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For Immediate Release

**REDESIGNING CAPEX STRATEGY
A Groundbreaking Systems Approach to
Sustainably Maximize Company Cash Flow**

By Fredrik Weissenrieder and Daniel Lindén

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“It’s easy to miss the revolutionary aspect of Fredrik and Daniel’s methodology, but it is nothing short of radical . . . This book shines a light on a sordid little secret which is that, actually, a lot of capital allocation is based on emotion. It’s not fact-based . . . **REDESIGNING CAPEX STRATEGY** doesn’t just redesign your capex strategy. In the process, you redesign your entire company’s future.” –John Williams, CEO, Domtar Corporation

**WHEN IT COMES TO CAPITAL EXPENDITURES,
TODAY’S COMPANIES GET IT WRONG**

**New Book Presents Revolutionary Approach For
Allocating Capital Expenditures That Will Not Only Maximize Cash
Flow, But Can Impact A Company’s Entire Future**

“Capital expenditures or ‘capex’ are at the heart of any industrial company’s future. Unfortunately, the way companies make capex decisions is completely wrong,” assert business experts Fredrik Weissenrieder and Daniel Lindén, authors of the new book, **REDESIGNING CAPEX STRATEGY: A Groundbreaking Systems Approach to Sustainably Maximize Company Cash Flow** (McGraw-Hill, September 6, 2022).

“The problem is that companies analyze capex projects the same way they have since the 1960s. They’ve had to; they had no other choice – until now.” In **REDESIGNING CAPEX STRATEGY**, Weissenrieder and Lindén present a radical solution, using a clear, easy-to-follow methodology to help companies start making capex decisions the right way. Their approach has proven enormously successful, because it measures improvement of company cash flow, instead of capex project cash flow.

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Here's what companies get wrong: capex projects aren't considered within a broader perspective of the total production footprint, customer expectations, the overall marketplace, or the company's long-term strategy. Instead, when a given site or plant makes a capex request, that request is judged only in terms of the anticipated change in cash flow of making – or not making – the investment in isolation. As a consequence, capital is likely to continue to flood into a site that may barely be breaking even without anyone considering that site's long-term future. At the same time, investments in sites that are newer and more efficient is less likely because the capex project's incremental increase in cash flow as the result of those investments is smaller. "This is how poor companies go bankrupt. They spend their last dime on their worst assets because that's where they believe they will get money back the fastest," explain the authors.

Compounding the problem, the authors have found that leadership often mis-categorizes production sites – for example, perceiving the worst sites to be better than they are, and even viewing star performers as dogs. These errors stem from using conventional performance measures, rather than a more holistic lens. It is, according to Weissenrieder and Linden, not possible to understand the system contribution of a specific production site by looking at its profit and loss or cash flow statement in isolation.

The solution, they say, is a coordinated, top-down strategy built on an economic model of the company's entire production system instead of looking at capex decisions in isolation. By looking at capex holistically, leadership will be better positioned to identify value-creating opportunities and to avoid those that destroy economic value. Leaders will be able to determine which project combinations will result in the greatest amount of long-term company cash flow.

Weissenrieder and Lindén have worked with companies around the world to implement their approach, which has increased clients' cash flows a minimum of twenty percent and, in some cases, as much as one hundred percent. Their straightforward method views production as something a network of sites does – rather than something a site “

does on its own. “Instead of seeing mills, plants, and factories as independent assets, we view them as tools to accomplish the aim of the system: sustainably maximizing company operating cash flow,” they explain.

In **REDESIGNING CAPEX STRATEGY**, the authors detail how to assemble the project teams that will be able to make these kinds of strategic capex plans. These teams must include experts from engineering, supply chain management, raw material procurement, controlling, marketing, and sales. Key leaders must be involved as well. “Experience has taught us that this team must absolutely include the CEO of the business in question; otherwise, the often-controversial findings will not be implemented, and no value will come from this process. Our method only works effectively with buy-in all around,” they write.

Ultimately, companies cannot afford to invest to keep all their sites competitive. In a market economy and in the face of technological change, choices must be made. Companies that succeed in the long-term are managed by leaders whose capital allocation decisions consistently generate net value creation, overall. **REDESIGNING CAPEX STRATEGY** provides the perspective and tools companies need to adopt this approach within their own walls.

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ABOUT THE AUTHORS

Fredrik Weissenrieder, co-author of **REDESIGNING CAPEX STRATEGY**, is the founder and CEO of Weissenrieder & Co., a global capex strategy consultancy and tech company, based in Sweden. In 1994, he developed a fundamentally different approach to industrial capital allocation and is today a recognized global leader on the topic. He has engaged with clients ranging from mid-sized to multinationals in the U.S., India, Canada, Germany, France, Sweden, Finland, the U.K., Brazil, South Africa, Mexico, Australia, and Indonesia impacting hundreds of industrial production sites, increasing clients’ cash flows up to one hundred percent. To learn more, visit: <https://weissr.com/>

Daniel Lindén, co-author of **REDESIGNING CAPEX STRATEGY**, is the co-owner, chairman of the board, and COO of Weissenrieder & Co. Since 1999 he has been working together with Fredrik on further developing and refining the groundbreaking approach to industrial capital allocation. He oversees the company’s consulting teams as well as the team developing the consultancy’s SaaS service Weissr® Capex, the world’s first application integrating capex budgeting, management, and strategy. Over the last twenty-five years he has worked with multinational clients across six continents spanning dozens of industries. To learn more, visit: <https://weissr.com>.