency for acquiring the van; other vehicles available that have the ability to be converted to self-contained ambulances; and the institution's capacity to maintain such form of capital investment.

At the decision making process, there is a likelihood of several challenges (Klonowski, 2010). Conflict of interest among and between stakeholders and shareholders may slow down the decision making process. The participants at the decision-making forums would have divergent views regarding the subject that may make the decision making sluggish (Jackson, Sawyers, &

Jenkins, 2009). Moreover, availability of the required information for evaluation of alternatives shall determine the pace of the decision-making process. If the information is not available readily, the process might be tedious and time-consuming.

References

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Cleverley, W., Cleverley, J., & Song, P. (2011). *Essentials of Health Care Finance*. Sudbury, Mass: Jones & Bartlett Learning.

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