



The CapEx Impact Report

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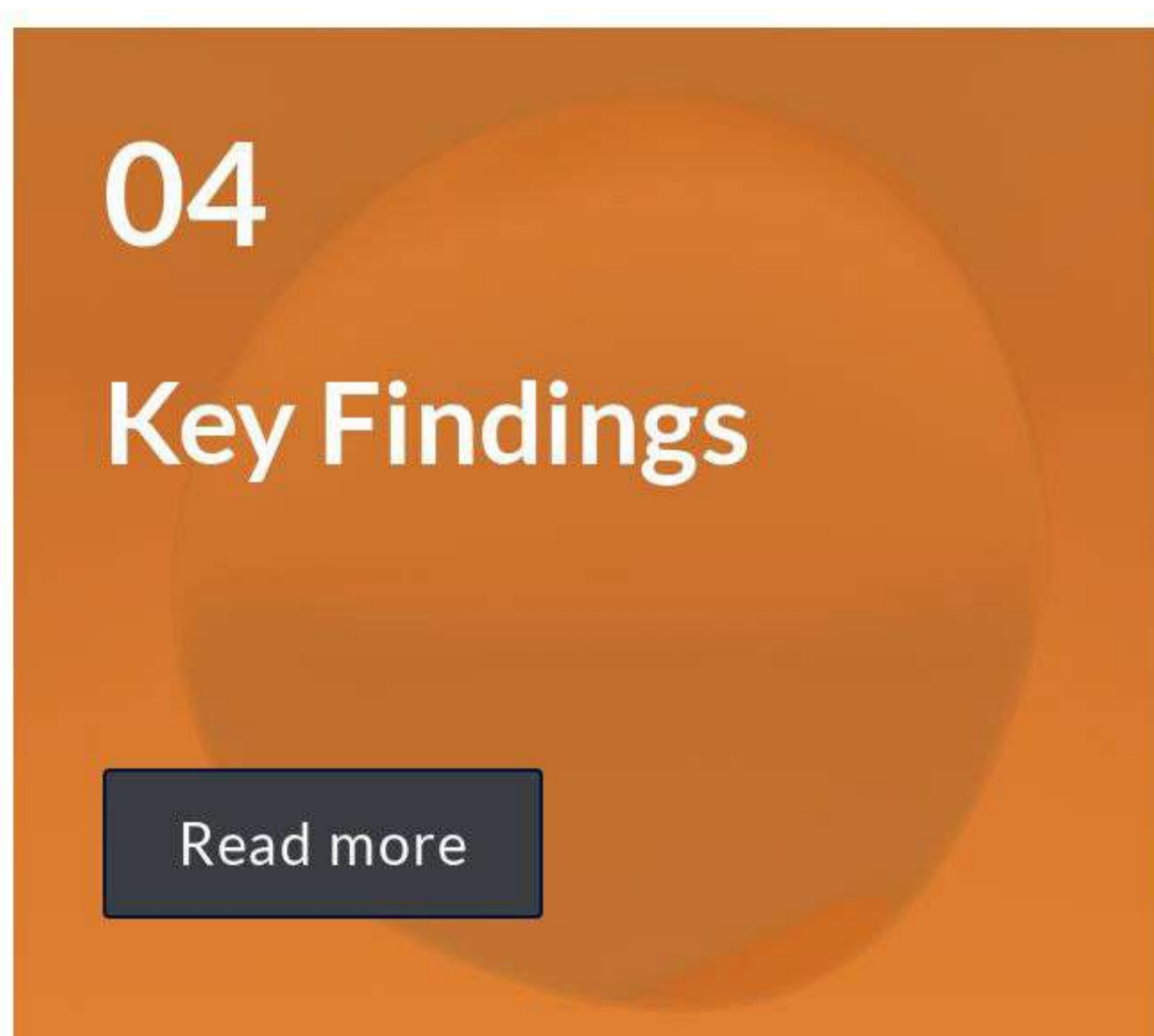
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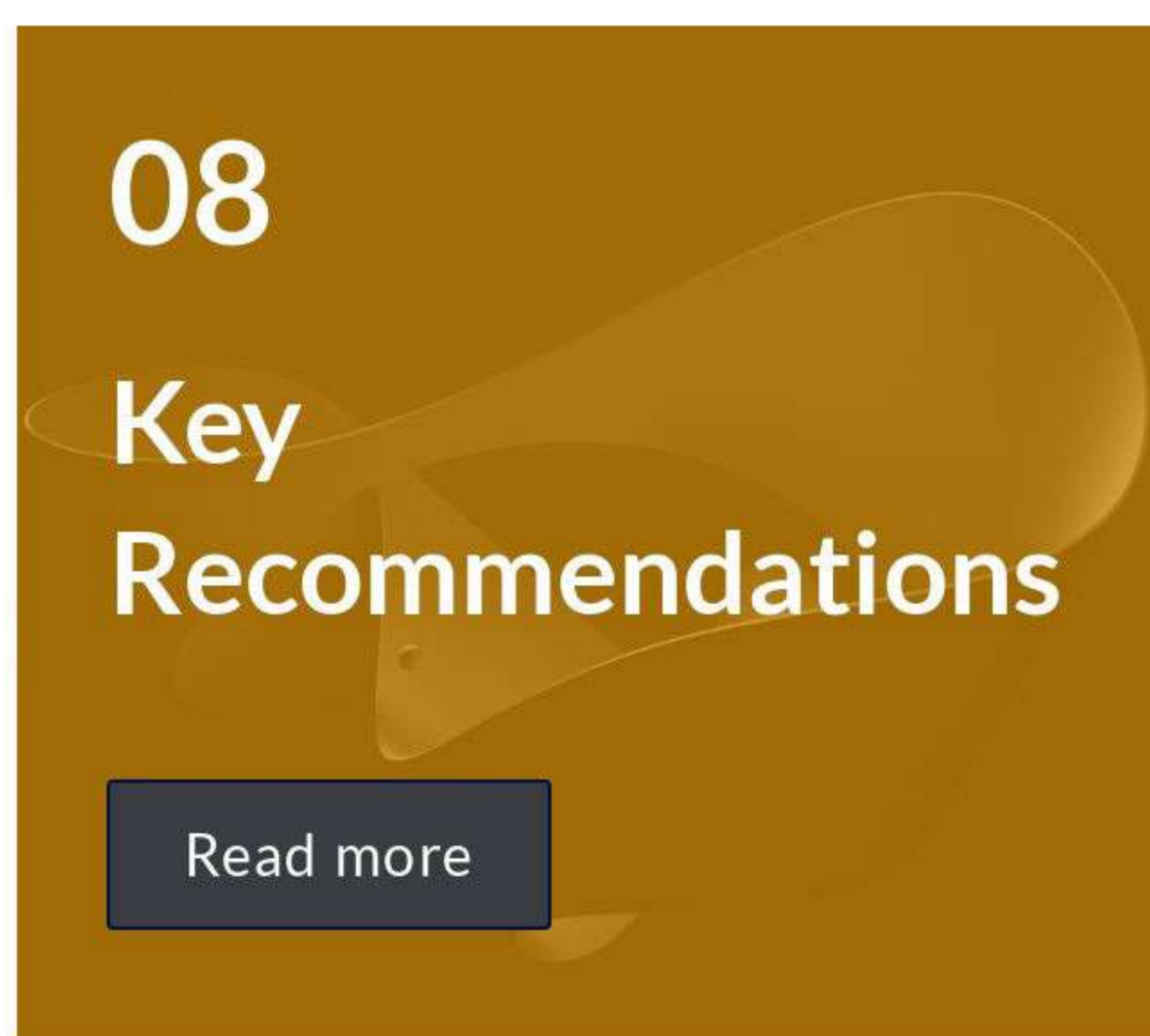
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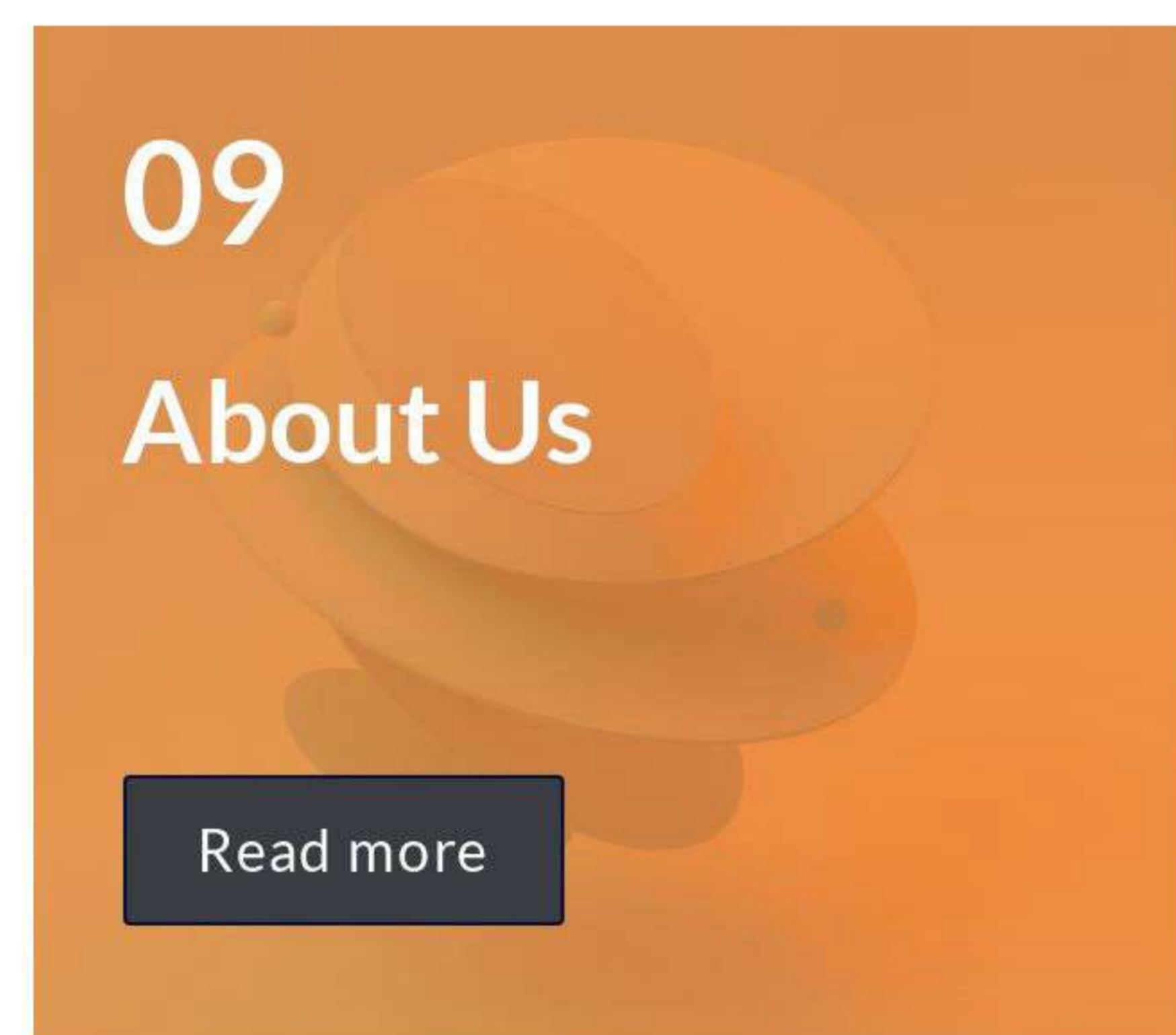
