

Redesigning Cost Structure and Revenue Allocation

Industry: Services
Revenue: > \$100M
Employees: 500



Mission-critical priority

A midsize services company's cost and revenue allocation method was too complicated for business unit leaders to understand and as a result, was not effective at improving margins or driving better resourcing.



How Gartner helped

The client used:

- **Gartner advisory support to compare** the company's cost and revenue allocation method against successful methods used by peers.
- **Gartner insights, advice and tools** on the topic of CFO-board partnership to craft and deliver his board presentation about the redesign.



Outcome

With support from Gartner for Finance, the client:

- **Diagnosed** where the complexity of the cost and revenue allocation method stemmed from.
- **Performed a cost-benefit analysis** on new candidate methods.
- **Successfully rolled out the redesigned method** to the board of directors, which enabled higher gross margins and smarter resource allocation