

# DELIVERED 17.5% FIXED-COST SAVINGS

THROUGH ZERO-BASED BUDGETING AND ZERO-BASED MANAGEMENT

## 01 | CHALLENGE

### Financial performance

A multinational specialty chemicals manufacturer underwent an acquisition that created challenges in developing financial synergies and working through outdated management processes. A deep cost management strategy was needed to manage cash flow and debt obligations.

The organizational structure, changes in leadership, stagnant productivity and ineffective strategies needed to be addressed to create a platform upon which sustainable growth could be built.

***“What Myrtle has done has absolutely put us in a better position to manage through the pandemic.”***

- Head of Technology

## 02 | SOLUTIONS

### Zero-Based Management (ZBM)

Myrtle Consulting performed a wall-to-wall manufacturing study, including process and performance benchmarks. The study identified a lack of control, visibility and ownership at lower and middle management levels. The team:

- *Utilized the Zero-Based Budgeting and Zero-Based Management approach to analyze core and non-core organizational design and implementation processes*
- *Reduced unknown and avoidable problems with management systems for predictable and consistent performance*
- *Discovered specific savings opportunities by identifying areas of waste and process redundancies*
- *Reestablished internal benchmarking, policy implementation and best practice sharing among multiple sites*
- *Improved operational and financial performance through collaborative financial and operational forecasting*
- *Implemented a process improvement program for operations*

## 03 | RESULTS

# \$35M

PROJECTED  
ANNUAL SAVINGS

The engagement ended with a projected \$35M in annualized cost savings (17.5%), including \$15M in labor savings, \$12.5M in discretionary spending and \$5M in vendor pricing. These savings exceeded the original forecast by almost 20%.

The focus on behavioral change in the process improvement program improved employee engagement. Myrtle was also able to develop a roadmap for cost competitiveness, which set the foundation for the company's operational process restructure.

As a result of the implementation of the ZBM methodology, coupled with enhanced management discipline, Myrtle was able to identify and focus on cost drivers to increase flexibility in cost cutting. This gave the client levers to manage their cash flow during the pandemic, which became a major market disruption.