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STRATEGY HQ

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MOVE BEYOND EFFICIENCY EDITION

THE PURSUIT OF RESILIENCE

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THE ZERO-BASED STRATEGY:

Scrutinize Your Processes and Create Room for Growth

Historically, companies were in the habit of optimizing existing operating models and spending patterns. It was a good enough approach, since market changes tended to gradually emerge, companies knew who their competitors were, new technologies were manageable, and budgets were easily created based on the previous year's priorities.

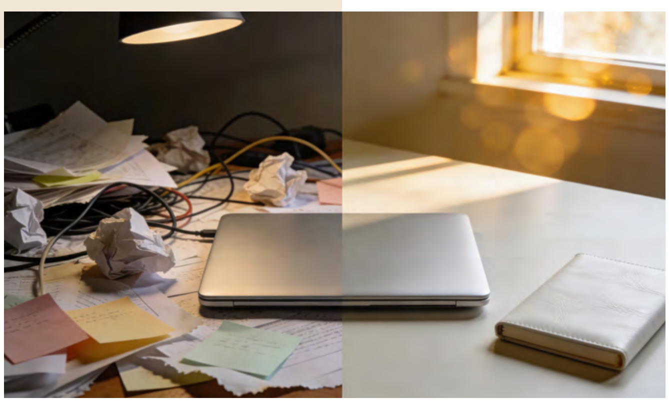
That habit doesn't work in a company's best interests anymore. It shackles the company to its past, leaving little to no planning and resources to adapt to new realities – like AI disruption, market and geopolitical instability, supply chain volatility, changing customer expectations, shifts in the workforce, and constant pressure to improve productivity. It also closes windows on new opportunities.

It’s time for a strategic reboot

Organizations that apply the principles of the Zero-Based Strategy (ZBS) have moved into the fast lane. They assess and continually reassess every initiative, process, and activity – rather than relying on outdated assumptions, budgets, and operating structures.

ZBS means starting from zero: Decisions, investments, and resource allocation are based on current goals and market realities, on forecasted growth opportunities, and on improving agility – by ensuring every dollar, role, and process actively supports strategic company goals and objectives.

> **When you apply ZBS principles to your organizational processes, you’ll identify activities that can be automated or eliminated – and the first thing that happens is speed.**



The approach can vary but the principles are the same

There are multiple approaches to adopting the Zero-Based Strategy, and something is breathing dramatic new life and results into all of them. For example, thanks to artificial intelligence, Zero-Based Budgeting (ZBB), historically viewed as a finance and cost-reduction tool, is no longer the time- and resource-intensive undertaking it once was. Plus, it’s a whole lot more than just a spending tool.

Zero-Based Budgeting is no longer just for CFOs and CIOs. It’s an approach all company leaders can use to gauge necessity and ROI so that the organization as a whole can lead, grow, and stay healthy.

As champions of the Zero-Based Strategy, ZBB, along with Zero-Based Strategic Planning and Zero-Based Marketing and Product Development have become the bedrocks of a company’s overall efficiency – from cost strategy to operational resilience.

No matter the approach you choose for your Zero-Based Strategy, the principles are the same.

The goal: A clear and measurable purpose for every activity

Leaders are combining AI with their chosen ZBS approach as a discipline to continually ask whether certain work is still worth doing or should be sent to the graveyard of wasted resources.

They question everything and make assumptions, then use AI to also challenge assumptions and assist with answers. For example, the ZBS-first mindset asks, “Should this activity exist at all?” And AI adds the question, “If it should exist, what’s the most efficient way to perform it?”

When you apply ZBS principles to your organizational processes, you’ll identify activities that can be automated or eliminated – and the first thing that happens is speed. Change happens fast across business activities, from daily workflows to staffing models, technology investments, and customer and partner operations.

These are the benefits your company, teams, customers, and business partners experience:

- Bureaucracy is reduced.
- Decisions are faster.
- Operating costs are lower.
- Employee productivity is higher.
- Operations are better aligned with strategic priorities.
- Agility increases during times of business or economic disruption.
- Business continuity stays strong while room for innovation grows.

- Customer satisfaction and loyalty grow.
- Business partners are more attentive and responsive.

How to apply ZBS principles to your organization's processes

Company leaders with a ZBS-first mindset align business priorities, talent, and spending to create the biggest impact on business strategies and return on investment.

