Yet most companies rely on outdated supply chain cost optimization models that fail to:

- Radically shift cost curves
- Boost performance
- Fuel continued 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 sees 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.

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

Accenture Strategy experience found ZBSC approaches can drive:

- 5 to 10% 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
- Focus on intersections
- Stretch past incremental
- Embed a change mentality

Leverage financial and operational data to achieve granular visibility.

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

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

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

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