Module 5: Critical Thinking

Making a Choice

Project 1 requires an initial investment of $10 million and will cost $500,000 per month, after the second year. Project 2 only needs an initial investment of $1 million and will cost $50,000 a month after the first year. Project 3 will also require an initial investment of $10 million plus interest. However, project 3 will feature 12 residences, each selling for $450,000. Additionally, there will be a 110 unit complex, bringing in an extra $70,000 per month, after the second year. Unfortunately, only one project can be pursued. We will have to use a utilitarian approach where the greater good needs to be determined[2]. Therefore the project with roughly the lowest cost and quickest reward needs to be determined.

Project 1 appears to have a high cost with relatively low short term reward. However, project 1’s MAN network could really benefit the city and provide excellent long-term reward. A MAN network is a computer network that spans over an entire city[1]. Project 2 is significantly cheaper than project 1 and project 3. Plus the city will help recover some of the costs for project 2. Additionally, project 2 will probably take the least amount of time to complete and thus provide the shortest payback period. However, project 2 may provide a lower overall return on investment compared to the other projects. Project 3 seems to be the most expensive project and might take the longest to complete. However, project 3 could provide the highest long term return on investment. It appears each project has their own set of pros and cons.

In order to keep the cost down and acquire the shortest payback period, project 2 seems to be a safe bet. Project 2 will be cheaper along with the help from the city. Plus the project should take significantly less time than the other projects, thus leading to a shorter payback period. Therefore, the project to be pursued will be project 2. The overall long term return on investment may not be the highest for project 2, however, given our goal of keeping the cost down and acquiring a short payback period, project 2 will be our winner.

References

[1] GfG. (2023, May 11). Man full form in Computer Networking. GeeksforGeeks. https://www.geeksforgeeks.org/man-full-form-in-computer-networking/

[2] Lingwall, J. (n.d.). What are challenges to utilitarianism?. Business Ethics 100 Questions. https://boisestate.pressbooks.pub/businessethics/chapter/what-are-the-pros-and-cons-of-utilitarianism/