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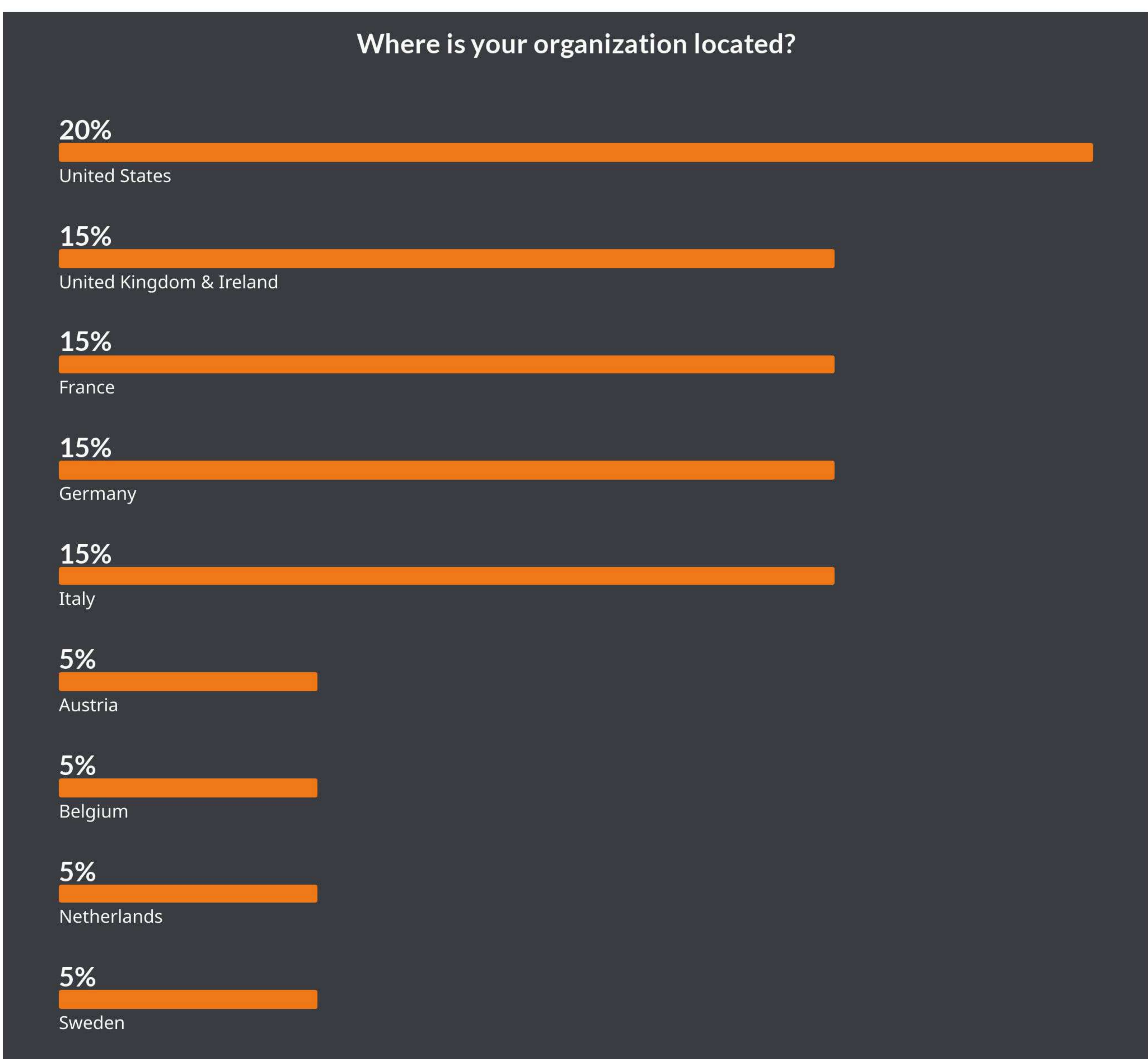
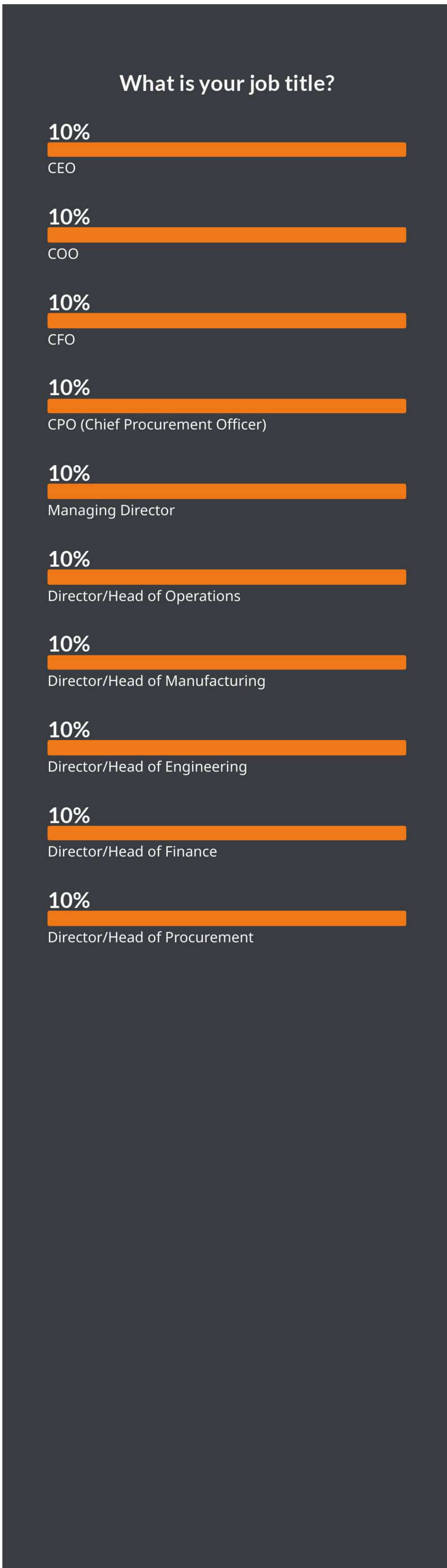
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EFESO Management Consultants presents its inaugural CapEx Impact Report, offering a comprehensive analysis of how capital expenditure influences business strategies and outcomes across various industries.

