



Cost-Benefit Analysis

Cost-benefit analysis is a simple approach used in the later phases of idea assessment. The technique uses subtraction to weigh 'costs' against 'benefits' and prioritise ideas. While both are often calculated on the basis of financial data, intangible costs, for example damage to customer reputation, and benefits may be considered also.

Using 'Cost-Benefit Analysis'

Step 1: All 'cost' elements of an idea are identified and valued.

Step 2: All 'benefit' elements of an idea are identified and valued.

Step 3: The 'costs' are subtracted from 'benefits' and the outcomes for ideas ranked.

Step 4: An idea is selected on the basis of the ranking.

