



Capital Planning and Approval

Investment in equipment and other capital projects should always yield measurable operational or process improvements. It is important not to underestimate the return, and to have a complete understanding of the goals and objectives. Establishing clear guidelines that all managers and departments can follow will speed up the decision and implementation process.

Capital Planning and Approval should be an integral part of Annual Business Planning as the cash and finance requirements will impact the final Budget and Business Plan.

Experiences

- *Defining clear return on investment measures is necessary to be consistent with your strategy*
- *Clearly defining the process for approval of capital outlay saves time and money*
- *Developing a "Return on Capital" calculation will quantify the return on investment and clarify the real cost of the capital improvement.*
- *Rebuilding existing equipment can be a viable and cost-effective option*

Principles

- Establish clear objectives for the performance and capital investment
- Focus on quick return – 12 months, and under if possible
- Verify actual change with calculated return

Goals

- Improve margin and reduce labor costs when investing in capital for production
- Upgrade and invest in capital efficiently
- Establish a formal process for capital purchases
- Connect to company strategy

Subprojects

- Return on Investment Template
- Define the Capital Purchasing Process
- Financing Alternatives
- What Questions Should Be Asked (What are the "pitfalls?")
- Change Management for Projects

Measurements

- Months before return on investment
- Capacity performance
- Quality measure/ratio

Deliverables

- Documented evaluation process
- Performance measure for capital purchases
- Templates and forms
- Documented project process

Jacquard's Profit Projects®

- Straightforward, proven and universally applicable
- Focused and customized to a company's unique needs
- Easily understood by all employees
- Take only 16 weeks to complete

What they do for you ...

- Improve customer delight
- Build greater market share
- Increase profitability and cash
- Strengthen leadership
- Align people with company goals