

CFO Snapshot

4 Interlocking Financial Strategies for Mastering Efficient Growth



Achieving success in an era of economic realignment

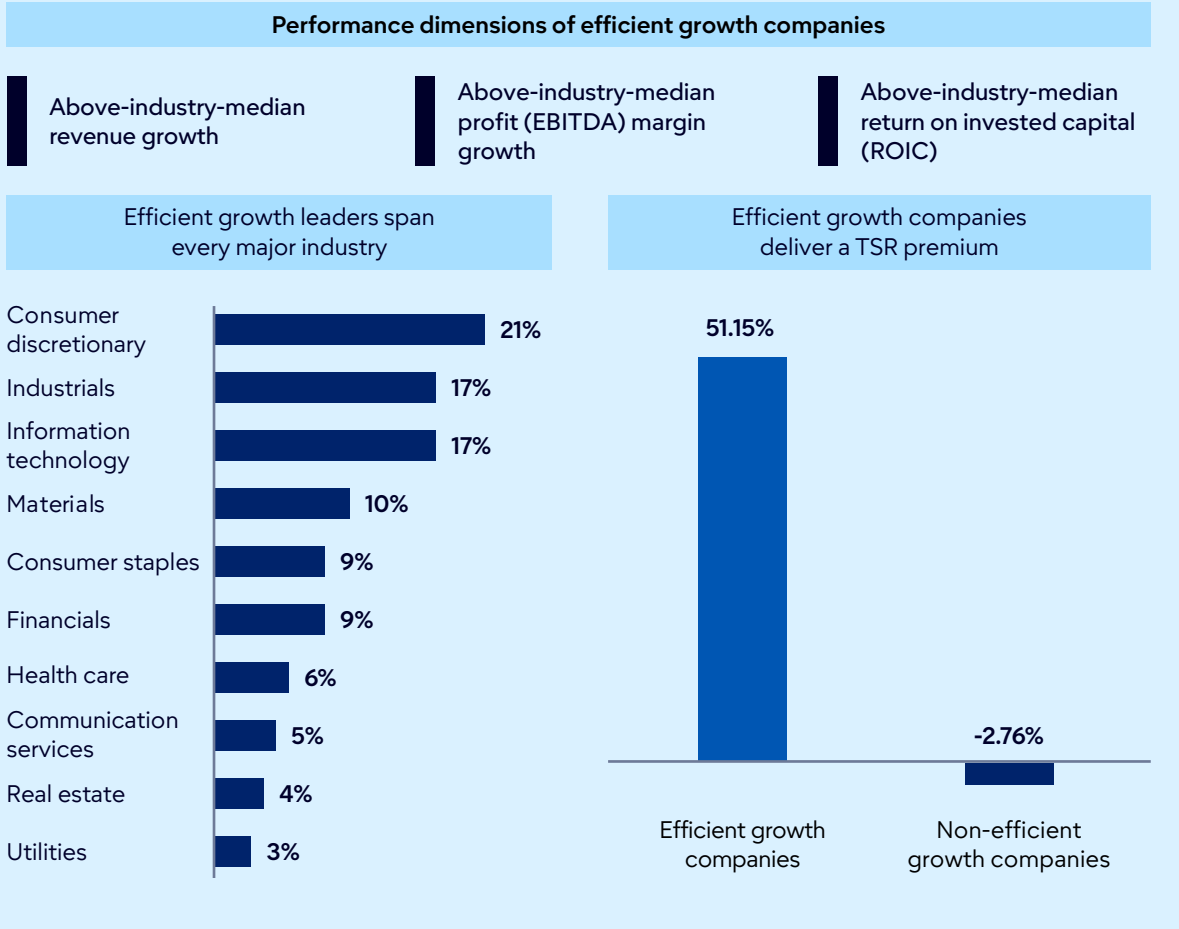
Efficient growth – the ability to simultaneously achieve above-industry revenue growth, margin expansion and capital efficiency – is becoming ever more critical in an era of economic realignment. Gartner analysis of over 1,500 companies across large-, mid- and small-cap S&P indexes identified 105 “efficient growth leaders” – companies that consistently outperformed peers across the past decade. These firms delivered above-industry median growth in revenue, EBITDA margins and ROIC, creating a 51% premium in total shareholder return over the decade.

These leaders set themselves apart through four self-reinforcing financial strategies across cost optimization, liquidity management and debt, which operate in tandem to amplify growth advantage. CFOs and senior leaders can use these four strategies as a blueprint to sustain a competitive edge in a volatile environment.



