Zero-Based Budgeting (ZBB)
What works and what doesn’t...

**Industry Issues**

Consumer goods industry — thriving in uncertainty

Need to simultaneously focus on growth, cost, liquidity, and talent to thrive in uncertainty

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**Strategic priorities in the next 24 months**

- Sales Growth
- Product Profitability
- Cost Reduction
- Organization & Talent
- Balance Management

**Cost activities likely in the next 24 months**

- Reduce External Spend
- Streamline Business Processes
- Increase Centralization
- Outsource/Offshore Business Processes
- Streamline Organization
- Improve Policy Compliance

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**ZBB Approach**

**ZBB — the good, the bad and the ugly**

What works well and how to improve the ZBB approach

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**Zero Based Budgeting**

- Did not meet goals
- Met goals
- Exceeded goals

**Different Cost Approach**

- Zero Based Budgeting
- Different Cost Approach

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**Implications**

Seven ways to be more successful with ZBB and thrive in uncertainty

- Align ZBB initiatives to business strategy
- Get to meaningful cost savings faster
- Create sustainable solutions by focusing on capabilities

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**Next Gen Operating Model Changes**

42% of Consumer Goods companies plan to change their operating model — focus on creating a more agile operating model enabled by digital, analytical, and technological innovations and supported by the right management model and culture

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**Measurement and Incentives**

Create a closed-loop objectives/measurement system to drive the right behaviors and focus at the individual level