

IS YOUR SUPPLY CHAIN IN A DEATH SPIRAL?

Half of companies' costs typically reside in



the supply chain



or costs of goods and services (COGS).

Yet most companies rely on outdated supply chain cost optimization models that fail to:



Radically shift cost curves



Boost performance



Fuel sustained growth

DIMINISHING RETURNS

Operations executives are ordered to chase backwards-looking incremental savings with no-win compromises between growth, profitability and sustainability. That's why only:



18%

are confident leadership sets the right initiatives to achieve cost reduction targets



33%

see their cost intervention initiatives as durable



20%

believe their cost intervention program increased flexibility and simplified their operating model

Even worse, most operations cost category reductions

fail to improve COGS-to-revenue ratios over time.

A NEW APPROACH – ZERO-BASED SUPPLY CHAIN

ZBSC (zero-based supply chain) unites optimization efforts around a data-driven, transparent, and continuously renewed view of cost elements.

Future focused



Cost goals are based on market realities, not arbitrary percentage reductions on historical data.

Cost-conscious culture



Data transparency stimulates accountability and contributions across departments.

Closed loop



Analytic driven insights address true, not perceived gaps and enables continuous renewal.

Accenture Strategy experience found ZBSC approaches can drive:

5 TO 10%



rapid COGS savings

COGS-to-revenue ratio of up to

600 TO 800



basis points over time

BREAKING FREE OF THE DEATH SPIRAL

To implement ZBSC, companies must embrace people, process, culture and technology changes on a fundamental level.

Create true visibility



Leverage financial and operational data to achieve granular visibility.

Focus on intersections



Develop organizational incentives to promote information sharing and collaboration best practices.

Stretch past incremental



Overlay technology, analytics and sustainability opportunities to future proof supply chain.

Embed a change mentality



Drive support from the top all the way through the organization to make efforts part of the future fabric of the company.

Learn more about how ZBSC recaptures competitive advantage with our full report: www.accenture.com/ZBSC