

How to defeat the ‘Capital Monster’

Q&A

Your company needs to manage capital effectively to ensure long-term growth and profitability. Yet if you’re consistently coming in over or under your capital budget, you may be falling prey to the capital monster. The capital monster wreaks havoc on your organization by causing financial stress and holding money back from the projects that generate the highest returns.

What do the companies that have defeated their Capital Monster do well?

Let’s take a look at the best practices in capital planning.

How do successful companies build their capital plans?

Strategically and right from the start. Companies with best-in-class capital planning build an accurate and strategic plan from the get-go. This means a data-driven approach to solidify proper forecasting and a firm basis for future decision-making. Projects are prioritized

objectively based on data most relevant to the company’s overall growth strategy and need, rather than on a case-by-case basis of politics and personal relationships.

How do companies that meet their capital targets manage their spend?

Holistically and consistently. Companies that manage capital planning and project execution as a single, continuous process from start to finish are best able to stay on target. This means they define and empower a centralized group or program management office to drive governance, communication and a transparent process for executives and delivery teams alike. This allows them to track adherence and manage proactively instead of just reacting to the loudest stakeholders. And they always keep the enterprise goal of growth in mind.

How do successful companies monitor their progress against capital plan?

By leveraging a single, best-in-class technology platform. They take advantage of new tools to integrate data across the capital project life cycle, which includes construction management, project management and capital planning. A single platform systematically collects and disseminates relevant data and contains historical information for reference. This objectivity and transparency support projection for future capital needs.

What is the single most important factor to building an efficient, effective and actionable capital plan?

Having the right skills in place to drive the plan. The team or unit providing oversight has deep understanding of projects, real estate, finance, corporate strategy, and analytics. They coordinate

disparate teams and information, and work with vendors knowledgeable about capital program management to guarantee expertise from the start or ramp up internal capabilities quickly. Most importantly, this skilled team is customized to your business’ needs, culture, and strategic demands.

Defeat the Capital Monster with a customized approach

JLL works with the best companies worldwide to defeat the capital monster and stay on target within two percent of capital plan. Depending on your organization’s readiness as well as the scale and scope of your capital budget, JLL offers a range of solutions to empower your organization—from small changes with immediate impact to advanced processes that further maximize your productivity and growth.

