

Zero-based budgeting for a food distributor

Client Spotlight



Situation

A nationwide food distributor was struggling with profitability and launched a company wide transformation program.

One of the workstreams was zero-based budgeting, whose focus was to drive down costs in their overhead.

The in-going target for the work was \$40M in OpEx savings.



Solution

We deployed a 7-step zero based budgeting playbook: create visibility, align resources vs strategy, set intelligent targets, budget from zero, reinvest to fuel growth, create a culture of cost management, and build capabilities.

The roll out strategy was to focus on a few categories but follow the full process.

The project was sponsored by the CFO but had great participation from leadership more broadly.



Results

An internal Center of Excellence (COE) was created by working side-by-side with the client.

Taking a 'clean slate' to costs uncovered many examples of waste and underutilized resources.

Overall, we managed to achieve \$64M of cost savings within the first year of the program, far exceeding target.



A nationwide food distributor operating 100+ warehouses, organized into several business units.

The finance team in the corporate offices worked with finance leads in each of the business units on planning, forecasting and value creation.

Corporate wanted to implement ZBB and create a COE in their headquarters.

Tags: ZBB, Distribution, US, Cost Savings, Productivity

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