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A Better Approach to Cost Reduction



Trimstone Partners

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A Better Approach to **Cost Reduction**

The Challenge

Most organisations cut costs indiscriminately, damaging their ability to grow. The best firms make deliberate choices: reducing 'bad' costs whilst increasing investment in revenue-generating activity.

This framework shows how to restructure your cost base systematically, particularly for sales-driven insurance, broking, and consulting businesses where commercial effectiveness and operational efficiency are interdependent.

Three Cost Categories

Understanding the distinct nature of business costs enables strategic resource allocation:

1. Revenue Generating Costs

What: Salesforce, marketing, customer acquisition

Objective: Maximise productivity and increase share of total costs

Approach: Invest strategically, empower for performance

2. Enabling Costs

What: Sales systems, analytics, CRM, technology infrastructure

Objective: Optimise investment to multiply revenue productivity

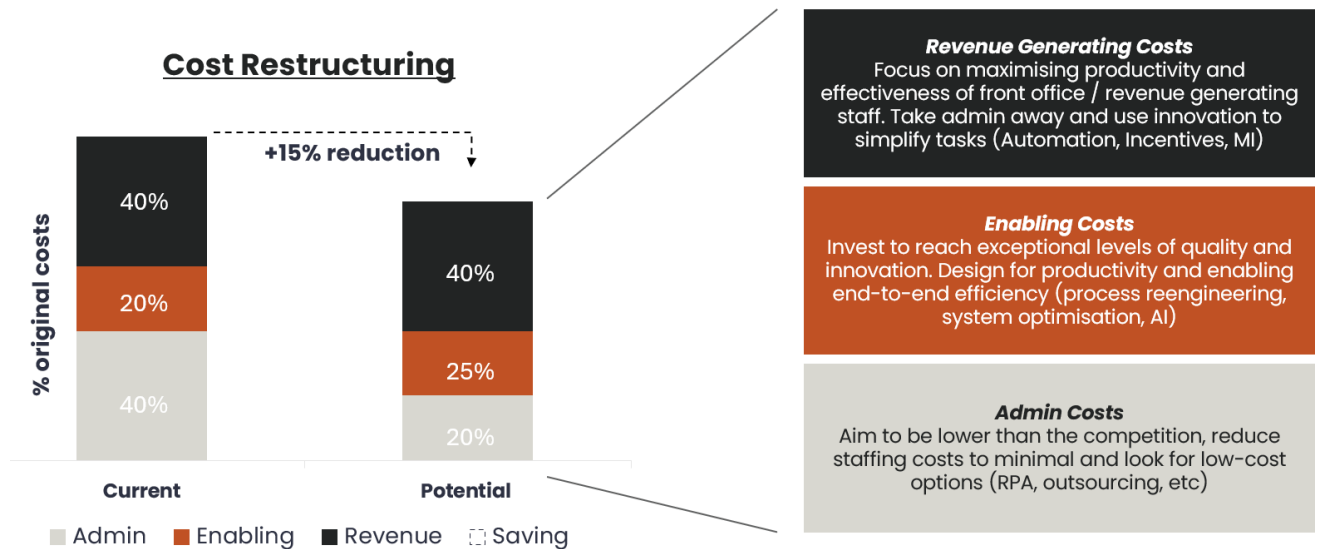
Approach: Target strategic investment, focus on highest-impact tools

3. Admin Costs

What: IT operations, back-office functions, corporate support

Objective: Minimise through automation and elimination

Approach: Same output for less investment



The Interconnected Cost System

Costs don't operate in isolation. Understanding their relationships is critical:

Admin inefficiency undermines revenue productivity

Sales professionals wasting time on administrative tasks, poor handoffs, and data correction aren't generating revenue.

Revenue growth builds admin costs

More customers create more data, transactions, compliance requirements, and quality issues that demand admin resources.

Enabling costs drive revenue productivity

Quality systems, analytics, and tools allow commercial teams to close deals faster and operate more efficiently.

Admin excellence enables technology effectiveness

Clean processes and standardised data allow enabling systems to deliver maximum value.

The implication: You cannot drive revenue productivity without first addressing administrative inefficiencies and enabling system limitations.

Four Cost Hypotheses

Why do costs remain higher than necessary? Four critical issues, ranked by difficulty:

1. Basic admin levers unpulled

Sourcing optimisation, location rationalisation, and automation opportunities remain unaddressed.

2. Unfocused enabling investment

Technology spending occurs in silos without clear productivity objectives or coordination.

3. Broken end-to-end processes

Poor data sharing, ineffective handoffs, and underutilised automation create inefficiency.

4. Low-quality revenue data

Sales professionals provide incomplete information, forcing back-office rework and reconciliation.