In Q4 of 2024, we conducted an in-depth survey of 200 industry leaders, including C-levels and Senior Executives in Finance, Procurement, Manufacturing, Operations, Engineering from diverse sectors globally. Our aim was to gain valuable insights into the opportunities and challenges associated with CapEx management optimization in today's dynamic business environment.

The survey was conducted via telephone appointments, with results compiled and anonymized by WBR. The findings are presented here with expert analysis and commentaries from EFESO Management Consultants, providing valuable insights into current CapEx trends, best practices, and future outlook.



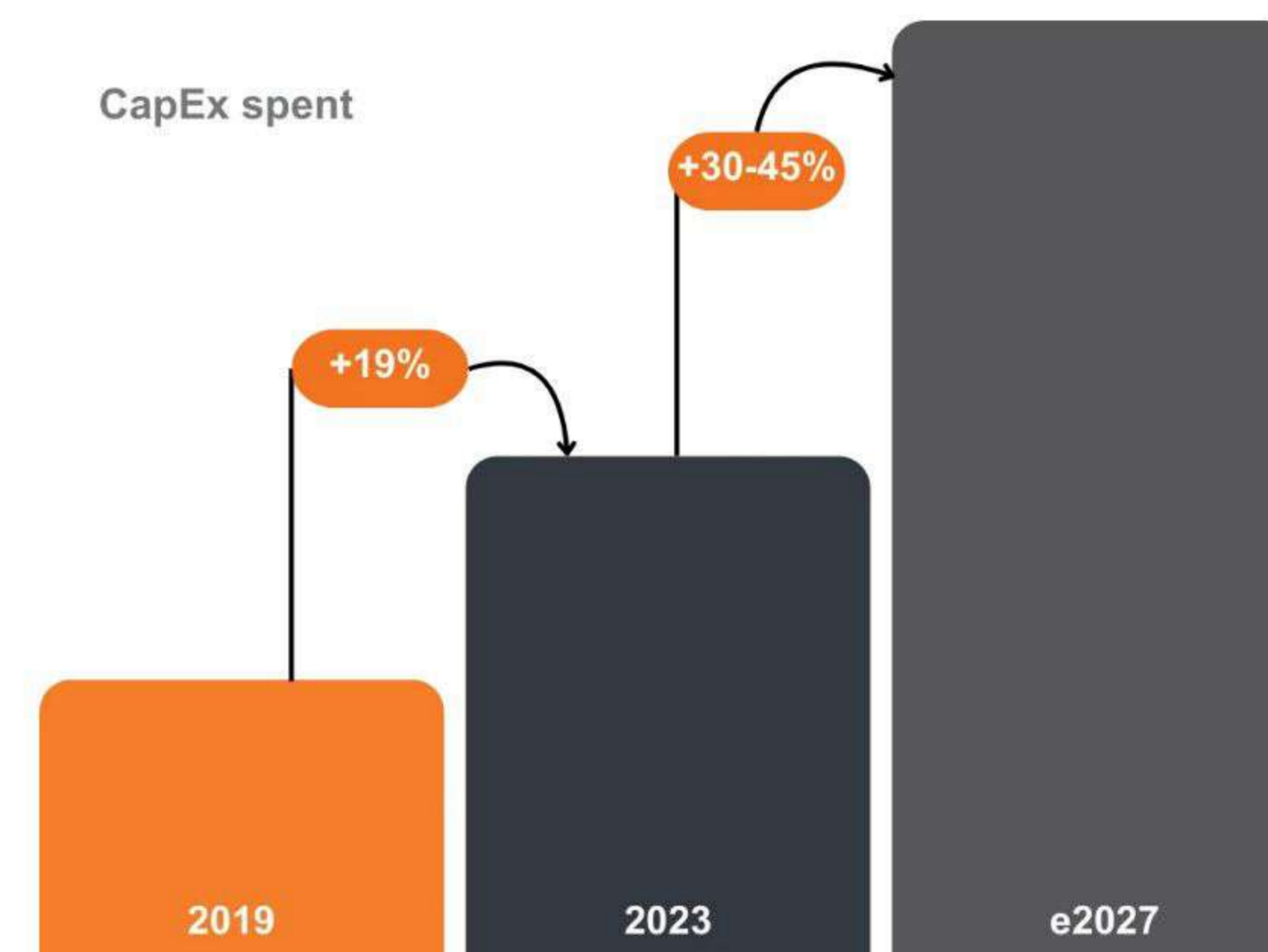
Survey Context

Background of this study

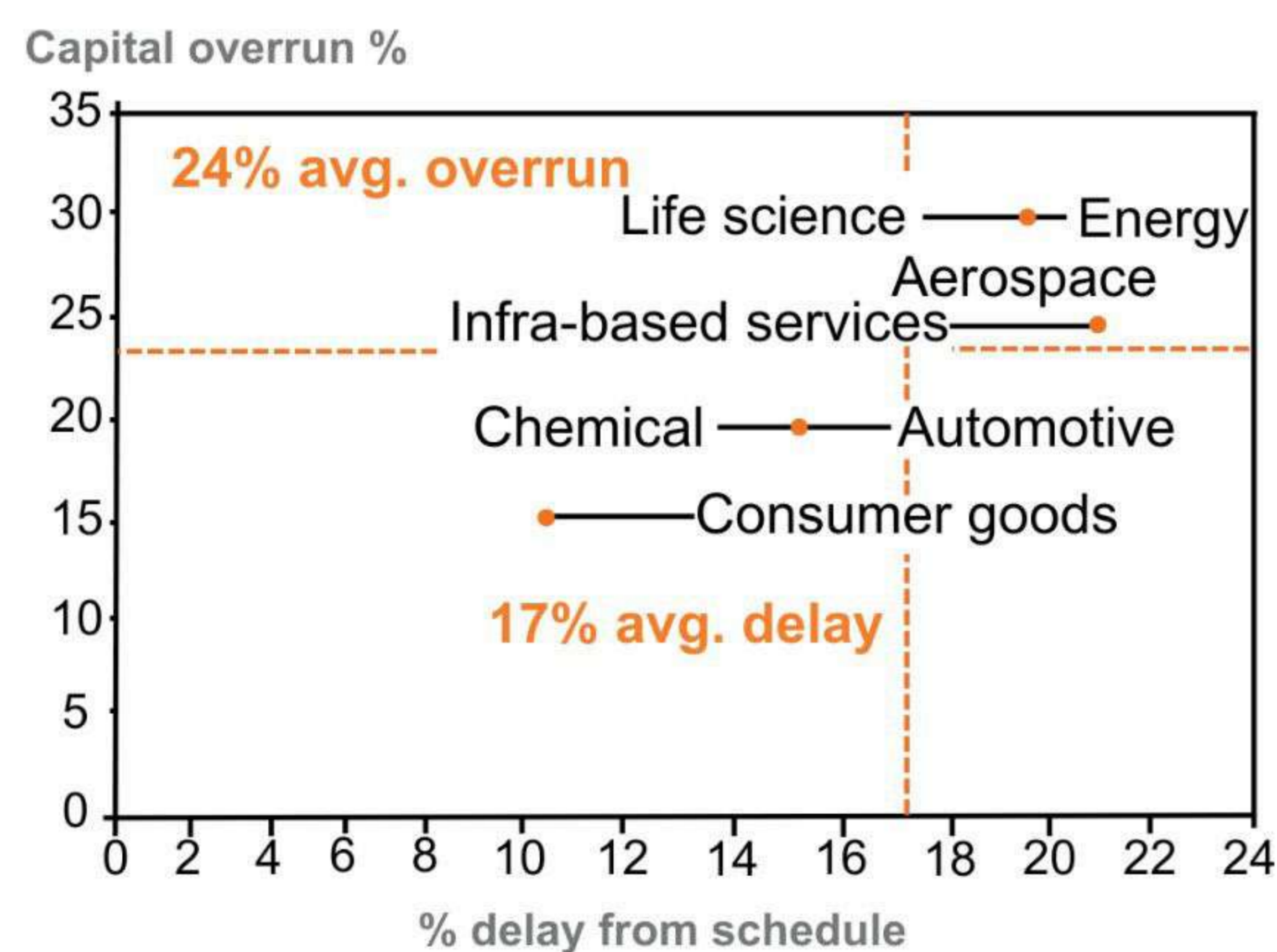
