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Abstract

This paper presents a framework to help decisions makers better measure the opportunity cost of resources with different granularity. We characterize resources by the intrinsic lumpiness of acquisition (acquisition granularity), storability of benefits (expiration granularity), and control over the rate of consumption of available benefits (consumption granularity). We illustrate how these concepts can help make better decisions and yield sharper insights into observed practices.

Keywords: storability  Opportunity cost, Resource management, Time-based costing, Resource granularity, Costing and decision-making, cost systems.

JEL Codes: M40, M46