

# 3...2...1...Zero Based Budgeting

Zero-Based Budgeting is not a new concept. But when the idea was first brought to light 40 years ago, it was too difficult to manage the process because the technology didn't exist at the time

The advent and improvement of cloud-based technologies, such as the excel-integrated platform offered by Fluence, make it possible to support the flexibility and functionality that Zero-Based Budgeting needs, making it easy for any organization to adopt today.

Most companies today base their cost management approaches on setting budgets based on what happened last year. Against a backdrop of increasing volatility, it's time to reimagine cost structures based on what's needed in this new, disruptive environment. Basing resource demand on what's needed now rather than on last year's performance

freed up capital that can then be used in ways that will have the most impact on building innovation and fueling sustainable growth. [1]

- ▶ **Over the last ten years the Zero-Based approach has grown significantly and has been championed within some of the world's largest organizations including Kraft, Mondelez and Unilever.** [2]

#### Sources

[1] <https://www.accenture.com/ca-en/insights/strategy/getting-ahead-cutting-back>

[2] <https://www.investopedia.com/ask/answers/051515/what-are-advantages-and-disadvantages-zero-based-budgeting-accounting.asp>



It's a fact. Companies that master competitive agility execute with equal strength across growth, profitability, and sustainability and trust. <sup>[3]</sup>

## A Closer Look at Zero-Based Budgeting

### A Method and State of Mind

**Method:** Starting at zero, all numbers must be justified and approved for the upcoming financial period instead of starting from last year's numbers. The budget is based on current need rather than historical spend.

**State of Mind:** The method aligns organizational spending with strategic growth plans, resulting in departments driving forward with a common state of mind.

### A Strategic Move to Drive Company Growth

The drastic economic impact of the pandemic has forced businesses to adapt in a multitude of ways and has brought us to a place where we all can re-evaluate our operations. Strategically shift with the times by applying Zero-Based-Budgeting to **re-evaluate** costs and **reinvest savings** more thoughtfully, strategically, and efficiently.

### Re-Evaluate Costs

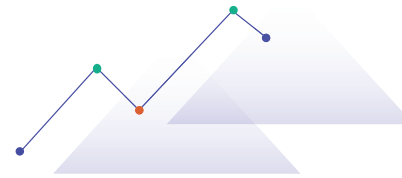
- Rethink capital allocation.
- Critically comb through finances to remove unnecessary cost.
- Redefine strategy in response to today's landscape.
- Adapt to survive in an economic crisis.
- Find growth opportunities and pivot for what's better for the business.
- Commit to staying focused on cost management.

### Reinvest Savings

Reinvest savings back into the company to promote growth, improve customer relationships, increase productivity, and drive innovation.

#### Sources

[3] <https://www.accenture.com/ca-en/insights/competitive-agility-index>



## Embrace New Technologies to Implement Zero-Based Budgeting

Fluence Technologies offers a cloud-based and excel-integrated solution to smoothly implement and easily maintain Zero-Based Budgeting. If you are using excel, or even if you have a CPM system in place, the platform has the ability to enhance your current financial process by equipping you with modern day solutions to our extreme modern day challenges.

### Features and Benefits

- Workflow and Collaboration are key. Since all expenses must be justified this implies that they also be approved. Using Excel alone makes Zero-Based Budgeting challenging because it lacks the workflow, collaboration and approvals that are necessary to make this process work.
- A Central Data Repository is also critical since all details needed to understand why an expense is critical to run the business are at the approver's fingertips.
- Line Item Details offer the ability to provide budget details below the account number. This is key for certain accounts like travel because the user can list all the trips that are required and this makes justifying the overall travel budget easier because there is more transparency and visibility into the account balance.
- Comments and File Attachments provide the user the ability to provide a written explanation on why an expense is required and if necessary provide the details to support it.



## Calculations for Successful Takeoff

Sure, It can seem like a lot- to scrutinize and justify every budget detail rather than take an existing budget, modify and review only new items.

## Fluence offers a solution takes on the time and effort so you can take off!

- A unique excel-integrated approach.
  - High user adoption.
  - Fast time to value.
  - Greater collaboration.
  - Centralized data repository.
  - Ability to capture a high level of detail.
  - Remote implementations.
  - Go live in a few short weeks.
- **From Zero-Based Budgeting to workforce planning to cash flow forecasting - Fluence has you covered to help you adapt to these most unpredictable, unprecedented times with a proven positive impact on culture, collaboration and cost. Visit our website at [fluencetech.com](http://fluencetech.com) to learn more.**



## A Performance Management Revolution

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