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Capital Project Ranking and Hurdle Rate Setting Training Course

18 – 22 January 2027
Geneva

Capital Project Ranking and Hurdle Rate Setting Training Course

Ref: 2347_87824 **Date:** 18 – 22 January 2027 **Location:** Geneva **Fees:** 6500 GBP

Capital Project Ranking and Hurdle Rate Setting is a 1-week training course for finance managers and project appraisal analysts who decide which proposals receive scarce capital, building a project ranking model. Rising funding costs and crowded capital requests mean boards now ask why one project beat another, not only whether each clears a target return. Jupiter Prime Training offers this course on Capital Project Ranking and Hurdle Rate Setting.

Why Capital Project Ranking and Hurdle Rate Setting Matters Now

Three pressures shape project choice today: volatile interest rates, business units competing for the same funds, and investors expecting returns above the risk they carry. An organisation that sets differentiated hurdle rates and ranks proposals consistently funds the projects that create value. One that applies a single rate to every proposal quietly overfunds risky ventures and starves safe ones. The course rests on net present value NPV, internal rate of return IRR and the weighted average cost of capital WACC.

Who Gains Most from Capital Project Ranking and Hurdle Rate Setting

- Staff who prepare cash flow cases for new plants, branches, systems and acquisitions
- Analysts who estimate the cost of debt and equity for divisions and projects
- Managers who consolidate capital requests into an annual spending envelope
- Reviewers who challenge sponsor assumptions before proposals reach the investment committee
- Treasury staff who match approved spending to available funding

A finance function gains most when planning, treasury and business-unit analysts attend together.

Capital Project Ranking and Hurdle Rate Setting Capabilities

Participants leave able to turn competing capital requests into a ranked, funded shortlist.

- Calculate NPV, IRR, modified IRR and discounted payback for a proposal — sponsor sign-off
- Build divisional and project WACC estimates from market inputs — hurdle rate policy
- Apply risk premiums by project class — investment committee
- Rank mutually exclusive and independent projects with profitability index logic — capital rationing
- Test cases with sensitivity, scenario and break-even analysis — board challenge
- Communicate a ranked shortlist with funding and timing trade-offs — chief financial officer

Key Capital Project Ranking and Hurdle Rate Setting Terms

- Hurdle rate — the minimum return a project must earn to be accepted, set to reflect its cost of funds and risk.
- Net present value — the sum of a project's future cash flows discounted at the hurdle rate, less the initial outlay.
- Internal rate of return — the discount rate at which a project's net present value equals zero.
- Weighted average cost of capital — the blended cost of debt and equity funding, weighted by their share of total finance.
- Profitability index — present value of future cash flows divided by the initial investment.
- Capital rationing — a situation where acceptable projects need more funds than the organisation will commit in a period.

Capital Project Ranking and Hurdle Rate Setting Day by Day

Day 1: Capital Requests and Relevant Cash Flows

- Capital Request Templates — Comparing Proposals On A Common Basis
- Incremental Cash Flow Rules — Excluding Sunk And Allocated Costs
- Working Capital And Terminal Value — Completing The Project Horizon
- Tax Shields And Depreciation Effects — After-Tax Project Cash Flows
- Inflation Consistency Checks — Matching Nominal Flows With Nominal Rates

Day 2: Decision Measures and Their Traps

- Payback And Discounted Payback — Liquidity Screens For Early Filtering
- NPV Calculation Steps — Value Created For Shareholders And Lenders
- IRR And Modified IRR — Reinvestment Assumptions And Multiple Roots
- Scale And Timing Conflicts — When NPV And IRR Disagree
- Unequal Project Lives — Equivalent Annual Annuity Comparisons

Day 3: Setting the Hurdle Rate

- Cost Of Debt Estimation — Yields, Spreads And After-Tax Effects
- Cost Of Equity Via CAPM — Beta Selection And Market Premium
- WACC Assembly — Target Capital Structure Versus Current Weights
- Divisional And Project Rates — Pure-Play Comparables And Unlevering
- Risk Class Premiums — Expansion, Replacement And New Venture Rates

Day 4: Risk Adjustment and Rationing Choices

- Sensitivity And Break-Even Tables — Identifying Value-Critical Assumptions
- Scenario Cases — Downside, Expected And Upside Outcomes For Committees
- Certainty Equivalents Versus Rate Premiums — Choosing A Risk Method
- Profitability Index Ranking — Selecting Projects Under A Spending Cap
- Multi-Period Rationing And Deferral — Timing Projects Across Budget Years

Day 5: Practising the Project Ranking Model

- Cash Flow Case Rebuild — Applying Incremental Rules To A Sponsor Proposal
- Hurdle Rate Schedule — Applying WACC And Risk Class Premiums
- Stress Test Pack — Applying Sensitivity And Scenario Analysis
- Investment Committee Pitch — Defending Rank Order And Trade-Offs
- Project Ranking Model — Combining Measures, Rates, Risk And Budget Cap

Applying Capital Project Ranking and Hurdle Rate Setting After the Course

- Recalculate the hurdle rate for each risk class from current market inputs and compare it with the single rate in use.
- Re-rank the open capital requests using the profitability index and present the funded shortlist to the finance director.

Capital Project Ranking and Hurdle Rate Setting Questions FAQ

What is capital project ranking and hurdle rate setting, and why does it matter now?

It is the discipline of setting minimum required returns by risk and ordering competing projects for funding. It matters now because funding costs move faster than budget cycles and boards expect reasons for every choice.

Which roles gain most from capital project ranking and hurdle rate setting?

Finance managers, project appraisal analysts and treasury analysts gain most. You benefit most if you prepare, challenge or consolidate capital requests or estimate the cost of capital.

How does capital project ranking and hurdle rate setting differ from a longer investment appraisal course?

A longer investment appraisal course spends extra days on simulation, real options and post-investment review. This 1-week course concentrates on deriving hurdle rates by risk class and ranking projects under a fixed budget.

What do you bring back from capital project ranking and hurdle rate setting?

You bring back a working project ranking model. It holds after-tax cash flows, decision measures, a hurdle rate schedule, stress tests and a ranked shortlist.

Capital Project Ranking and Hurdle Rate Setting: The Way Forward

The project ranking model first informs which proposals enter the next annual capital budget and which are deferred. Planning analysts maintain it, and the investment committee uses its rank order and stress tests to decide. After the first budget round, revisit the risk class premiums against actual project outcomes.