**APM Case Study**

Planterbox Inc, a plant care software business, just acquired a regional plant care operator named SaaSafras based in the Southeastern US.

SaaSafras’ business has been stable with some organic growth and some natural churn. Planterbox has identified you as a rising star within the org and you’ve been hand picked to run the newly acquired business after the previous CEO of SaaSafras retired and sold their business. You’re excited for the opportunity and your first project is to figure out how you can grow SaaSafras’ revenue (Planterbox decided they loved the name too much, even though they acquired the company they’ll keep the SaaSafras name).

As part of the acquisition, you’ve inherited 20 great people who can do it all between sales, account management and support. Unfortunately, doing it all has come at a cost and productivity has been lower than if they had specialized in any of the individual roles (and they are begging for specialization as well). Going forward each person will only perform one core role at a time. While each person will only perform one role at a time they can switch to another role at the start of any month - one person could cycle through every job without a loss in productivity.

**Your goal is to maximize SaaSafras’ run rate revenue 12 months from now** (revenue in month 12 only, not cumulative revenue)**.** Your responsibility is to determine where these 20 people will work for the next 12 months, and at the end of month 12 you should be generating the maximum amount of revenue in that month.

The three roles are:

1. New Business Acquisition
   1. These people are responsible for selling and getting new customers in the door
2. Account Management
   1. These people help existing customers; they drive revenue growth from the customers they work with and improve retention
3. Support
   1. These people solve customer problems; they improve retention for any active customer

SaaSafras has some key metrics that won’t change with the acquisition. The business currently has 1,000 customers. SaaSafras acquires 25 customers a month organically through great branding and customer referrals. Some customers turn to other, more specialized solutions and monthly churn is 10%. There has been a standalone support org in addition to your swiss army knife team, and support’s CSAT (Customer Satisfaction) has been steady at 70% for several years. SaaSafras doesn’t offer any discounts and every active customer pays $100 a month for the core product.

***Team specifics are below:***

People who work on New Business Acquisition acquire 5 new customers a month.

Account Managers cause a 5% relative decrease in churn for the customers they manage and they also increase revenue by 25% for the customers they manage. If a customer has an account manager and then loses the account manager their metrics (churn and revenue per month) return to the baseline, but there isn’t a negative consequence. Each Account Manager can carry 25 customers.

Each support agent increases CSAT by 1 percentage point. Each point of CSAT leads to a 15% relative decrease in churn.

SaaSafras needs you to make a decision - how many people will work on acquiring new business, account management, and support? Why are they working there, and what’s your plan to make sure you’ve made the right resource allocation decisions? We care about your understanding of the why behind your decisions just as much as we care about the actual decision, so please explain your reasoning, not just the conclusion (i.e. don’t rely too much on solver / other tools).

**OUTPUT**  
  
To maximize SaaSafras' run rate revenue 12 months from now, we need to strategically allocate the 20 people across the New Business Acquisition, Account Management, and Support roles based on the context provided. I will break down the decision and reasoning for each role:

1. New Business Acquisition:

-Number of People: 6 people

-Why: Acquiring new customers is vital for revenue growth. With 1,000 customers and organic growth of 25 customers per month, focusing on new acquisitions will help expand the customer base and contribute to revenue.

-Plan: Each person acquires 5 new customers per month. Total new customers acquired per month: 6 people \* 5 customers/person = 30 customers.

2. Account Management:

-Number of People: 8 people

-Why: Account management is critical for increasing customer retention and revenue growth. The 5% relative decrease in churn and 25% increase in revenue per customer managed can have a significant positive impact.

-Plan: Each Account Manager can handle 25 customers. Total customers managed per month: 8 people \* 25 customers/person = 200 customers.

3. Support:

-Number of People: 6 people

-Why: Support plays a key role in improving customer satisfaction (CSAT) and reducing churn. A 1 percentage point increase in CSAT leads to a 15% relative decrease in churn, which directly impacts revenue retention.

-Plan: Each support agent increases CSAT by 1 percentage point. Since CSAT is currently 70%, the potential improvement is significant. Total CSAT improvement potential: 30 percentage points (6 people \* 1 point/person \* 12 months). This would lead to a relative churn reduction of 450% (30 points \* 15%).

Result: With 450% relative churn reduction, the churn rate effectively becomes -350%, meaning an expansion of the customer base.

**Resource Allocation Plan:**

New Business Acquisition: 6 people acquiring 30 new customers per month.

Account Management: 8 people managing 200 existing customers per month.

Support: 6 people increasing CSAT by 30 points over 12 months, resulting in a significant churn reduction.

**Reasoning:**

* Prioritizing new business acquisition allows for consistent growth of the customer base.
* Account management contributes to customer retention and revenue growth, with the potential to manage a sizable portion of the existing customer base.
* Support, while handling customer problems, directly impacts churn reduction.
* improved CSAT, leading to revenue retention and even potential expansion.

This allocation maximizes the strengths of each role to drive revenue growth and retention, capitalizing on the synergy between customer acquisition, management, and support. It addresses both short-term growth (acquisition) and long-term sustainability (retention), aligning with SaaSafras' goal of maximizing revenue.