

THE X FACTOR

COMPETITIVE AGILITY

accenturestrategy



80 percent of the G2000 are involved in enterprise-wide cost optimization interventions.



Yet only **17 percent** of CFOs believe their company is properly organized to optimize working money.

THE PROBLEM:

Too many “look in the rear view mirror,” setting projected resource needs on past demands. It’s an approach that fails because it doesn’t account for change. **As a result, more and more companies are harnessing a new approach for cost-cutting called ZBx (a zero-based mindset).**

ZBx is about improving competitive agility by launching interventions in four areas:

- ZBS** **Zero-based spend** enables organizations to identify discretionary consumption of non-labor overhead expenses through a unique lens of granular cost visibility. This frees up cash that can be funneled into growth initiatives, capability improvements and improving EBITDA.
- ZBO** **Zero-based organization** designs the organization from a clean sheet to shift talent from work that no longer contributes to desired outcomes to the distinctive capabilities required to win in the future.
- ZBFO** **Zero-based front office** optimizes marketing, sales, customer service and pricing to deliver superior customer economics.
- ZBSC** **Zero-based supply chain** identifies the “should cost” of COGS and cost reduction opportunities across three levers—price, performance and value engineering—while optimizing product and service complexity. A closed loop process ensures results hold over time.



ZERO-ING IN ON AGILITY

Companies that want to boost their competitiveness need to drive out costs and re-invest them in growth. And in the process benefit sustainability and build trust. To be sure zero-based initiatives build competitive agility, companies need to follow three tenets:

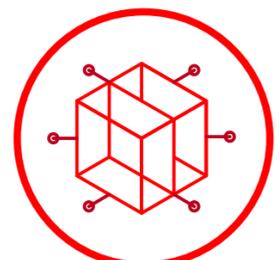
CEO commitment. To drive and operationalize a ZBx mentality requires ownership by the CEO and the leadership team.



Focus on four macro areas (ZBS, ZBO, ZBFO, and ZBSC) to get the needed cash to reinvest for growth.



Hardwire ZBx into your company culture to create a sustained commitment to should-cost mentality.



Learn more about how to build a zero-based mindset for future competitiveness with our full report:
www.accenture.com/xfactor