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COURSE BROCHURE

# Behavioural Biases in Capital Budgeting Training Course

11 – 15 October 2027
Barcelona

# Behavioural Biases in Capital Budgeting Training Course

**Ref:** 2260_83926 **Date:** 11 – 15 October 2027 **Location:** Barcelona **Fees:** 5600 GBP

Behavioural Biases in Capital Budgeting is a 1-week training course for finance business partners, planning analysts and capital committee members, and it centres on a debiased capital proposal review checklist for an investment committee. Large projects routinely overrun their budgets and miss their benefit forecasts, and much of the gap traces back to predictable judgement errors made long before approval. Jupiter Prime Training offers this course to the people who prepare and challenge investment cases.

## Why Behavioural Biases in Capital Budgeting Matter Now

Three groups now press finance teams to look at how capital decisions are made, not only at the numbers. Boards and audit committees ask why approved projects keep delivering less than promised. Lenders and shareholders scrutinise capital discipline as interest costs stay high. Operational sponsors compete harder for a limited envelope, which rewards confident forecasts over honest ones. An organisation that recognises optimism, anchoring and escalation of commitment allocates capital to projects that actually return it; one that ignores them funds the most persuasive presenter. The course draws on behavioural decision research and established forecasting practice, described in general terms.

## Who Gains Most from Behavioural Biases in Capital Budgeting

- Finance business partners responsible for building and stress-testing project business cases
- Planning analysts responsible for cash flow forecasts, scenarios and sensitivity tables
- Capital committee members responsible for challenging proposals and approving funding
- Project sponsors responsible for presenting investment requests and benefit estimates
- Internal reviewers responsible for post-investment reviews and lessons logs

Investment committees gain most when the analysts who prepare proposals and the members who approve them attend together, because both sides carry biases into the room.

## Behavioural Biases in Capital Budgeting Capabilities

Participants learn to spot where judgement bends a forecast and to install checks that straighten it before money is committed.

- Assess a business case for optimism, anchoring and overconfidence signals — the capital committee
- Apply reference-class forecasting to cost, schedule and benefit estimates — project sponsors
- Design pre-mortem and red-team sessions for major proposals — the chief financial officer
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Weigh sunk costs correctly in continue-or-stop decisions on live projects — the steering board
- Specify kill criteria and stage gates that limit escalation of commitment — portfolio owners
- Build post-investment reviews that feed calibration back into forecasting — the planning function

## Key Behavioural Biases in Capital Budgeting Terms

- Optimism bias — the tendency to forecast costs, durations and benefits more favourably than comparable past outcomes justify
- Anchoring — over-reliance on an initial figure, such as a first estimate, when making later judgements
- Sunk-cost fallacy — letting money already spent, rather than future cash flows, drive a decision to continue
- Escalation of commitment — increasing investment in a failing course of action to justify earlier choices
- Reference-class forecasting — predicting an outcome from the actual results of a set of similar past projects
- Pre-mortem — a session in which a team imagines a project has failed and lists the reasons why

## Behavioural Biases in Capital Budgeting Day by Day

### Day 1: How Judgement Shapes Capital Allocation

- Dual-Process Thinking — Recognising Fast and Slow Judgement in Approvals
- Planning Fallacy Evidence — Why Large Projects Overrun Cost and Time
- Strategic Misrepresentation — Separating Honest Error From Advocacy Pressure
- Capital Request Incentives — How Sponsor Rewards Inflate Benefit Claims
- Bias Inventory for the Committee — Mapping Where Judgement Enters Decisions

### Day 2: Forecasting Biases in the Business Case

- Optimism Bias Uplifts — Adjusting Cost and Schedule Estimates
- Anchoring on First Estimates — Resetting Baselines Before Approval
- Overconfidence in Ranges — Widening Scenario Bands to Realistic Spreads
- Confirmation Bias in Assumptions — Seeking Disconfirming Market Evidence
- Benefit Realisation Claims — Testing Volume, Price and Timing Promises

### Day 3: Debiasing Methods and Outside Views

- Reference-Class Forecasting — Building Distributions From Comparable Projects
- Pre-Mortem Sessions — Surfacing Failure Modes Before Commitment
- Red-Team Challenge — Assigning Structured Dissent to a Proposal
- Independent Estimate Checks — Comparing Sponsor and Reviewer Numbers
- Hurdle Rate Padding Versus Explicit Adjustment — Choosing the Honest Correction

## Day 4: Committee Decisions and Live Projects

- Group Dynamics in Committees — Countering Groupthink and Authority Effects
- Sunk Costs in Continue-or-Stop Reviews — Focusing on Future Cash Flows
- Escalation of Commitment Signals — Setting Kill Criteria and Stage Gates
- Decision Journals — Recording Rationale for Later Calibration
- Post-Investment Reviews — Comparing Outcomes With Approved Forecasts

## Day 5: Practising the Debiased Capital Proposal Review Checklist

- Forecast Challenge Questions — Applying Day 2 Bias Tests
- Outside-View Adjustments — Applying Day 3 Reference Classes
- Stage Gates and Kill Criteria — Applying Day 4 Commitment Controls
- Committee Role-Play on a Live Case — Testing the Challenge Sequence
- Debiased Capital Proposal Review Checklist — Completed Draft for the Committee

## Applying Behavioural Biases in Capital Budgeting After the Course

- Run a pre-mortem on the next capital proposal due before committee and log the failure modes it raises
- Assemble a reference class of five completed projects and compare their actual cost overruns with the current estimate

## Behavioural Biases in Capital Budgeting Questions FAQ

### What are Behavioural Biases in Capital Budgeting and why do they matter now?

They are predictable judgement errors, such as optimism and anchoring, that distort project forecasts and approvals. They matter now because capital is costly and boards want approved projects to deliver what was promised.

### Which roles gain most from Behavioural Biases in Capital Budgeting training?

Finance business partners, planning analysts and capital committee members gain most, along with project sponsors who present investment requests.

### How does Behavioural Biases in Capital Budgeting differ from an investment appraisal course?

Investment appraisal courses teach discounting, cost of capital and risk models. This course examines the human judgement behind the inputs and the committee decisions, and adds debiasing methods to existing appraisal practice.

## What do you bring back from Behavioural Biases in Capital Budgeting training?

You bring back a debiased capital proposal review checklist: forecast challenge questions, outside-view adjustments, stage gates with kill criteria and a decision journal format.

## Behavioural Biases in Capital Budgeting: The Way Forward

The debiased capital proposal review checklist gives the investment committee a tested basis for its first decision on the next major request: whether the forecast survives an outside view. Analysts use it while preparing cases and members use it in the room. After its first use, revisit the reference class, since a few completed projects can shift calibration.