The most successful companies use an 8-step approach.

1 START FROM ZERO

Rather than asking, "How can we improve this existing process?" – ask this instead: "If we were designing this process today, would we do it this way at all?"

Every step, approval, meeting, report, and workflow needs to be scrutinized, justified, and earn its place in today's fast-paced business environment.

Example: Let's say your company requires five levels of approval on all contracts because that's how your process evolved over time. A ZBS review asks whether all five approvals are actually necessary and identifies which ones, if any, can be automated or eliminated.

2 JUSTIFY EVERY ACTIVITY

Examinations should dive deep into each process or activity to determine whether they have a clear business purpose and most important, measurable value. ZBS reviews ask these questions:

- Why does this activity exist?
- Who benefits from this process?
- Who uses the output, and how?
- What business or customer problem does it solve?
- Can it be automated?
- Is the value greater than the cost?
- What would happen if we stopped doing it?

Answers to these questions and more become clear with the combined intelligence of human and AI-assisted analysis.

Example: A weekly leadership report takes 10 hours to produce. If no one reads, responds to it, or acts on it, then the report should be redesigned or eliminated so that leaders can spend that time on high-value work.

3 FOCUS ON BUSINESS OUTCOMES INSTEAD OF HISTORICAL PRACTICES

The purpose and function of ZBS is to challenge historical assumptions and especially organizational habits – to open the door to new ways of thinking and doing.

Example: Rather than look at a process like this and say, "We've always performed quarterly reviews this way…" – flip your perspective and ask the important questions: "What is the outcome we want to see and what is the most efficient way to get there?"

4 ANALYZE COST-TO-VALUE RATIOS

All business processes consume operational resources, from labor to technology, management involvement, and time.

Efficient companies use ZBS principles to examine whether expenditures justify using all or most of those resources, often over and over again – and identify ways to streamline repeat processes. This brings valuable benefits to teams, customers, partners, the supply chain, and the bottom line.

Example: Let's say your new customer onboarding process involves multiple manual handoffs between internal people and teams, delivering minimal value compared to a pared-down, three-step process that's more efficient for everyone involved.

5 PRIORITIZE ACTIVITIES BASED ON THEIR STRATEGIC IMPORTANCE TO YOUR COMPANY

Since not all work represents the same value to your business, start recalibrating business activities by ranking them based on their:

- Revenue impact
- Customer impact
- Risk mitigation
- Alignment with your overall business strategy and vision

By performing this recalibration, you'll no doubt find low-value business activities that can become candidates for automation or elimination. ZBS helps you become lean and mean.

6 CHALLENGE AND PURGE ORGANIZATIONAL COMPLEXITIES

Many of today's organizations and teams are overwhelmed with processes that weigh them down, drain creativity, and leave insufficient time and resources to invest in high-value activities – like innovation. There are simply too many meetings, reports, approval layers, committees, and unnecessary processes.

The ZBS-first mindset works to remove avoidable complexities. Example: Here's a useful question to ask: "If this committee (or process or report) did not exist today, would we create it?" If the answer is no, it's a candidate for redesign or elimination.

7 BASE RESOURCE ALLOCATIONS ON JUSTIFIABLE NEEDS – NOT PAST BUDGETS

Traditional budgeting frequently allocates resources based on the previous year's spending patterns, with consideration given to increased costs for performing the same activities in the current year. Without examining whether those expenditures are justified, companies throw good money out the window and find themselves adrift from their vision and goals.

Conversely, Zero-Based Budgeting analysis, for example, allocates budgets and resources based on:

- Current objectives: What has changed in the company's direction or shifts in the market?
- Expected outcomes: What is the company trying to achieve today versus last year?
- Business priorities: Do these expenditures directly align with the company's business strategy?

> **When ZBB is applied to processes, your teams and tools are financially supported because they contribute to value creation right now.**

When ZBB is applied to processes, your teams and tools are financially supported because they contribute to value creation right now – and not because they were granted those resources in the past.

8 COMMIT TO CONTINUOUS REASSESSMENT

ZBS is not intended to be a once-and-done exercise. It is a commitment to periodic examination and continuous improvement to ensure all investments (time, talent, money) in processes, business activities, and workflows remain justified and necessary, and deliver efficiency and measurable value.