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The efficient growth advantage





Strategy 1

Cost-conscious liquidity management

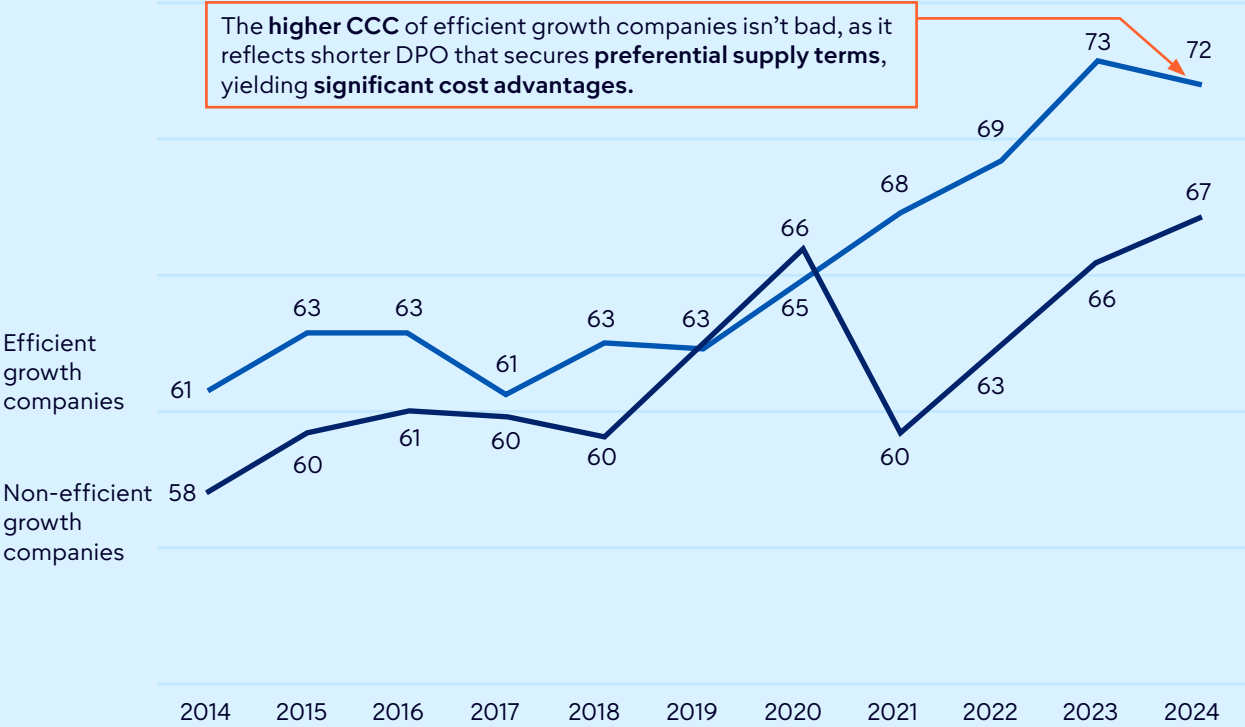
Trade off cash conversion cycle time to create P&L savings by rethinking supplier payment terms.

Efficient growth companies lengthen their cash conversion cycle (CCC) by accelerating supplier payments, trading working capital velocity for cost savings and stronger supply assurance. Early payments secure meaningful discounts and preferential terms, generating returns that surpass the opportunity cost of holding cash.

This approach strengthens continuity in supply-constrained environments, embedding liquidity strategy into procurement and treasury processes to convert balance-sheet flexibility into margin resilience, even as headline CCC metrics deteriorate. By prioritizing supplier relationships and leveraging payment timing, these companies create a competitive edge in volatile markets.

