

CLASS 24

Benefits of Selection of best items (machine) amongst two:

- **Cost Efficiency** – Selecting the machine that minimizes both purchase and running costs ensures money is spent wisely over its entire life.
- **Higher Productivity** – Choosing a machine with better speed, accuracy, or capacity increases output and operational efficiency.
- **Reduced Risk of Downtime** – A reliable machine reduces chances of unexpected breakdowns, preventing production delays and associated losses.
- **Informed Decision-Making** – Using analytical methods like life cycle costing or net present value allows managers to make objective, data-driven choices rather than relying on intuition.
- **Long-Term Profitability** – Considering both initial and operational costs helps select a machine that maximizes financial returns over time, supporting sustainable business growth.

Limitations of Selection of best items (machine) amongst two:

- **High Initial Investment** – The machine that is most efficient or reliable may have a high upfront cost, which can strain the organization's budget or limit funds for other projects.
- **Complex Analysis Required** – Selecting the best machine often involves detailed calculations like life cycle costing, net present value, or weighted scoring, which require expertise and accurate data.
- **Uncertain Future Costs** – Maintenance expenses, energy prices, or market fluctuations may change over time, making it difficult to predict the true long-term cost of the machine.

- **Time-Consuming Decision Process** – Collecting all necessary data, evaluating alternatives, and performing analytical comparisons can take considerable time, potentially delaying the purchase or replacement.
- **Potential Resistance to Change** – Employees or management may be hesitant to switch to a new machine due to familiarity with the old equipment, required training, or fear of operational disruption.