Globally, businesses are expected to undergo an unprecedented wave of capital spending by 2027.

Our analysis indicates that annual CapEx by industrial companies will grow by 30-45% by 2027, compared to a 19% increase from 2019 to 2023. Key drivers include decarbonization, digitalization, and the recalibration of global production and supply networks.

However, our research also highlights a significant challenge: most businesses are unprepared to execute with the required speed and efficiency. This has led to 24% of CapEx projects experiencing budget overruns and 17% facing delays.



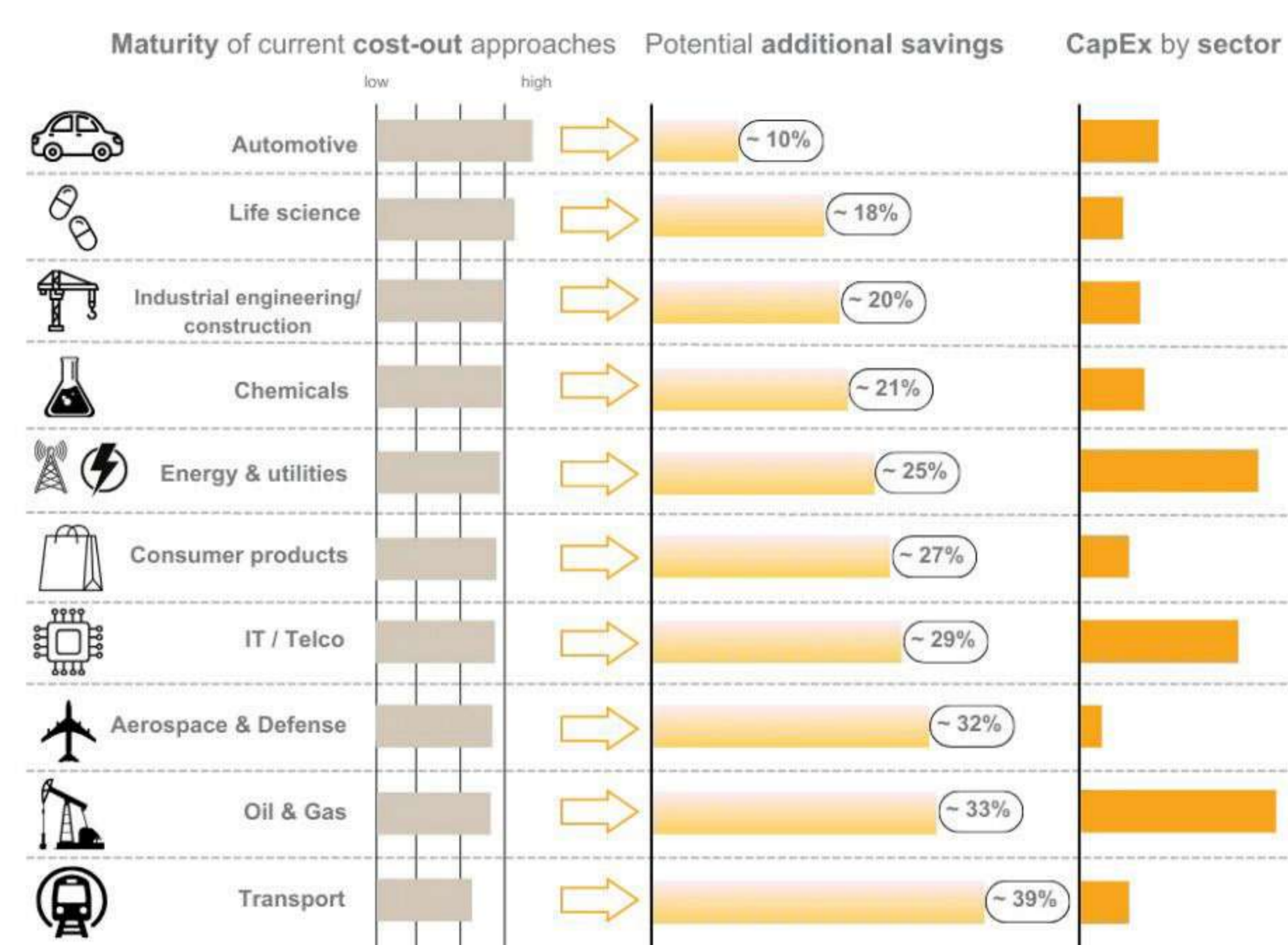
Expenditure and delay by industry



Over the recent years, EFESO Management Consultants has supported over 1,000 CapEx programs globally and observed a pronounced gap in maturity between leading and lagging organizations.

