

Business Case Scenario

Tangible costs:

1. Employees' salaries.
2. Cost of vehicles whether leasing or buying.

Intangible costs:

1. Repair of vehicle breakdowns.
2. Possible cost up to £5,000 per vehicle by the local emission authority.
3. Coach's salary for occasional trips.

Tangible benefits:

1. Meet the new stringent safety and accessibility requirements.
2. New vehicles will increase demand for trips.

Intangible benefits:

1. Good reputation and brand.
2. Avoid indirect costs such as repairs and fines.

Risks:

1. Conflicts between student and community trips.
2. Increase the long-term cost of rental vehicles.
3. Safety and societal risks of using old vehicles.

Alternative option:

- The rental contract for vehicles extends for 3 years and this means that each vehicle will cost £36,000 per year and £108,000 for the entire contract period. So, for 5 vehicles £540,000. On the other side, buying vehicles with an average of £75,000 and five vehicles equals 375,000. Will be available for use for 5 years according to the rules of the Authority.
- We lack information about the company's income so we can't determine the best program, but I suggest taking a loan, buying vehicles and paying installments. You should compare the cost of the loan and the cost of renting the vehicles before you determine the appropriate program.