

## ZERO-BASED ORGANIZATION

An approach to swift organization redesign in a Volatile, Uncertain, Complex and Ambiguous world (VUCA)

by Marion Delas, Laurence Massat and Patrick Sage



Companies face events or changes in their environment that require to quickly adapt their organization, whether it is:

- Market evolutions such as a strong reduction or ramp up of activities, the adaptation to new stakes, COVID
- Drop in team efficiency due to new management, important staff turnover, critical size reached or not reached yet
- Integration of new constraints including the evolution of regulations, digitalization or a new company strategy
- Evolution of footprint

These changes trigger a transformation of the current organization to avoid a performance drop. However, when these challenges are particularly sudden or with a magnitude that can dramatically alter the company's performance, it requires a disruptive approach.

Guided by the same principles as Zero-Based Budgeting, the Zero-Based Organization (ZBO) methodology enables to address this transformation in a structured way.

## What is ZBO?

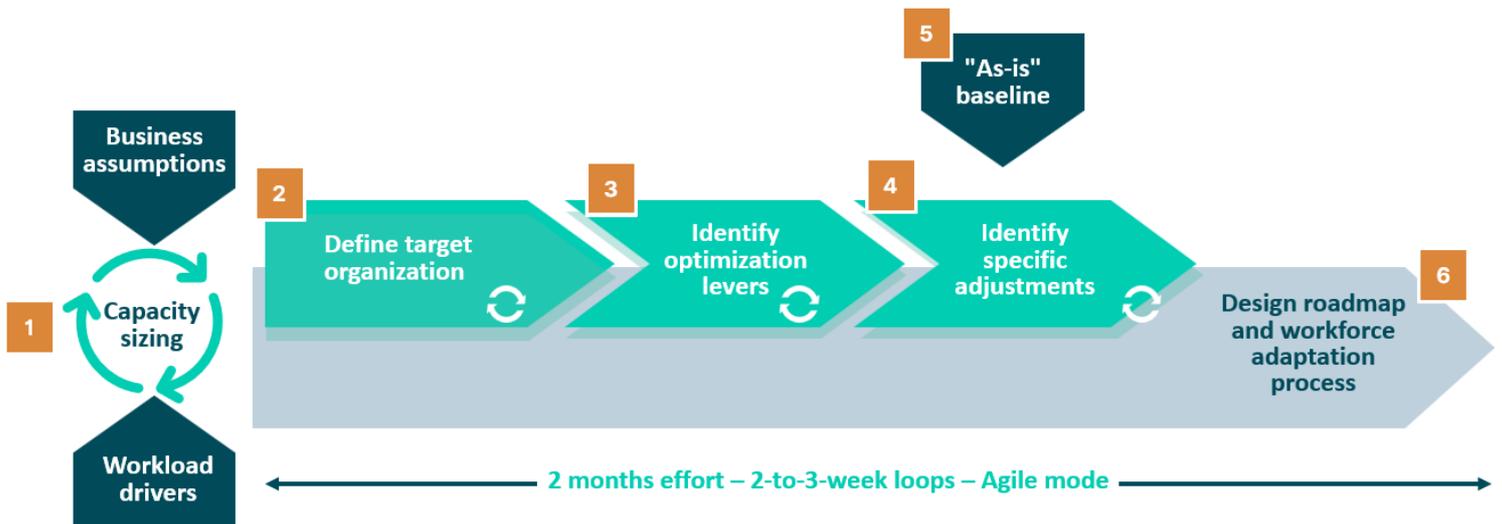
ZBO is a methodology allowing to redesign and resize an organization to fit new environments and constraints. Yet, ZBO is not another incremental step but a complete rethinking, from a clean slate, of the organization and related breakthroughs. It's a comprehensive approach that reassesses every organizational topic, from new roles and responsibilities, synergies, and cross-functional ways of working to a leaner organization to optimize the need for resources.

2 basic questions should guide a ZBO approach and be answered to ensure success:

- **“In the new context, what do we have to do and what are our objectives?”**
- **“What means do we need to reach those objectives?”**

## ZBO requires a structured approach

CYLAD offers a ZBO approach built around 6 main steps:



- 1** Translate the new context into business objectives and their breakdown into activities and evaluate the needed capacity using the appropriate workload models.
- 2** Propose a target organization structure including combined or new roles and streamlined layers.
- 3** Identify optimization levers such as process optimization, new tools, synergies, leaner interfaces.
- 4** Propose specific adjustments including temporary headcount increase to support the optimization projects and to absorb anticipated difficulties.
- 5** Confront the "as-is" organization to identify gaps.
- 6** Define the adaptation roadmap, including HR adaptation process activities.

## ZBO, what benefits to expect?

- 15 to 20% efficiency gain at the company level, even in a crisis context.** Based on different projects we led, we found that a quick adaptation to context changes generates significant results.
- ZBO methodology enables to go further** than a pure organization chart transformation since it addresses all performance levers.
- The target organization is objective, fact-based,** and not subject to emotional discussions as ZBO rely on shared and quantified business assumptions and workload models.
- It allows executives to take full ownership of the organization** and its challenges. Because they are onboarded since the beginning, the top managers consider the transformation chosen rather than imposed and can play a more active role.

## The Key Success Factors for ZBO implementation

- / **Keep the project short:** relying on a short time frame (2-3 months) is key to creating momentum and fostering change.
- / **Secure top management strong involvement and CEO sponsorship:**
  - Elaborating top-down assumptions exploring disruptive moves
  - Working in a core team with top managers
  - Aligning regularly and creating decision committees between the top management and the CEO
- / **Consider all possible options:** putting aside the company's history & current organization, which will be considered at the end of the process.
- / **Involve financial controlling and Human Resources** in a task force mode to constantly synchronize ZBO with company systems.
- / **Work with agile iteration loops** with regular alignment and quick decision-making on potential adjustments of targets and/or recommendations.
- / **Rely on a consultant team with a high level of seniority**, combining strong experience, knowledge of industrial stakes, and soft skills to challenge and onboard managers.



*"Through this transformation project, we were able to lay down strong foundations. All the functions have reviewed their strategy, we redesigned several processes and prepared our employees to be more adaptable"*

**HR Director - Aerospace industry**

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## About CYLAD

Independent consulting firm, CYLAD advises executives from industries and associated services to overcome performance, transformation and growth challenges. The firm combines Consulting Methodology with Senior Experts' experience for sustainable results for its clients of all sizes, offering a comprehensive range of services. CYLAD supports companies, especially in the Aerospace & Defence, Pharmaceutical/Health, Energy, Electronics and Transportation sectors.

CYLAD currently has 150 employees and 15 Partners across eight offices: Paris and Toulouse in France, Hamburg and Munich in Germany, Zurich (Pfäffikon SZ) and Geneva in Switzerland, Adelaide in Australia and Montreal in Canada.

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