**Week 5 – Assignment #5 (Relaxing Travel - Part #1)**

Group 11

Pierce College – Session 6 2023

MIS 302: Project Management

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**Make-Or-Buy Analysis**

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**Project Name**: Relaxing Travel Office Relocation

**Decision Being Analyzed**: Purchase home office equipment individually or contract with an IT component supplier.

**Option 1:** Make:

***Total Estimated Cost:*** *$9,600*

***Positives:*** *easy to go into a store to look and purchase equipment.*

***Negatives:*** *It may be a higher cost to purchase than to contract.*

***Positives:*** *Can be done quickly.*

***Negatives:*** *Not all supplies may be readily available in-store and may have to be ordered.*

**Option 2:** Buy:

***Total Estimated Cost:*** *Purchase: $8,400   Lease: $7,200*

***Positives:*** *If leasing you have the option to replace equipment with new improved versions.*

***Negatives:*** *Time-consuming contacting vendors, preparing requests and/or proposals, evaluating responses, and awarding contracts.*

***Positives:*** *Cost saving with bulk discounts. Could possibly save between $1200 to $2400 if buying versus-making.*

***Negatives:*** *You will have to research and negotiate contracts.*

**Cost Difference:** The cost difference between making versus buying is approximately $1200 and if choosing to lease $2400.

**Recommendation:** It is recommended to lease the equipment through a vendor. Though leasing may cost more in the long run, leasing will free up cash for other financial needs because of lower upfront costs compared to buying outright. Leasing will also allow for easier upgrades.