The clear structure and focus on ZBB and **structural savings** are crucial for this MBB-grade response. The plan emphasizes not just cutting costs, but transforming the operating model to sustain those savings.

Here is the comprehensive action plan for an **Operational Excellence and Zero-Based Budgeting (ZBB) Program**, delivered from the perspective of a Senior MBB Partner.

Comprehensive Action Plan: Operational Excellence and Zero-Based Budgeting (ZBB)

Section	Content
Preamble/Role	**Senior Partner, MBB Firm.** The company is a mature, publicly traded consumer goods company with bloated General and Administrative (G&A) costs and a need to free up capital for digital product investment.
Core Mandate	Design a comprehensive action plan for a 3-year **Operational Excellence and Zero-Based Budgeting (ZBB) program**. The plan must identify and realize 15% in structural SG&A (Selling, General, and Administrative) cost savings by FY2 without impairing core innovation or go-to-market capabilities.
Objective	**Achieve $450 Million in sustained, run-rate SG&A cost reduction by the end of FY2, reinvesting 50% of savings into strategic growth initiatives.**

Section	Content
Compelling Why	The current cost structure is 200 basis points above the peer group median, depressing the Price-to-Earnings (P/E) ratio. This transformation is projected to improve the operating margin by 2.5% and is estimated to yield an increase in the company's market capitalization of >$2 **billion** by signaling capital discipline to investors. The strategic imperative is to shift capital from low-value internal processes (redundant reporting, excess headcount) to high-value areas (R&D, digital marketing).
Approach	**Phase 1: Opportunity Diagnostic & Target Setting (Months 1-3):** Deep-dive spend analysis, ZBB category definition, benchmarking, and setting aggressive but achievable ZBB targets (15%). **Phase 2: ZBB Design & Commitment (Months 4-6):** Train budget owners, create "Zero-Base Sheets" justifying every dollar of spend, conduct challenge sessions, and secure CEO/CFO sign-off on the new budget baseline. **Phase 3: Implementation & Savings Realization (Months 7-24):** Launch OpEx projects (e.g., process automation, vendor consolidation), implement new organizational structures, and aggressively track savings delivery. **Phase 4: Sustaining Culture & Institutionalization (Months 25+):** Embed ZBB rigor into the annual planning cycle and transition the dedicated PMO role to the CFO organization.

Section	Content
Organization	**Steering Committee (SteerCo):** Chaired by the CFO, co-chaired by the CEO, meets **monthly**. Focuses on cross-functional trade-offs and policy changes (e.g., travel policies). **Dedicated ZBB Program Management Office (PMO):** Reports to the CFO. Responsible for methodology, tool management, tracking, and leading ZBB Challenge Sessions. **Functional Cost Owners:** VP and Director-level leaders assigned accountability for ZBB targets within their function (e.g., IT Spend Owner, HR Services Owner).
Processes & Governance	**Minimum Required Spend (MRS) Definition:** Mandate that 100% of every cost category must be justified. Define the "MRS" as the minimum funding required to maintain regulatory compliance and core capability—everything above that is "Discretionary" and subject to ROI justification. **Monthly Cost Center Review:** Institute a rigorous, monthly review cadence where Functional Cost Owners present their spend vs. the MRS baseline to the PMO and CFO. **Savings Rigor:** Implement a 4-stage savings validation protocol (Identification, Commitment, Execution, Realization) to prevent "phantom savings" and ensure P&L capture.

Section	Content
Key Deliverables	**Phase 1:** Cost Opportunity Heatmap (by ZBB category), Initial Target Allocation Model. **Phase 2:** 300+ Signed-Off Cost Center Zero-Base Sheets, Detailed Implementation Charter for all OpEx projects. **Phase 3:** New Organizational Design (flattened structure), Unified Vendor Management Platform, 80% of OpEx projects completed. **Phase 4:** ZBB Policy Manual (Standard Operating Procedure), Institutionalized Annual Planning Template.
Critical Risks & Mitigation	1. **Cutting Value-Driving Costs Risk:** Eliminating spend in areas critical for innovation (R&D projects, strategic marketing). **Mitigation:** Exclude 20% of high-value R&D and sales enablement spend from ZBB for initial targeting, subjecting it only to a specialized ROI-based challenge. 2. **Loss of Employee Morale/Focus Risk:** High-profile cost cuts lead to attrition and low engagement. **Mitigation:** Communicate a clear Reinvestment Thesis—"We cut costs to invest in *our future*," ensuring 50% of realized savings are publicly linked to strategic growth funding. 3. **Cost Creep Post-Implementation Risk:** Budget owners gradually increase spend back to previous levels. **Mitigation:** Embed the MRS baseline into the **ERP system** and restrict budget owners from exceeding MRS without explicit SteerCo approval.

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Change Management Plan	**Strategy:** Foster a "Cost–Conscious-Ownership" culture, moving accountability from the CFO to every budget owner. **Training:** Conduct compulsory, hands-on ZBB training for 300+ budget owners, focusing on analytical skills and process justification. **Early Wins:** Publicly celebrate the Top 3 budget owners who delivered the largest, most sustainable savings, tied to internal recognition and compensation. **Leadership:** The CEO and CFO must consistently use ZBB language in all internal and external communications.
Crucial Additional Element	**Success Metrics (KPIs): Lagging Indicators:** 1. Adjusted SG&A Spend as % of Revenue. 2. Portfolio-level Operating Margin (>15%). **Leading Indicators:** 3. Spend Per FTE (Full-Time Equivalent) in G&A functions. 4. % of ZBB Commitments on Track. 5. Employee Survey Score on Perceived **Efficiency of Internal Processes**.