

# REINVENTING THE DREADED BUDGETING PROCESS: HOW TO BUILD A SUCCESSFUL MULTI-YEAR CAPITAL RENEWAL PROGRAM

**RothNotes**  
series

Across all sectors of facility asset management, there is often hear a familiar refrain: "Our budgeting process is broken." Many organizations dread this annual cycle, knowing it fails to maximize their limited resources. Yet, year after year, the process persists, largely unchanged.

**This RothNotes covers how a structured, multi-year capital renewal program can optimize resources, align with strategic priorities, and create a more transparent and effective budgeting process.**

## The Foundation of a Multi-Year Plan

A successful multi-year capital renewal program is built on strategic, intentional planning. For many institutions this means aligning facilities upgrades with long-term accommodation plans (LTAPs).

The goal is consistency. By systematically identifying and prioritizing projects, this framework provides stakeholders with a clear, transparent view of capital renewal over a multi-year horizon.

Key to success: Treat this as an ongoing process, revisiting and refining the plan annually.



## Financial Flexibility: Balancing Certainty with Adaptability

A well-designed program typically spans 3 to 5 years. The first year's projects are fixed, ensuring immediate priorities are addressed. Subsequent years remain flexible, enabling organizations to adapt to emerging needs, funding shifts, or unforeseen circumstances.

This flexibility is vital. By balancing certainty and adaptability, organizations can respond effectively to changing priorities without losing sight of their long-term goals.

## Data: The Backbone of Capital Planning

Accurate data is non-negotiable. Understanding the condition of your buildings and sites is the starting point but the quality of your plan depends on keeping this data up to date.

Condition data alone isn't enough. Effective capital planning also incorporates information on:

- **Regulatory compliance (e.g., asbestos, hazardous materials).**
- **Energy efficiency.**
- **Accessibility.**
- **Program needs.**

By integrating these data streams, organizations can make informed decisions that go beyond immediate repair needs to address broader strategic goals.



## Prioritization: Moving Beyond Condition Data

Even with robust data, budgets often fall short of addressing all needs. So, how do you decide what comes first? This is where multi-variable prioritization (MVP) comes into play.

MVP evaluates projects using a range of criteria—condition, regulatory compliance, program alignment, and more—weighted according to your organization's unique priorities. It's a powerful way to ensure your decisions reflect not just physical needs but also strategic objectives.

Developing an MVP system involves collaboration across stakeholders to define key categories and establish scoring. The result? A transparent, data-driven process that aligns investments with organizational goals.

## Reporting and Communication: Keeping Stakeholders Aligned

A multi-year capital renewal program thrives on clear, consistent communication. Here's how to stay on track:

1. **Annual plan review and approval:** Revisit priorities and refine the multi-year plan.
2. **Monthly updates:** Share progress with senior leadership and governance authorities.
3. **Project management tools:** Use frameworks for tracking, reporting, and process improvement.

4. **Stakeholder engagement:** Conduct satisfaction surveys to ensure alignment with expectations.

These practices foster accountability and buy-in, transforming the budgeting process from a dreaded chore into a collaborative effort.

## Closing the Loop: Project Closeout and Reporting

Capital planning doesn't end when projects are completed. Closing the loop involves:

- Archiving completed projects
- Updating lifecycle events
- Generating reports

This final step ensures your efforts feed seamlessly into the next planning cycle, creating a continuous improvement loop.



## Starting the Cycle Again

As one cycle ends, another begins. Deferred projects must be revisited, and priorities re-evaluated to reflect changing needs and circumstances. Adjustments to your MVP system or strategic objectives should also be integrated.

This iterative approach ensures your program evolves alongside your organization's goals, staying relevant year after year.

## Final Thoughts

How satisfied are you with your current budgeting process? If it feels like a grind that yields mediocre results, it's time for a change. As Henry Ford famously said, *"If you always do what you've always done, you'll always get what you've always got."*

