

## **Alcumus Case Study Renewing Customers Analysis Findings**

### **Note On Analysis:**

In the Renewing Customers Analysis, I “placed myself in 2020”. The reason for doing this is that some prospect statuses were marked as “Need Time to Consider” or related so it made more sense to re-categorize them as “Pending” as technically they aren’t lost yet, and could give additional insight as to what bottlenecks occur in the renewal process.

Also, COVID is briefly mentioned throughout as its impact on industries SafeContractor operates in is undeniable, however I didn’t want to base my entire analysis around it.

### **1. ‘Not Value for Money’ → Top Contributor to Customer Churn**

Out of all customers lost, 33.38% cited ‘Not Value for Money’ as their reason which totals for \$68.8K in lost revenue (31.88% of total).

Band pricing tiers contributing the most to lost revenue here are:

- Band B (\$22.8K, 114 Lost)
- Band C1 (\$13.8K, 46 Lost)

Band tiers with notable churn rates due to Insufficient Derived Value:

- Band A (62.07%)
- Band G (40%, )
- Band C2 (17%)
- Rest of bands hover around 30-34%

Band A and Band G show opposite ends of the pricing tiers experiencing value perception issues. Band A (Mostly Sole Traders) may be struggling to afford low prices or not be finding work at all aside from a few small contracts while those in Band G (~250+ employees) may have higher expectations that weren’t met. To be honest, more information would be needed (Hiring client hiring trends, any other sort of operational data) to be fully able to pinpoint where more value could be added, and this goes for most of my recommendations.

### **Recommendation:**

- Exit interviews where customer is asked to explain why they didn’t get their value for money would reveal key contributors to their reasoning
- Investigate whether lower band clients (A, B) have a harder time finding contracts, maybe promote smaller businesses to hiring clients to aid in their mission to find more work

- Check-ins throughout the year (if possible) to proactively try to increase derived value based on Feedback

## **2. Unresponsive Clients causing Potential Revenue Loss of \$78.9K**

Bands with highest rate of no response:

- Band A: 39.22%
- Band B: 29.88%
- Band C1: 21.82%

Note that responses may be due to uncertainty revolving around COVID and clients unsure of if they'll be able to keep finding work or even work at all...

### **Recommendation:**

- Establish several channels of communication upon customer registration
- Ensure customers receive communication from SafeContractor via email in their main inbox, not spam
- If possible, check-ins throughout year to gather feedback on the contractor's experience, try to make improvements during the year and communicate through established channels when renewal date approaching
- Even a 25% conversion from unresponsive to renewed would bring back just under \$20K in revenue

## **3. \$77.6K Revenue Lost Due to Circumstantial Reasons**

- No Longer Trading: \$47K lost, 61.7% of total circumstantial customer losses
- Do not Work for Client: \$25.1K lost, 30.42% of total

### **Recommendation:**

- None to make as these are circumstantial, besides maybe investigating why certain contractors lost their anchor clients. Even in these cases, could be anchor client closures due to COVID as this data is from 2020

#### **4. SSIP Members → Higher renewal rates (1.84x more likely)**

Overall renewal rate of 8.66% among those who were SSIP Members vs 4.81% among those who aren't. Rates increase or decrease based on certain factors such as Bands (more employees → Higher renewal rates) and industry. Also, Health and safety standards only became more crucial during 2020 due to workplace restrictions and guidelines, better positioning SSIP members to find work during this time period.

##### **Recommendation:**

- Increase SSIP awareness among those who aren't members in SafeContractor's network and explain how it can help them find more work, give examples of SSIP members who were able to find more work
- Target existing SSIP members which would allow for faster and easier integration into Safecontractor's network

#### **5. Majority of Remaining Revenue Lost (\$47.4K) → Unknown (\$32.5K) & Loss to Competitor (\$14.9K)**

- Unknown → Not much to be said
- Competitor losses → Direct feedback from customers would be most valuable. The data also tells us that 32 (~89%) of those who left for competitors were limited companies, and the other 4 were Sole Proprietors/Traders.
- Also, a bit over half (55%) of those that left for a competitor were in construction or manufacturing, but this only makes up for a total of 20 lost clients, small compared to the scale of the data

##### **Recommendation:**

- See what competitors are offering (price, processing times, features, regional presence, any specific industry specializations, looser accreditation requirements)
- Exit Interviews with clients as to why they're switching and see if patterns arise, this would be most valuable
- Potentially offer lower subscription price/price match but with caution, as if other contractors catch on then there will be more asking for reduced subscription prices

## **Note on Current Live Customers**

- Highest Customer Lifetime Value (subsidiaries included) = \$34K, a mere fraction compared to annual subscription revenue of \$4.34M of customer base
- Interpretation: SafeContractor's business model is one that thrives on volume, and their operations/revenue don't depend on a small number of clients
- Lower Employee Bands (Aside from Band A) → Highest contributors to Annual Subscription Revenue