

Capital Budgeting Solution

A Best Practice Approach to Creating an Optimal Facilities Capital Budget

How does your organization determine which capital projects to fund? Does each department or division get an equitable piece of the pie? Perhaps high-profile projects garner the bulk of the funding. Or the “squeaky wheel” gets the grease.

While capital projects represent a significant investment for an organization, the process used to determine which projects to fund is often highly subjective. Perhaps this is not surprising given the many overlapping and competing considerations and priorities involved, as well as the many stakeholders – each with their unique perspective – in the decision making process.

Create a capital budget that:

- Aligns spending with long-term organizational objectives
- Reflects stakeholder consensus about organizational priorities
- Employs a consistent rationale for prioritizing capital needs
- Focuses investments where they will have the greatest business value

A Solution for Optimal Capital Budgeting

VFA helps organizations ensure that capital spending aligns with business priorities and that facility investments are optimized to support long-term goals and objectives. Designed with input from facilities managers and institutional planners, VFA’s solution unites the art of collaboration and consensus building with the science of hierarchical decision making to deliver a best-practice approach to capital budgeting.

In addition to enabling your organization to optimize capital allocations based on business priorities, VFA’s solution provides a clear, consistent rationale for investment decisions. It gives all stakeholders visibility into established priorities, and the ability to understand how those priorities impact capital funding decisions.

Five Steps to a Better Budget

- 1 Establish the Team** We begin by working with your organization to define the team responsible for establishing key goals, objectives and responsibilities. The team typically includes representatives from Finance, Facilities, Operations and Executive Management.
- 2 Create a Common Understanding** VFA provides the team with an overview of facility assessment and capital planning processes, including:
 - Assessment terminology
 - Categorization methods
 - Cost estimation
 - Metric calculations
 - Funding strategies