Traditional approaches to process improvements fall short in many ways – and even new approaches can become obsolete in just a year's time. Here's what happens with traditional approaches:

- Existing processes get attention instead of replacing them with better ones or eliminating them.
- It is too often assumed that current work is necessary – instead of proving it.
- Budgets are based on history instead of current value to the company and its customers.
- More and more controls are piled on instead of removing costly, unnecessary ones.
- There is a singular focus on efficiency, rather than determining necessity first.
- Activity is measured by volume of work instead of measurable business outcomes.

Start making solid business sense out of valuable data

Companies positioned for success are not spending a lot of money on tech to improve processes or keep pace with their competitors and industries. Instead, they're scrutinizing line items and expenditures. They're simplifying what they can, eliminating waste, and implementing modern capabilities. They're doing what's justifiably necessary and that adds value, while creating room to innovate, lead, and grow.

Reach out to The Cooper Group for assistance in creating a Zero-Based Strategy that's tailored to your organizational structure. We specialize in strategy, performance auditing, business intelligence, and analytics. Let us give you the foresight you need to compete and grow.

FORTIFY YOUR SUPPLY CHAIN Against Geopolitical & Climate Shocks

by David Cooper
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For decades, supply chain leaders pursued a singular objective: efficiency. The rise of Just-in-Time (JIT) inventory management transformed global operations by reducing costs, minimizing inventory, and accelerating cash flow. Products and materials arrived when needed, warehouses shrank, and supply chains became increasingly lean. During the 1980s and 1990s, JIT became a global standard. The model worked remarkably well – until it didn't. No one foresaw the unprecedented disruptions that would expose the vulnerabilities of highly optimized supply networks in the years to come.

The COVID-19 pandemic halted worldwide manufacturing. Geopolitical tensions disrupted trade routes and reshaped sourcing strategies. Droughts hindered shipping through the Panama Canal. Conflict in the Red Sea forced carriers to reroute vessels around Africa. Extreme weather events have become more frequent and costly. And the recent conflict

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involving Iran brings continued risks into sharp focus.

As a result, many organizations are being forced to rethink the foundational assumption of modern operations – that efficiency should be the primary objective of supply chain design.

Today, resilience is just as important.

The dual focus is not an abandonment of Just-in-Time, but rather a strategic shift toward what many executives recognize as Just-in-Case (JIC) thinking – a model that prioritizes continuity of operations alongside efficiency.

Why Just-in-Time is under pressure

Just-in-Time was developed for a world where disruptions were relatively isolated and predictable. Companies could rely on stable trade relationships, dependable transportation networks, and a flow of goods that was largely uninterrupted.

Today's operating environment looks entirely different, and not just because of unforeseen disruptions like those mentioned above.

- Geopolitical competition is reshaping global trade patterns.
- Governments are increasingly imposing tariffs, export restrictions, and industrial policies designed to strengthen domestic industries.
- And organizations that once heavily depended on a single country or region for sourcing are discovering the risks of geographic concentration.

It can't be ignored that climate-related disruptions like floods, hurricanes, droughts, wildfires, and extreme temperatures can interrupt production, damage infrastructure, and delay transportation networks – all with little warning.

The challenge today is not simply that disruptions occur more often. It's that multiple disruptions can occur simultaneously, creating cascading effects across complex global supply networks.

A supplier disruption in one region can affect manufacturing operations thousands of miles away. A shipping bottleneck can create shortages across multiple industries. A single critical component can halt production despite the availability of hundreds of other materials.

In today's environment, efficiency alone is no longer a sufficient measure of supply chain performance. And it certainly isn't a guarantee of sustained business continuity.

The rise of strategic resilience

The phrase Just-in-Case often conjures images of warehouses overflowing with inventory. While some organizations have increased safety stock levels, the most sophisticated companies are taking a broader approach.

Rather than replacing Just-in-Time with Just-in-Case, both of which have advantages and drawbacks, they are selectively introducing resilience where the business impacts of disruption are greatest.

Resilience begins with supply chain segmentation

Not every product, supplier, facility, or logistics route carries the same level of risk. Critical components that could halt production receive a different level of protection than commodities that can be sourced from multiple suppliers.