Additionally, the potential transfer and application of proven best practices across industries remains limited. Sectors such as Energy & Utilities, Telecommunications, and Oil & Gas—those expected to invest the most in the coming years—often demonstrate the least capability in managing CapEx effectively.

Given the evident disparities in optimization maturity, the urgency to act is clear. It is time to better understand where the industry stands, the key challenges identified by leaders, and the actions prioritized to address these challenges.



Mastering the Art of Effective CapEx in Turbulent Times

Long-term investments, commonly referred to as CapEx, are fundamental to entrepreneurial success. Yet, the current landscape for investment decisions is exceptionally challenging:

On the one hand, businesses face substantial changes requiring significant investment. These challenges include technological disruptions, shorter product lifecycles, demographic shifts, and the restructuring of global production and supply chains.

On the other hand, high interest rates and bleak economic outlooks have significantly increased refinancing costs, complicating access to necessary funds for upcoming investments.

In this environment, businesses must carefully evaluate where, how, and when to invest. This task is further complicated by the growing unpredictability of global crises and unstable political conditions.

These factors pose additional challenges for CapEx projects, as unlike operational expenditure (OpEx), CapEx lacks the flexibility to adjust dynamically to market fluctuations.

Long-term capital commitments can strain businesses heavily if market predictions fail to materialize. Optimizing CapEx has thus become critically important.

Fortunately, businesses have numerous strategies to enhance the use of existing assets, reduce or eliminate investment needs, and in many cases, free up capital tied to CapEx.

This study explores various perspectives on long-term investments and provides smart, efficient strategies for sustainable CapEx optimization.

We wish you an engaging and informative read.

*Jost Kamenik, Member of EFESO's Group Executive Committee & CEO
Business Global Industry Transformation Group*

[Visit our CapEx website](#)

Key Findings

1

CapEx in turbulent times

In today's turbulent economic climate, businesses are facing unprecedented challenges. This means the need for more effective CapEx optimization has never been greater. We asked our survey respondents to share why they are prioritizing future CapEx projects. The top drivers were supply chain resilience (53%), transformation business (52.5%) and sustainability (46.5%). In the face of uncertainty, leaders are prioritizing resilience and the need to adapt to changing markets and environmental pressures.

2

Investing for the future

Budgeting for CapEx projects is an essential part of running a successful business. Our survey found that most respondents (70.5%) expect to spend 10-30% more on CapEx over the next three years. This trend highlights the strong commitment to long-term growth and staying competitive across industries. Leaders recognize the need to invest in assets, technology and infrastructure to improve efficiency and keep up with the rapidly changing market.

3

The need for management

CapEx management is critical for businesses. An overwhelming majority of survey respondents rated it as either important (52.2%) or very important (45.5%). This near-unanimous agreement showcases that businesses understand the importance of CapEx management for strategic planning, cost savings and return on invested capital (ROIC).

4

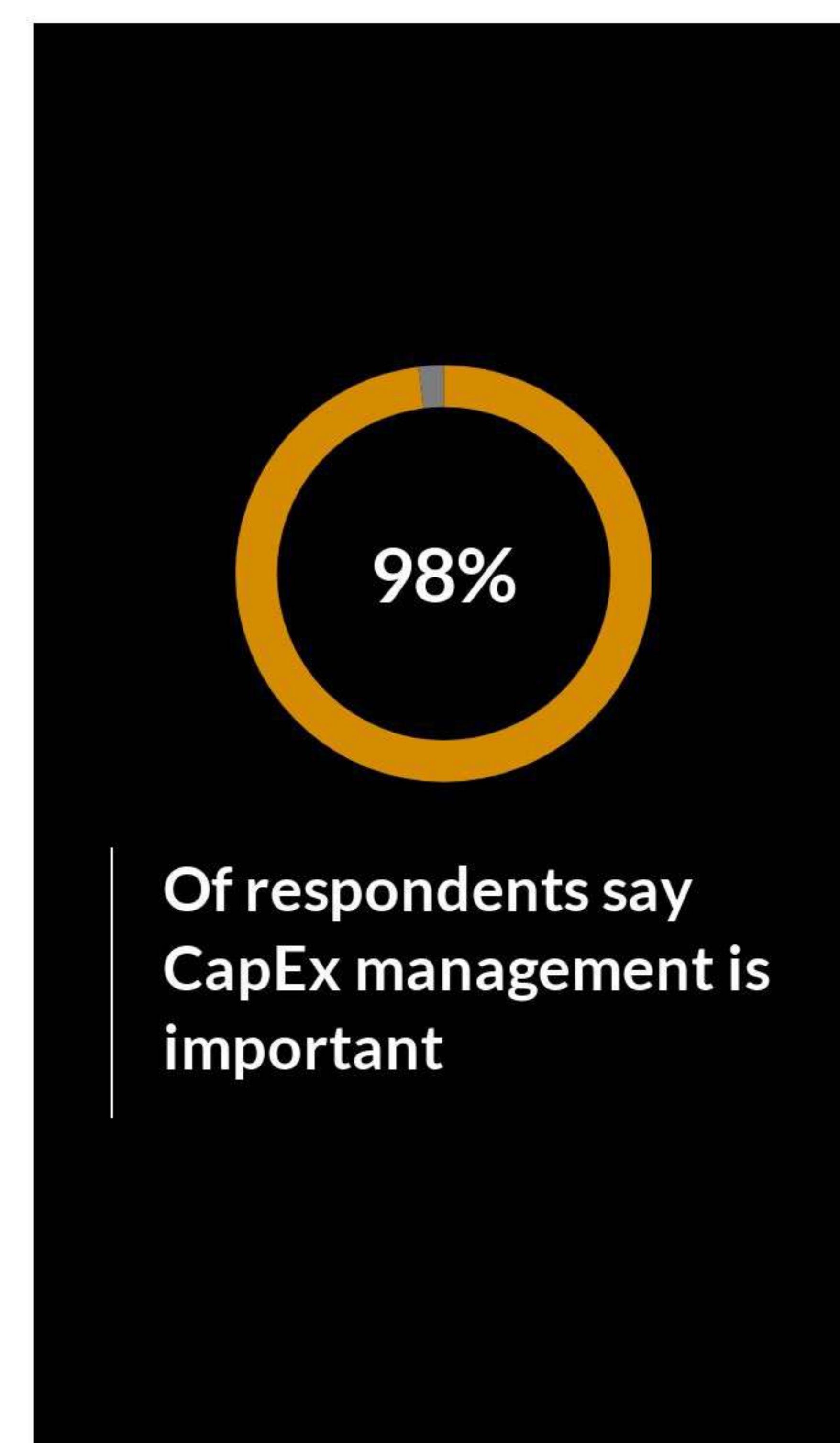
CapEx crossroads

Innovation is not free from challenges and our survey showcases the key challenges industry leaders face when delivering their CapEx projects. Two key issues emerged as predominant concerns, with 50% tackling the increasing cost of equipment and 47% noting the decision-making process as a substantial challenge. These findings highlight the complex landscape of CapEx management in today's business environment, where financial pressures and organisational dynamics play crucial roles.