Change in cash conversion cycle from 2014 to 2024

Values expressed as days



Source: Gartner



Strategy 2

Cost structure differentiation

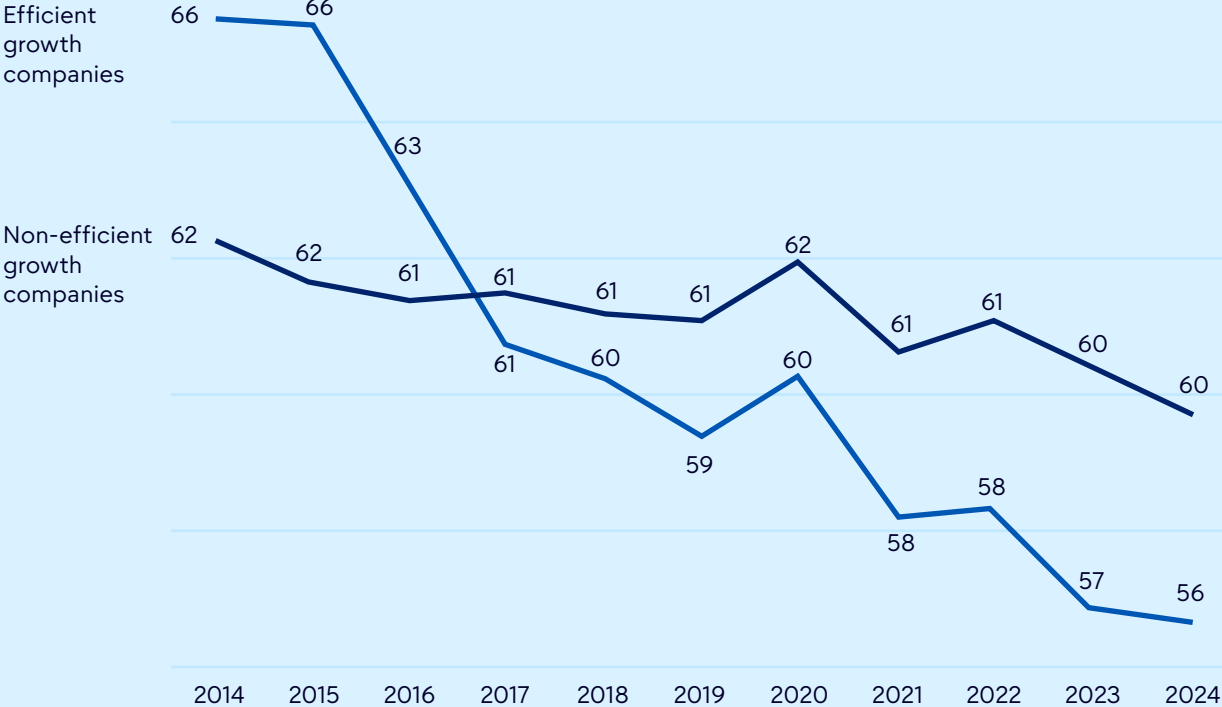
Redesign cost structures disproportionately toward differentiated capabilities.

Efficient growth companies transform their cost of goods sold (COGS) structure to build lasting margin advantages and support future scalability. They divest high-cost or non-core operations, consolidate manufacturing footprints, and invest in advanced analytics and automation to streamline production.

These actions reduce operational complexity, enhance cost visibility and enable scalable growth, reallocating resources toward differentiated capabilities that boost working capital and drive sustained cash flow. As a result, these companies outperform non-efficient growth peers by maintaining a sharper focus on strategic cost discipline.

Change in COGS/sales from 2014 to 2024

Values expressed as percentages



Source: Gartner



Strategy 3

Zero-based SG&A redesign

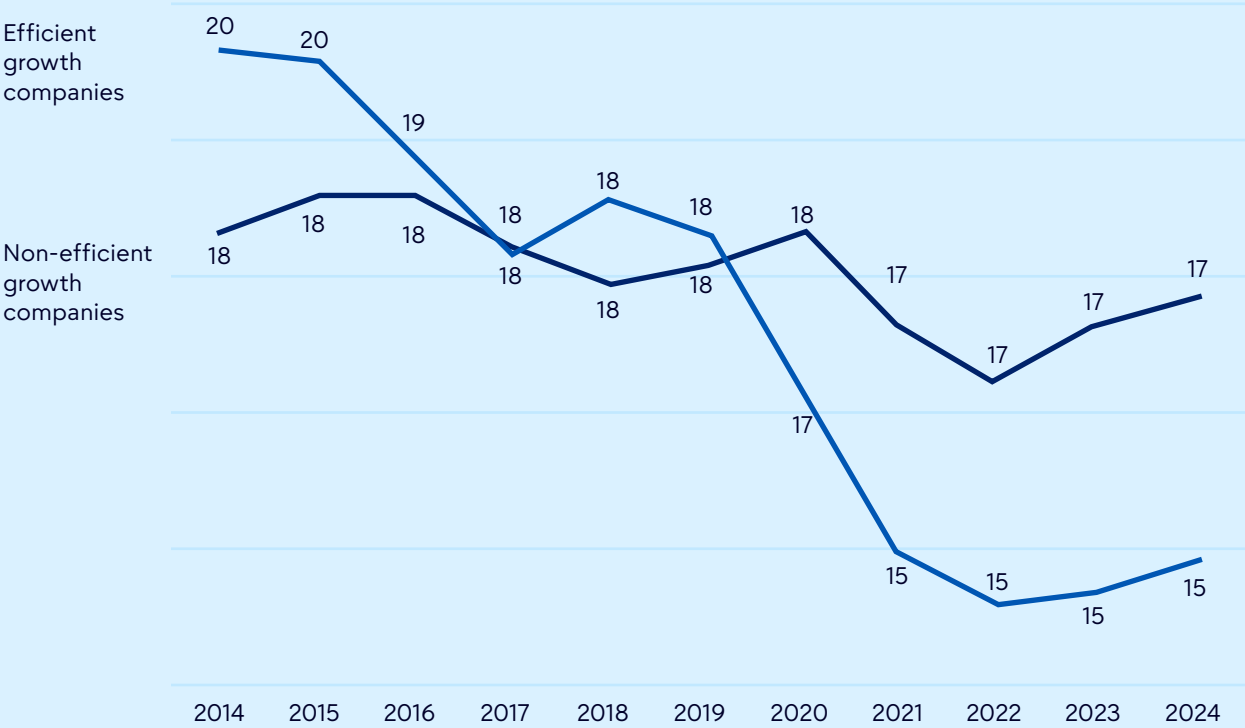
Reimagine SG&A to drive structural efficiency and sustainable cost compression.

