

PRODUCT TEAM CASE STUDY

SAASAFRAS CASE





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Problem Statement

Planterbox Inc, a plant care software business, just acquired a regional plant care operator named SaaSafras based in the Southeastern US. My goal is to maximize SaaSafras' cumulative revenue over the next 24 months (the sum of all revenue generated over 24 months). Your responsibility is to determine where these 20 people will work each month for the next 24 months to maximize the cumulative revenue generated over the entire period.

Task:

The three roles are:-

New Business Acquisition

These people are responsible for selling and getting new customers in the door

Account Management

These people help existing customers; they drive revenue growth from the customers they work with and improve retention.

Support

These people solve customer problems; they improve retention for any active customer

Key Metrics :-

Total Customers: **1,000**

Organic Customer Acquisition: **25 customers per month**

Monthly Churn Rate: **10%**

Customer Satisfaction (CSAT): **70%**

Baseline Fee: **\$100 per month for the core product**



Evaluation Wireframe :-

New Business Acquisition:

- Each team member can acquire 5 new customers per month.
- The goal is to expand the customer base and generate new revenue streams by acquiring new customers.
- Allocating resources to new business acquisition ensures continuous growth and replenishment of the customer base.

Account Management:

- Account Managers increase revenue by 20% month-over-month for accounts they manage, up to a cap of 6 months.
- Revenue increase compounds by 20% each month until the 6th month, after which it remains flat.
- Each Account Manager can handle 25 customers.
- The objective is to maximize revenue from existing customers by providing personalized attention and value-added services.
- Allocating resources to account management ensures continued revenue growth and customer retention.

Support:

- Each support agent increases CSAT by 1 percentage point.
- Each point of CSAT leads to a 15% relative decrease in churn.
- The goal is to enhance customer satisfaction and reduce churn rates.
- Allocating resources to support ensures improved customer experience, higher retention rates, and sustained revenue growth.



ALLOCATION STRATEGY

New Business Acquisition:

Objective: Prioritize acquiring new customers to drive revenue growth

Allocate 8 team members to New Business Acquisition each month for the first 6 months.

Each team member can acquire 5 customers per month, potentially adding 40 new customers monthly.

After the initial 6 months, reduce the number of team members to 6 per month respectively to balance focus on maintaining existing customers while still acquiring new ones.

Account Management:

Objective: Increase revenue from existing customers through personalized attention

Initially assign 8 team members to Account Management initial 6 months.

Each Account Manager can handle 25 customers, ensuring focused growth for each account.

As cumulative revenue from account management reaches its cap after 6 months, gradually reduce the number of team members to 7 per month to maintain steady revenue from existing accounts.

Support (CSAT):

Objective: Enhance customer satisfaction and retention to drive sustained revenue growth.

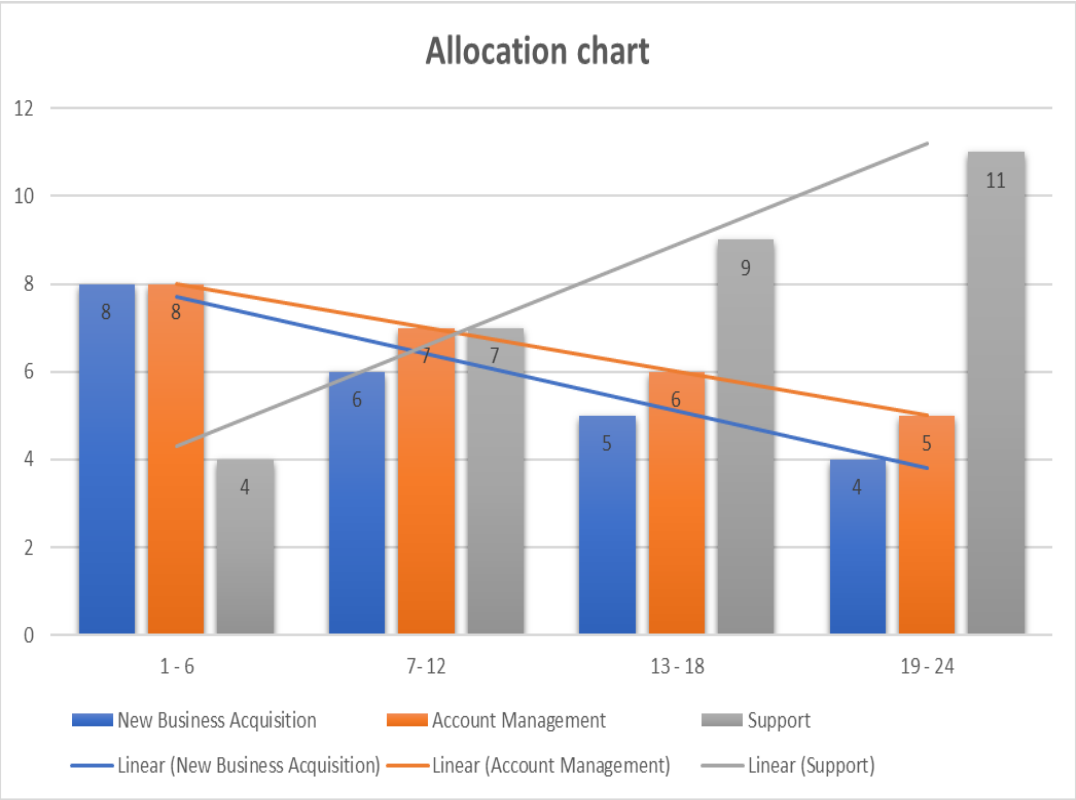
Initially 4 team members to Support initial 6 months then gradually increase in number 7, 9 & 11.