The Restructuring Framework

Admin Costs: Same for Less

- Reengineer processes
- Deploy automation and RPA
- Right-source and outsource

- Centralise admin functions
- Consolidate suppliers
- Reduce management layers
- Apply zero-based budgeting to change spend

Revenue Costs: Empower for Performance

- Enhance incentivisation
- Strengthen performance management
- Improve data quality at source
- Deploy sales enhancement tools
- Implement AI assistants
- Change ways of working

Enabling Costs: Target Strategic Investment

- Refocus investments on highest-impact areas
- Optimise core systems (CRM, product platforms)
- Automate data capture and processing
- Build front-to-back process excellence
- Deploy artificial intelligence strategically

Implementation Sequence

Successful transformation requires phased execution, prioritised by value and complexity:

Phase 1: Quick Wins (Build Momentum)

- Central hiring control
- Procurement quick wins
- Eliminate low-value change initiatives
- Centralise support functions
- Optimise marketing and sponsorship spend

Phase 2: Foundation Building (Create Capability)

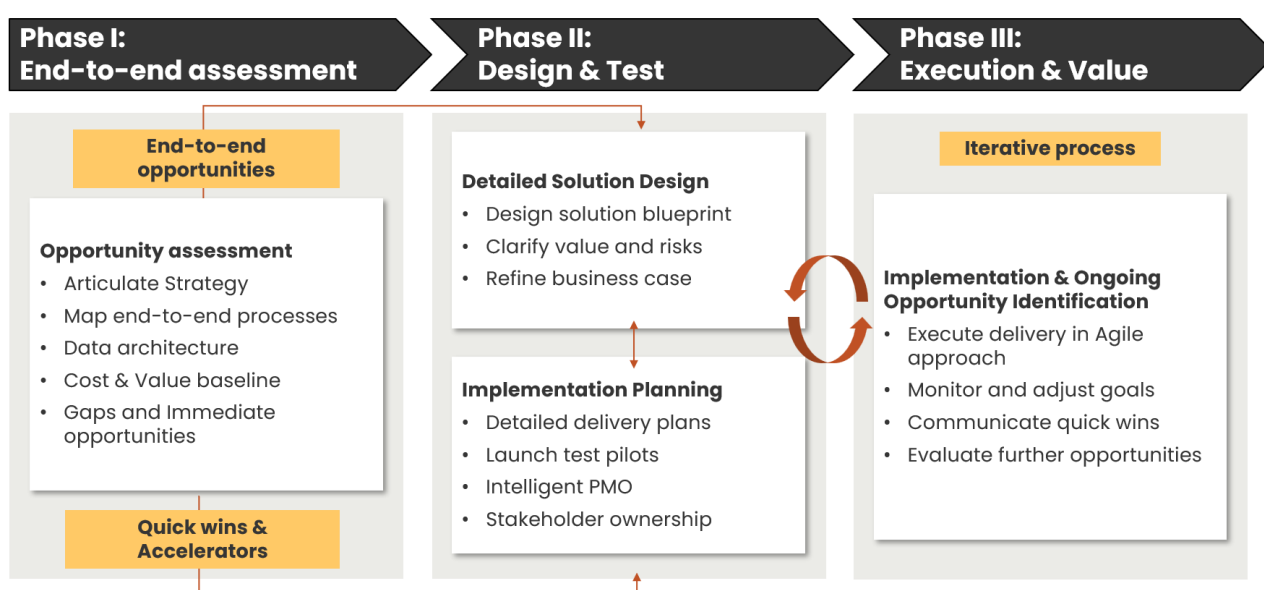
- Process automation for administrative tasks
- Customer self-service capabilities
- Product simplification
- Footprint rationalisation
- Technology sourcing optimisation
- Data infrastructure modernisation

Phase 3: Fundamental Transformation (Maximise Value)

- End-to-end delayering
- Salesforce effectiveness improvements
- Centralise front office support
- Outsource non-core administration
- Comprehensive procurement transformation

Critical principle: Build foundational capabilities before attempting high-complexity changes. Attempting fundamental transformation without operational stability leads to failure and disruption.

An analytical approach focused on identifying end-to-end value creation:



The Outcome

Effective cost restructuring delivers two results simultaneously:

Reduce total costs whilst **reshape the cost base** to support improved performance.

The goal is not cutting expenses across the board, but strategically reallocating resources towards revenue-driving activities whilst eliminating waste.

Organisations following this disciplined approach emerge not just leaner, but fundamentally stronger and better positioned for sustainable growth.

Next Steps

Diagnostic Assessment

Understand your current cost profile and identify high-impact opportunities across all three cost categories.

Sequenced Roadmap

Develop a value creation plan that builds capability whilst delivering tangible results.

Implementation Support

Execute with discipline, tracking both cost reduction and productivity improvement.

Contact us at contact@trimstone.com to discuss how this framework applies to your organisation.