

STRATEGIC CAPITAL INVESTMENT ANALYSIS & CAPITAL BUDGETING



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Introduction

Strategic Capital Investment Analysis & Capital Budgeting Training Course prepares finance and investment professionals to appraise major capital commitments with rigour and defend them with evidence. Participants work through investment analysis, discounted cash flow modelling, risk-adjusted appraisal, capital rationing, and post-investment review as one connected discipline. The programme links the strategic case for an investment with the cash flows and risks that determine whether it delivers. As a result, learners gain a repeatable appraisal method rather than a set of ratios. Furthermore, the course strengthens analytical judgement, capital allocation discipline, and the reporting that withstands board and audit scrutiny.

Strategic Capital Investment Analysis & Capital Budgeting Course Objectives

- Structure a capital investment appraisal from concept to recommendation.
- Apply incremental cash flow analysis with relevant cost principles.
- Appraise projects using payback, discounted payback, NPV, and IRR.
- Apply profitability index and equivalent annual annuity comparison.
- Calculate cost of capital, WACC, and appropriate hurdle rates.
- Apply nominal and real cash flow treatment with inflation adjustment.
- Apply risk-adjusted appraisal: sensitivity, scenario, and Monte Carlo concepts.
- Apply real options thinking: defer, expand, contract, and abandon.
- Conduct capital rationing and portfolio selection under resource limits.
- Apply post-investment review, benefits tracking, and capital governance.

Course Methodology

- Interactive sessions built on capital investment and appraisal cases.

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- Workshops on DCF modelling, hurdle rate setting, and risk-adjusted appraisal.
- Group exercises on scenario appraisal, capital rationing, and board papers.
- Hands-on practice with NPV and IRR models, sensitivity tables, and appraisal templates.
- Simulation of an investment committee review and a capital rationing decision.
- Facilitator coaching and peer review on personal appraisal frameworks.

Who Should Take This Course

- Corporate finance and investment analysts.
- Finance managers, controllers, and management accountants.
- Treasury and capital planning professionals.
- Project finance and project controls professionals.
- Investment committee members and board advisors.
- Consultants advising on capital allocation and appraisal.

Strategic Capital Investment Analysis & Capital Budgeting Course Outlines

Day 1: Capital Investment Foundations

- Types of capital investment: growth, replacement, compliance, and strategic.
- The capital budgeting process from proposal to post-investment review.
- Incremental cash flow principles and relevant costing.
- Sunk costs, opportunity costs, and cannibalisation effects.
- Working capital and tax treatment in investment cash flows.
- Payback and discounted payback as screening tools.
- Case discussion: an approved project with a negative net present value.





Day 2: Discounted Cash Flow and Decision Rules

- Net present value (NPV) as the primary decision rule.
- Internal rate of return (IRR) and its limitations.
- Modified internal rate of return (MIRR) concepts.
- Profitability index and capital efficiency comparison.
- Equivalent annual annuity for unequal project lives.
- Discounted cash flow model construction and validation.
- Workshop: building and defending a DCF appraisal model.

Day 3: Cost of Capital and Risk Adjustment

- Cost of equity, cost of debt, and the weighted average cost of capital (WACC).
- Hurdle rates, divisional rates, and risk-adjusted discount rates.
- Nominal versus real cash flows and inflation treatment.
- Terminal value estimation and long-horizon projection.
- Sensitivity analysis and scenario switching.
- Monte Carlo simulation concepts and when they add value.
- Exercise: setting a defensible hurdle rate for a project class.

Day 4: Risk, Options, and Capital Rationing

- Risk classification and project risk profiling.
- Real options thinking: defer, expand, contract, and abandon.
- Decision trees for staged investment decisions.
- Capital rationing: hard and soft constraints.
- Portfolio selection under resource limits.



- Risk registers and mitigation planning for capital projects.
- Simulation: allocating capital across competing projects and assessing a staged investment.

Day 5: Governance, Approval, and Post-Investment Review

- Building the investment case and board paper.
- Approval gates, delegation limits, and investment committee discipline.
- Financing the investment: funding mix and maturity matching.
- Post-investment review and benefits realisation tracking.
- Audit readiness, documentation, and decision traceability.
- Lessons learned and improving future appraisal quality.
- Capstone: presenting a capital investment appraisal and recommendation.

Conclusion

By successfully completing Strategic Capital Investment Analysis & Capital Budgeting, participants will gain a practical command of investment appraisal, discounted cash flow analysis, cost of capital, and risk-adjusted decision-making. They will acquire skills in NPV and IRR modelling, hurdle rate setting, real options thinking, capital rationing, and post-investment review that support disciplined capital allocation. Gentex Training Center designs the programme to help professionals appraise capital investments with confidence.

FAQs



Q1 What is the "Strategic Capital Investment Analysis & Capital Budgeting" course about?

It prepares finance and investment professionals to appraise major capital commitments with rigour and defend them with evidence. The course spans capital investment foundations, discounted cash flow and decision rules, cost of capital and risk adjustment, risk, options and capital rationing, and governance, approval and post-investment review.

Q2 What are the key benefits of the "Strategic Capital Investment Analysis & Capital Budgeting" course?

You gain a repeatable appraisal method rather than a set of ratios. The course improves cash flow analysis and DCF modelling, strengthens hurdle rate and risk adjustment judgement, sharpens capital rationing decisions, and gives you governance and post-investment review routines that hold up to board scrutiny.

Q3 What skills will I gain from the "Strategic Capital Investment Analysis & Capital Budgeting" course?

You will develop four core skills: capital investment appraisal with incremental cash flow analysis, discounted cash flow modelling with NPV and IRR, cost of capital and risk-adjusted appraisal, and capital rationing with real options and post-investment review.



Q4 What tools, methods, or standards are covered in the "Strategic Capital Investment Analysis & Capital Budgeting" course?

The course covers incremental cash flow analysis, relevant costing, sunk, opportunity and cannibalisation cost treatment, working capital and tax treatment, payback and discounted payback, net present value (NPV), internal rate of return (IRR), modified internal rate of return (MIRR), profitability index, equivalent annual annuity, discounted cash flow model construction and validation, cost of equity and cost of debt, weighted average cost of capital (WACC), hurdle rates and risk-adjusted discount rates, nominal versus real cash flows and inflation treatment, terminal value estimation, sensitivity analysis and scenario switching, Monte Carlo simulation concepts, risk classification and project risk profiling, real options thinking (defer, expand, contract, abandon), decision trees, hard and soft capital rationing, portfolio selection under resource limits, risk registers and mitigation planning, approval gates and delegation limits, investment committee discipline, funding mix and maturity matching, post-investment review and benefits realisation tracking, and audit readiness and decision traceability.

Q5 How is the "Strategic Capital Investment Analysis & Capital Budgeting" course applied in real-world practice?

Participants apply it to real work such as building and defending a DCF appraisal model, setting a defensible hurdle rate for a project class, running sensitivity and scenario analysis on a major investment, allocating capital across competing projects under a budget constraint, and presenting a capital investment recommendation to an investment committee. The same methods support post-investment reviews and benefits tracking.