

PART A (40 points): Fill in the missing “Total Lifetime Costs” and “Total Lifetime Benefits” on the following chart. Use the completed chart to prepare the following:

- Payback analysis
- Return on Investment analysis
- Net Present Value analysis

For present value analysis, assume a desired rate of return of 14.00%. Be sure to show your calculations if you do the calculations manually. If you choose to do the calculations on a spreadsheet program, using embedded functions, simply print out the completed spreadsheet.

	Year 0	Year 1	Year 2	Year 3	Year 4
Development Costs	1,050,000				
Operating Costs	--	200,000	350,000	300,000	300,000
Total Life Time Costs					
Benefits	--	1,300,000	650,000	520,000	500,000
Total Life Time Benefits					

PART B (40 points): Complete the following PERT chart. All activities are identified as a path between two events. Use the table included with the PERT chart as the basis for calculating the standard weighted average — $(OT + 4MLT + PT) / 6$ — for the activity times. Round all calculations to one decimal place. Show activity times, event times, and the critical path on the PERT chart. You need not redraw the PERT chart; simply fill in the activity times, event times, and critical path on the PERT chart supplied in the handout and turn that in.

Activity	Weeks (OT/MLT/PT)
1-2	3/5/7
1-3	5/7/9
1-4	1/2/3
2-3	3/4/8
2-4	1/3/5
2-5	3/4/5
2-5	5/7/9
3-5	3/5/7
3-6	2/4/6
4-5	2/4/6

Activity	Weeks (OT/MLT/PT)
4-7	2/4/6
5-6	1/4/7
5-7	1/3/5
5-8	3/4/5
6-8	3/6/9
6-9	2/4/6
7-8	1/2/3
7-9	2/4/6
8-9	2/3/5
8-9	2/3/4

Student Name: _____

Z-ID: _____

