



Z – ZERO-BASED LENS ON SUPPLY & DEMAND

VIDEO TRANSCRIPT

Patty Riedl knows a thing or two about supply chains—something we all became intimately familiar with when the toilet-paper crisis took hold during the COVID-19 pandemic. As a strategist for the retail and consumer products industries, she can explain in detail the reasons for phenomena like demand drop-offs, stranded inventories and demand spikes.

In fact, no industry, geography, or channel was spared from supply chain disruption as the pandemic spread last year. Lockdowns, social distancing, and the move to online ordering amounted to what forecasters call a “black swan event”—something that was totally unpredictable. Or what Patty and her team are calling “the never-normal environment”.

As an antidote for the never normal, they explain why applying a zero-based lens across the supply chain provides the visibility needed to make the right decisions at the right time—even when things change at a moment’s notice. Patty explains that a zero-based supply chain (ZBSC) involves refocusing the task of estimating costs away from merely setting percentage reductions based on historical data. Instead, it should be based on careful analysis of future trends in production sites, transportation flows and partner ecosystems. This requires advanced analytics, manufacturing digitization, and data-driven scenario analysis.

“Now more than ever,” she says, “companies need to understand what is happening in their supply chains in real-time to best respond to sudden demand changes.” If the pandemic has any upsides, that lesson is one of them.

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