5

Prioritize execution

Project execution and procurement are the top priorities for improving CapEx projects, with 63% and 61% of respondents respectively identifying these as key areas in need of improvement. Value engineering, while less prominent, was still recognized by 39% of participants as an important focus for optimization. These findings underscore the significant challenges organisations face in effectively managing and implementing their capital expenditure projects. The emphasis on project execution suggests that many companies struggle with timely and efficient project delivery, while the focus on procurement indicates potential issues in cost management and supplier relationships.





CapEx Optimization: A Must Have

CapEx optimization is no longer a choice but a must have. Long-term investments are urgently needed in today's rapidly changing landscape and CapEx projects need to be reliable, innovative and highly efficient to drive organizations into the future. Our survey respondents showcased the opportunities these projects present to unlock potential. However, it is important to understand exactly why there is a drive for future CapEx Projects.

The world is changing, and so are the priorities of business leaders. Our survey showed the top drivers when it comes to future CapEx projects are supply chain resilience (53%), transformation of business (52.5%) and sustainability (46.5%).

Businesses are strategically aligning their investments with resilience, innovation and sustainability – three critical pillars for navigating challenges with the current economic and environmental landscape. By prioritizing these drivers, companies aim to future-proof their operations, enhance competitiveness, and meet evolving stakeholder expectations, signalling a shift towards more forward-thinking and sustainable business practices.

The drive is evident. However, organizations must have a process for budgeting their CapEx to continue to grow in a profitable way. Survey respondents were asked to share exactly how much their organization is planning to spend on CapEx from 2025 to 2027. The majority (70.5%) are budgeting for 10% to 30%. Notably, not a single responding said less.

Leaders are clearly optimistic about their growth prospects, but they have not lost sight of the importance of having a solid budgeting process. In fact, when asked how important CapEx management is to their organizations, just 2% answered not important. The rest of the responses were split between very important (45.5%) and somewhat important (52.5%). The focus is on growth and supporting long-term success. This reflects the strategic mindset where businesses understand the balance between investing for the future and ensuring those investments are managed effectively.

As industries stand at the crossroads of unprecedented challenges and opportunities, the strategic importance of CapEx optimization has never been more evident. Our survey findings paint a clear picture: businesses are not just acknowledging the need for capital investments; they are embracing it with vigour and vision. The race to optimize CapEx is on, and it promises to reshape industries, redefine competitiveness, and unlock new frontiers of growth in an ever-evolving global landscape.

Skip to:

Question 1: What are the main drivers for your future CapEx projects?

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Question 2: What does your organisation expect to spend on CapEx over the next three years?

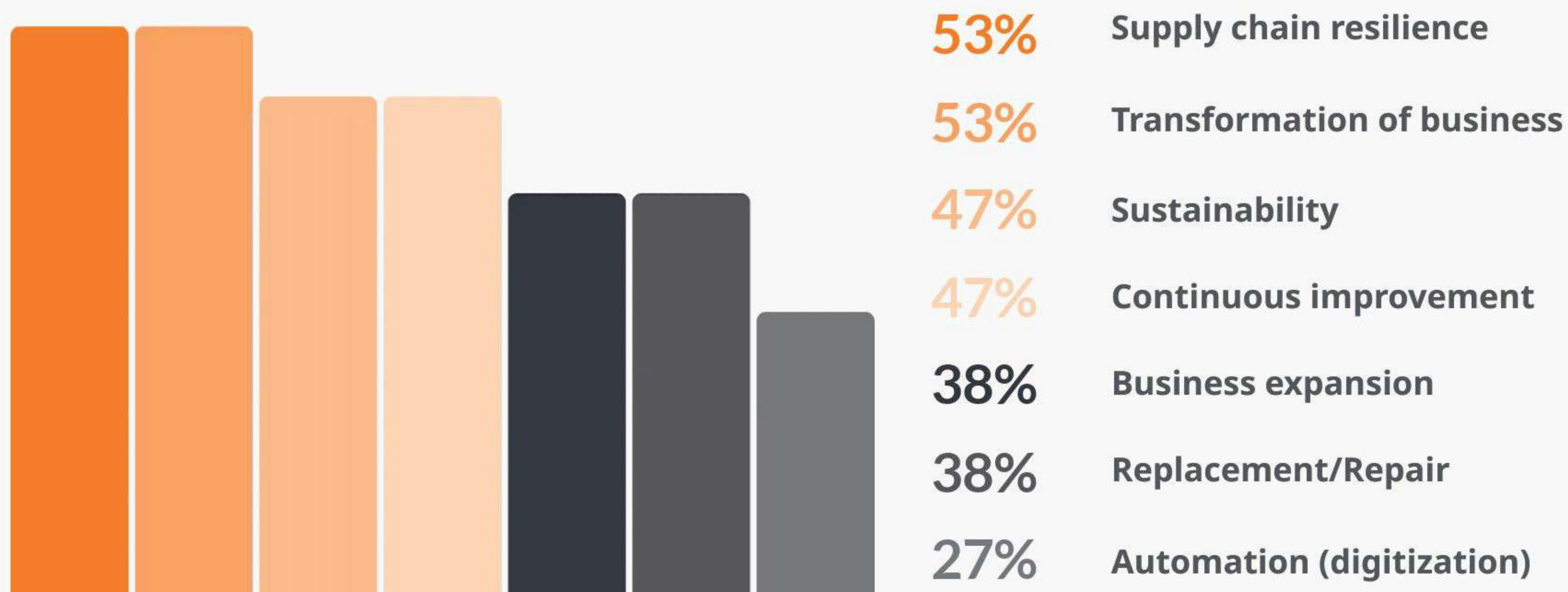
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Question 3: How important is CapEx management for your organisation?

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What are the main drivers for your future CapEx projects?

(Respondents were asked to select three options)



"The survey reinforces our awareness of the remarkable shifts in the global economy. Embracing these changes offers a fantastic opportunity to position oneself strategically for future business success!"

Bas Koetsier, Senior Partner and Global Lead CapEx Excellence at EFESO

What does your organization expect to spend on CapEx over the next three years (2025-2027) compared to the previous three years (2022-2024)?



How important is CapEx management for your organization?



Part Two

The challenges of CapEx

Balancing Risks and Rewards: Optimizing CapEx for Competitive Advantage

The drive towards CapEx optimization is clear but to achieve a competitive edge, organizations must be prepared to adopt the risks along with the benefits. Challenges are dependent on industry and circumstance but addressing them is key to improving the efficiency and success rate of CapEx projects, ultimately contributing to better overall business performance and competitiveness.