Efficient growth firms lower SG&A as a percentage of revenue by adopting a zero-based design approach, rethinking corporate functions for long-term cost compression and operational strength. They optimize real estate for hybrid work, leverage AI for workflow automation and use productivity analytics for headcount optimization, ensuring resources align with business priorities.

Structural SG&A redesign yields significant savings and operational efficiency, supporting growth investments and sustainable margin expansion. This disciplined approach allows companies to maintain agility while continuously improving their cost structure.

Change in SG&A as a percentage of revenue from 2014 to 2024

Values expressed as percentages



Source: Gartner



Strategy 4

Intentional debt deployment

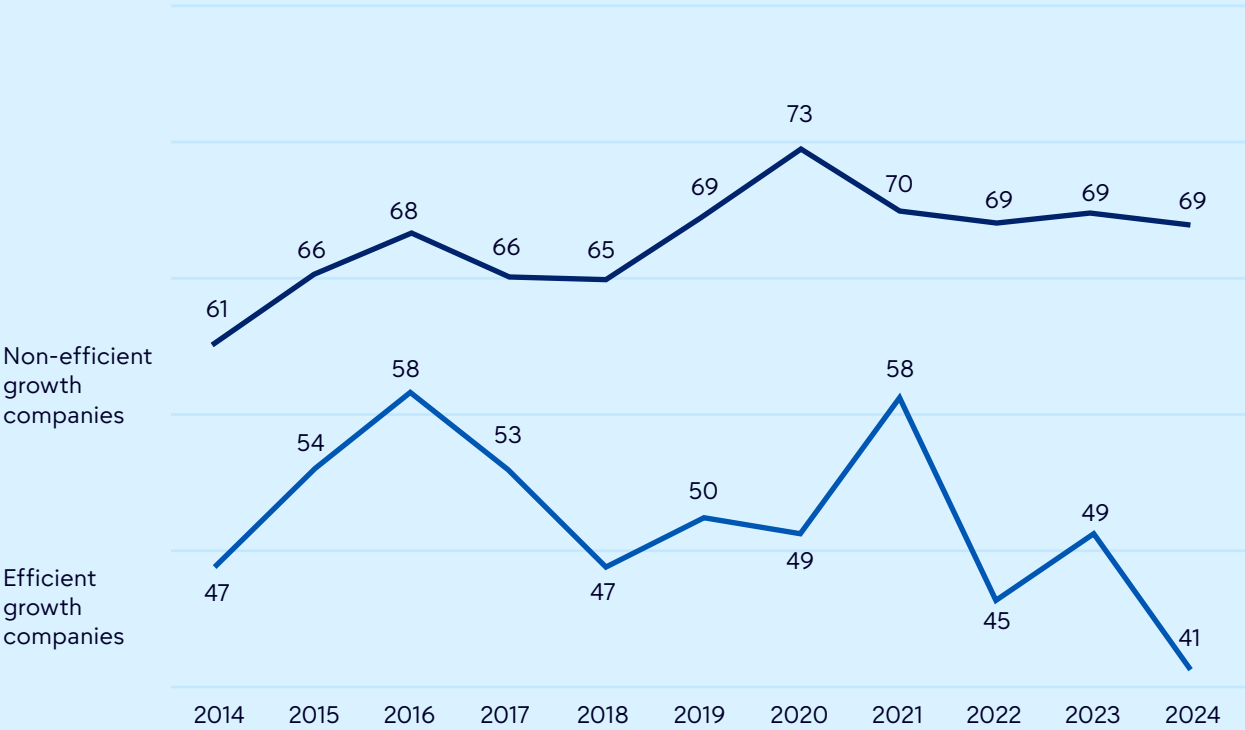
Use debt as a constructive constraint to enable growth, innovation and return discipline.

Efficient growth companies maintain lower debt-to-equity ratios, reflecting strong cash generation and disciplined capital allocation that supports long-term objectives. They prioritize self-financing for strategic investments and use moderate debt leverage to provide flexibility and speed in pursuing high-confidence opportunities, without overextending their balance sheets.

This balanced approach to debt ensures operational agility and the ability to act decisively in competitive markets, while preserving financial discipline. Treating debt as a constructive constraint enables growth and innovation while maintaining predictable cash flows and higher operating margins, positioning these companies for sustained success.

Change in total debt-to-equity from 2014 to 2024

Values expressed as percentages



Source: Gartner

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