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Company should analyze the supplier’s capability and their process structure before investing into it. The company decisions are very critical and they can affect a lot on the functioning of the company. Supplier’s main responsibilities are to meet the goals assigned by the company. Target of the supplier is to provide better goods supply on time without any issues to the company. Change in company requirements can be a great problem and also huge lose in the profits.

Company should have a good communication with the supplier. Company should give the detail description about the requirements they need such that it would be the main goal of the supplier. Supplier commitment towards the company would be the major priority, if the company is not satisfied with the supplier then it would be a great fault to the company. So, the decision making process is more important to the company and the trust by the company towards the supplier is very crucial.

Company uses some of the ratios available to analyze investment in the supplier. Some of the ratios that company uses are current ratio, Debt to equity ratio. In current ratio the company can look into the business can pay off its current liabilities with help of the current asserts. In debt to equity ratio it is calculated by using the total debt of the company by the total equity of the business. This clearly states that organization or company need the financial statements to understand the potential and success in the business.

There are many relevant and irrelevant cost associated with the financial statements of the business. All the future cost are not relevant in the decision making process all future cost are not sunk. Company have many relevant and irrelevant cost which can increase the budget depending on the business situations.

Screening decisions related to proposed project with the acceptance of the standards in the business. The company takes the screening decision which helps in maintaining the standards which is proposed and accepted. Preference decisions which applies in selecting the competitive course of action. Company can select the competitive course which helps the business in the capital budgeting decision.

Screening decision can be best because the company maintains all the standards in the market and also provides good quality and best production.

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