Each support agent can increase CSAT by 1 % point, leading to a relative decrease in churn.

Focus on addressing customer needs promptly and efficiently to retain more customers and reduce churn.



Analysis -



Months -	1 - 6	7- 12	13 - 18	19 - 24
New Business Acquisition	8	6	5	4
Account Management	8	7	6	5
Support	4	7	9	11



Calculation & Metrics -

Months -	1 - 6		Result	7- 12		Result	13 - 18		Result	19 - 24		Result
	Member	values		Member	values		Member	values		Member	values	
New Business Acquisition	8	5	48	6	5	30	5	5	25	4	5	20
Account Management	8	25	200	7	25	175	6	25	150	5	25	125
Support	4	1.00%	4.00%	7	1.00%	7.00%	9	1.00%	9.00%	11	1.00%	11.00%



Reason of Decision -

New Business Acquisition:

- Initial focus on acquiring new customers to rapidly expand SaaSafra's customer base.
- Immediate revenue growth expected from new customer acquisitions.
- Transition to a balanced approach after the initial phase to maintain growth while prioritizing customer satisfaction.

Account Management:

- Allocation of resources to account management ensures personalized attention to existing customers.
- Gradual reduction of Account Managers aligns with the revenue growth cap, optimizing resource allocation.
- Maintains steady revenue from existing accounts while allowing resources to be reallocated to other areas.

Support:

- Investment in support ensures high customer satisfaction, a key driver of customer retention.
- Dedicated support team addresses customer needs promptly and efficiently, enhancing customer experience.
- Improved retention rates and reduced churn contribute to long-term revenue growth.
- Focus on maintaining a positive relationship with customers, ensuring continued business success.



Conclusion

This strategy aims to balance customer acquisition, revenue growth, and customer satisfaction over the next 24 months. By focusing on these key areas and adapting our team's roles over time, we can maximize SaaSafra's cumulative revenue and build a strong foundation for sustainable growth.

Focusing on improving CSAT through enhanced training, feedback mechanisms, and recognition will not only reduce churn but also strengthen our customer relationships. This approach aligns with our long-term goal of creating a loyal customer base that continues to grow with SaaSafra.



Q&A –

Why are they working there?

- **New Business Acquisition:** High importance in the initial months to build a strong customer base.
- **Account Management:** Vital for revenue growth and improving customer retention by building strong relationships.
- **Support:** Essential for maintaining high CSAT scores, which directly affects customer churn rates.

Variable

If I had a magic wand, I would improve the CSAT score. Increasing CSAT upto 70% to 85% could significantly reduce churn and enhance customer loyalty.

Approach -

- **Training:** Implement regular training sessions to enhance product knowledge and customer service skills.
- **Follow-up Loop:** Create a systematic feedback mechanism where customers can provide insights and suggestions.
- **Recognition:** Reward team members who consistently achieve high CSAT scores to motivate the team.



THANK YOU

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