However, we must better understand the biggest pain points to better tackle them. When asked what their most significant challenges are when delivering CapEx projects, half of respondents shared they are struggling with the increasing cost of equipment and 47% are trying to overcome decision-making processes. This indicates the top challenge in delivering projects is financial and organizational. Not addressing these could result in delays, cost overruns, and complications.

The overall satisfaction with CapEx projects appears to be quite positive, with 71% of respondents expressing satisfaction. The fact that no one reported being "highly satisfied" may point to a general recognition that even successful projects could be further optimized. The very low percentage of "unsatisfied" respondents (1.5%) indicates that significant problems or failures are uncommon.

If more leaders are to become highly satisfied, it is important to understand where there is room for improvements in CapEx projects. Project execution (63%) and procurement (61%) are viewed as the most important areas for improvement, indicating inefficiencies or challenges in how projects are managed, and how materials are sourced.

Looking ahead, the future of CapEx projects lies in addressing these key points and focusing on areas ripe for improvement. Organizations that successfully navigate these challenges and capitalize on emerging trends will likely gain a significant competitive advantage. The coming years will see a greater focus on flexibility in CapEx planning, increased collaboration across departments, and a more holistic approach to measuring project success beyond just financial metrics. As the business world continues to evolve, so too will the strategies for optimizing CapEx projects, driving innovation, and creating lasting value for stakeholders.

Skip to:

Question 1: What challenges do you face when delivering your CapEx projects?

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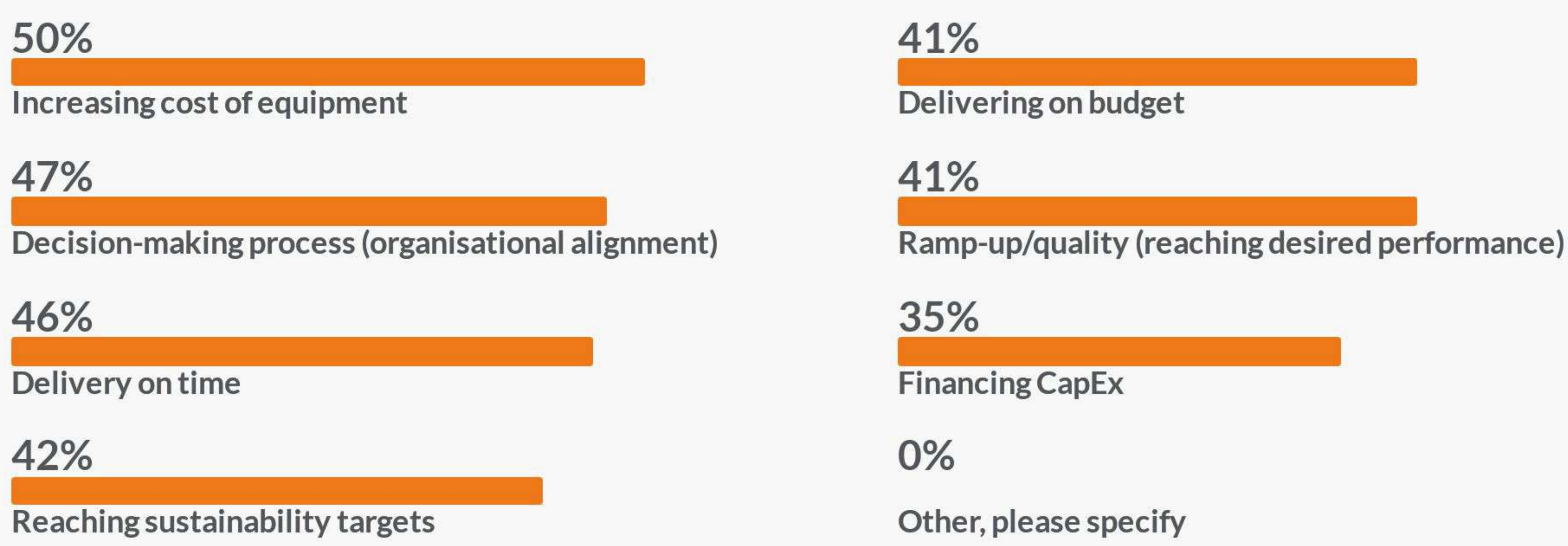
Question 2: How satisfied are you with your CapEx projects?

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Question 3: Where do you see room for improvement with your CapEx projects?

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What challenges do you face when delivering your CapEx projects? (Respondents were asked to select three options)



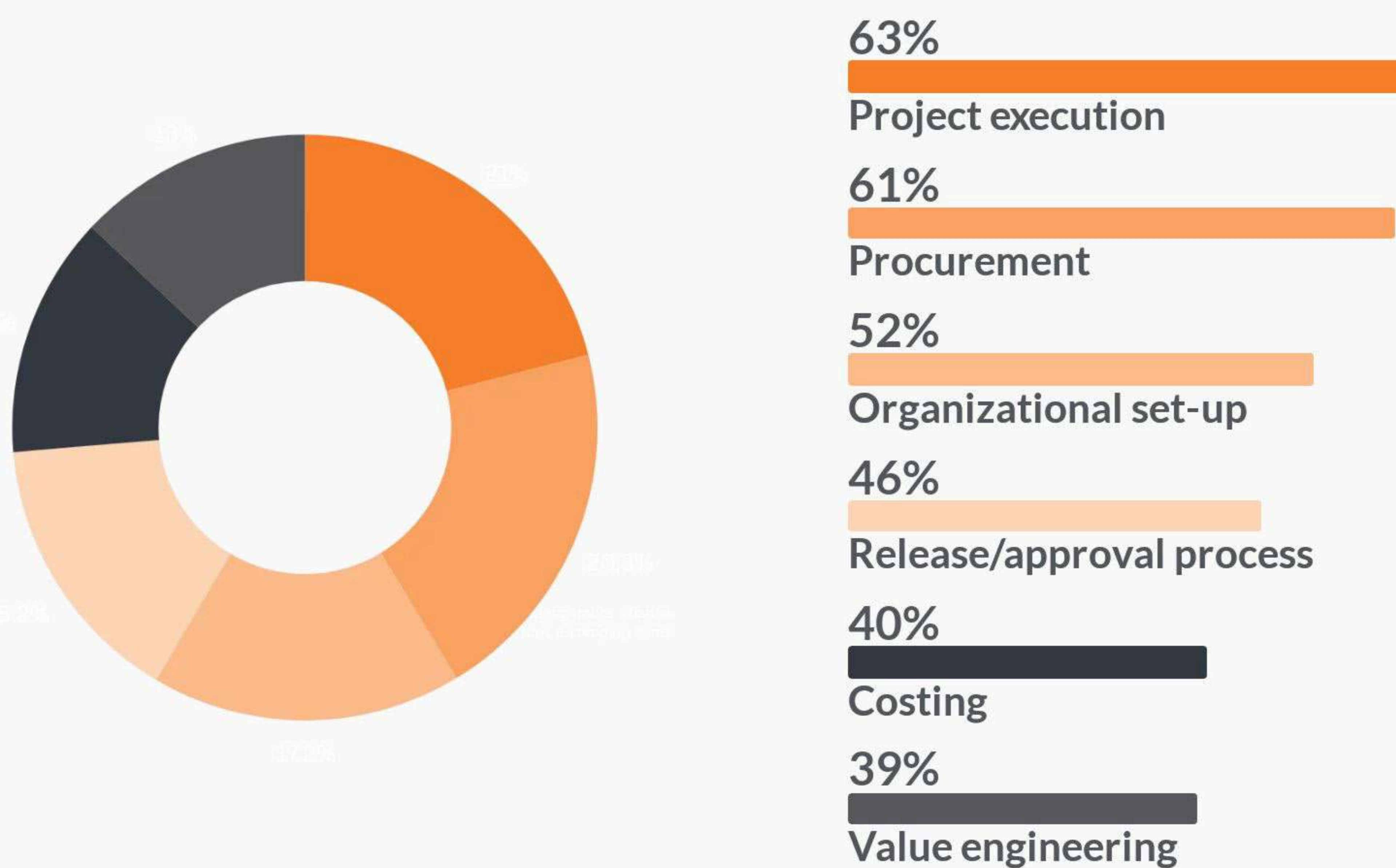
"The three frequently mentioned challenges require a high degree of coordination and collaboration across departments. The key to success lies in creating uniform and reliable processes, methods, and tools."