Therefore, organizations are increasingly classifying supply chain assets according to their operational importance and disruption impact. Mission-critical materials receive additional inventory buffers, dual sourcing arrangements, or regional manufacturing redundancy. And less critical inputs may continue to operate under traditional JIT principles.

The objective here is not to make every component of the supply chain resilient. It is to identify the relatively small number of vulnerabilities that could heap hefty consequences on the business and/or its customers.

Resilience grows stronger by building regional buffers

One of the most visible shifts in supply chain strategy is the creation of regional buffers.

- Many organizations are diversifying suppliers across multiple geographies, rather than relying heavily on a single country or region. Others are moving portions of their production closer to end markets through nearshoring or regional manufacturing hubs.
- Inventory strategies are also evolving. Instead of maintaining large stockpiles of inventory across the supply chain, companies are creating targeted buffers for critical components and materials. Strategic inventories may be located near manufacturing facilities or distribution centers, providing protection against temporary disruptions.
- Similarly, businesses are developing alternative transportation routes and backup logistics providers to reduce dependence on single points of failure.

These measures inevitably increase costs. However, leaders are increasingly viewing them as investments in business continuity rather than inefficiencies.

The question is no longer, "How much inventory can we eliminate?"

Today, the question is, "What level of resilience is worth paying for?"

Resilience takes a giant leap with predictive risk modeling

Perhaps the most significant evolution in supply chain resilience is the use of predictive analytics and artificial intelligence.

Historically, organizations were reactive in managing disruptions, with teams scrambling to respond when a supplier failed, a shipment was delayed, or a natural disaster occurred.

Today, advanced analytics enable companies to identify emerging risks before they become an operational crisis.

Today, advanced analytics enable companies to identify emerging risks before they become an operational crisis. Modern supply chain platforms can monitor thousands of signals, including weather forecasts, geopolitical developments, transportation disruptions, supplier financial health, labor market fluctuations, and overall market conditions domestically and abroad.

These signals are increasingly integrated into predictive risk models that estimate both the probability and potential impact of disruptions. Consequently, organizations are able to anticipate and evaluate future exposure and take preventive action.

Here are a few real-world examples:

- A manufacturer may identify growing political instability in a sourcing region and proactively shift procurement to alternative suppliers.
- A retailer may increase inventory of critical products ahead of a predicted weather event.
- And a logistics provider may reroute shipments before congestion develops.

The result is a transition from reactive risk management to anticipatory resilience.

From inventory resilience to network resilience

The most important lesson from

The future of supply chain management is not about choosing between efficiency and resilience. It is about engineering both.

recent supply chain disruptions is that resilience is not simply about carrying more inventory.

Organizations that focus exclusively on stockpiling goods discover that inventory alone cannot solve problems involving transportation constraints, supplier failures, labor shortages, cybersecurity incidents, regulatory changes, or weather events.

Leading companies are instead pursuing network resilience by:

- investing in supply chain visibility, digital control towers, supplier diversification, scenario planning, and real-time monitoring capabilities
- mapping dependencies beyond Tier 1 suppliers to identify hidden concentrations of risk
- building organizational capabilities that allow them to quickly adapt when disruptions occur

The goal is not to prevent supply chain disruption, which is impossible in a volatile world, but rather to anticipate, adapt, and recover faster when it happens.

The future of supply chain strategy

The debate between Just-in-Time and Just-in-Case is often framed as a binary choice. In reality, the present and future appear to belong to organizations that combine the strengths of both.

Here's why:

- Lean operations will remain essential for competitiveness.
- Excess inventory and redundant capacity will continue to impose significant financial burdens.
- Extreme efficiency will create unacceptable operational risks, as demonstrated by recent events.

Since none of those realities are likely to change anytime soon, the most resilient organizations are finding a middle ground. They are maintaining efficiency where risk is low, while strategically investing in buffers, redundancy, and predictive capabilities where disruption could threaten critical operations.

In other words, the future of supply chain management is not about choosing between efficiency and resilience. It is about engineering both, and companies that succeed will be capable of anticipating disruption, adapting quickly, and maintaining business continuity in an increasingly unpredictable world.

Lead, grow, and last in the new business climate

Discover your best path to efficient, resilient, and sustainable growth through The Cooper Group. We are an agent of change and trusted business strategist since 1998.

Connect with us today for a cost-free consultation on how to optimize supply chain management and refine your business strategy.

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