Oliver Briegel, Partner at EFESO

How satisfied are you with your CapEx projects?



Where do you see room for improvement with your CapEx projects? (Respondents were asked to select three options)



"Scaling machinery and equipment plays a vital role in navigating the exciting challenges of technology and market dynamics. We believe this response shows that companies need to prepare for changes ahead."

Bas Koetsier, Senior Partner and Global Lead CapEx Excellence at EFESO

Conclusion

The landscape of CapEx projects is evolving rapidly, presenting both significant opportunities and formidable challenges for businesses across industries.

As our survey of 200 industry leaders reveals, there is a clear drive towards CapEx optimization, with businesses recognizing its critical role in navigating an increasingly complex and competitive global environment.

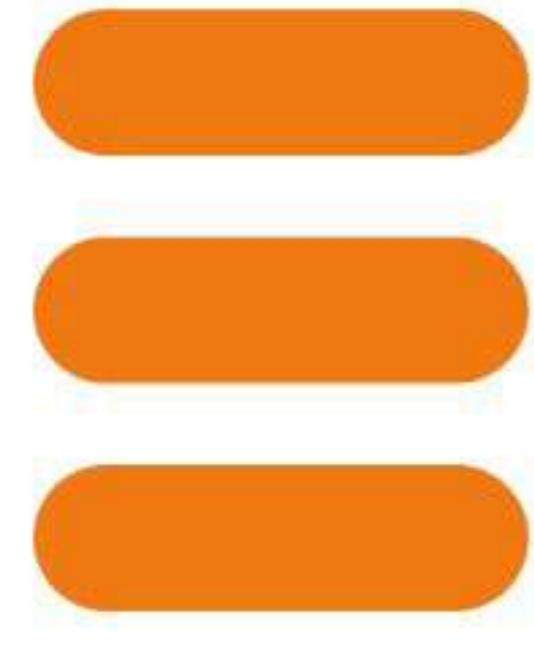
The opportunities presented by CapEx projects are substantial. Companies are strategically aligning their investments with resilience, innovation, and sustainability, aiming to future-proof their operations and enhance competitiveness. This is evident in the increasing budgets allocated to CapEx, with 70.5% of respondents planning to spend 10% to 30% more from 2025 to 2027. This optimism reflects a strong belief in the potential of well-managed CapEx projects to drive long-term success and growth.

However, the path to CapEx optimization is not without its challenges. Financial constraints, particularly the increasing cost of equipment, and organizational hurdles in decision-making processes emerge as the most significant obstacles.

These challenges, if not addressed effectively, can lead to delays, cost overruns, and complications that undermine the potential benefits of CapEx investments.

Despite these challenges, the overall satisfaction with CapEx projects remains positive, with 71% of respondents expressing satisfaction. This suggests that while significant problems are uncommon, there is still room for improvement, particularly in project execution and procurement.

As the business world continues to evolve, so too will the strategies for optimizing CapEx projects, driving innovation, and creating lasting value for stakeholders. The companies that can effectively balance the opportunities and challenges of CapEx optimization will be well-positioned to thrive in an increasingly complex and competitive global landscape.



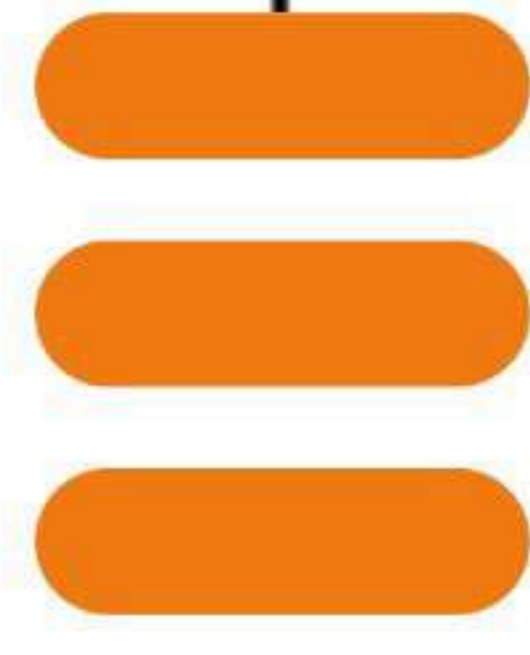
Conquer your CapEx costs

To address the challenge of rising equipment costs in CapEx projects, industry leaders should regularly review cost-saving initiatives, benchmark against industry best-practices, and draw insights from successful projects to adopt proven strategies. Additionally, leveraging advanced technologies, negotiating better supplier contracts, and optimizing equipment usage can further enhance cost efficiency and ensure long-term savings. By fostering a culture of continuous improvement and collaboration, organizations can stay ahead of cost pressures and maintain a competitive advantage.



Improving CapEx delivery

Leaders are still looking to increase their levels of satisfaction when it comes to delivering their CapEx Projects. To do so, leaders need to take a strategic approach to their CapEx management and align their strategies more closely with business objectives and implement robust approval processes. By adopting these strategies, leaders can transform their CapEx management processes, leading to improved efficiency, reduced costs, and better alignment with overall business objectives.



Investing in a greener future

Our survey suggests sustainability will become a key focus when it comes to CapEx projects. By incorporating sustainability considerations into CapEx decisions, businesses can future-proof their long-lived capital assets against emerging risks like climate change and resource scarcity. This approach helps avoid locking in features that could put assets at a competitive disadvantage in the future operating environment.

Thanks for reading. We would **love** to hear from you.

Whether you are looking to optimize your CapEx journey or would like to give us some feedback about the report, fill out the form and we will get back to you as soon as we can.

Leave a message

First name

Last name

Start a conversation with us

Your message

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About us



About EFESO

EFESO Management Consultants is the leading international pure player in operations strategy and performance improvement. We have been operating in the industrial environment over the last 40 years, working side-by-side with our clients to accelerate their transformation towards future-proof operations. We offer end-to-end operations, supply chain, capex optimization, and idea to value support, fully integrating process, human, digitech and Sustainability dynamics.

We stand for real, tangible and sustainable impact (not just concepts, estimates and slides), leveraging a combination of deep expertise and practical know-how "what works in reality"; a systemic approach, combining all dimensions that make the difference in the short and the long term; with an authentic collaboration, augmenting the motivation, insight and capability of all contributors.

We aim at contributing to a better and sustainable industrial world. Each year, we deliver over 1,000 projects for clients across our 35 offices around the world, helping them achieve outstanding business outcomes, and sustainable change. We serve a broad range of Industrial Sectors as well as Private Equity.

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[Visit our CapEx website](#)



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