

# Phoenix Branch Consolidation Analysis

## Final 3-Branch Structure with Tucson Integration

**Date:** October 29, 2025

**Analysis Type:** Strategic Reorganization & Customer Retention Analysis

### Executive Summary

This analysis presents the final consolidation of Phoenix swimming pool service operations from 11 proposed territories into 3 strategic branches (West, Central, and East), incorporating specific reassignments requested and integrating unassigned Tucson peripheral accounts into the East Area.

### Key Metrics

Metric	Value
<b>Total Active Accounts</b>	1,641
<b>Total Terminated Accounts (5yr)</b>	7,022
<b>Overall 5-Year Churn Rate</b>	81.06%
<b>Overall 5-Year Retention Rate</b>	18.94%
<b>Total Lost Revenue (5yr)</b>	\$12,034,302.81
<b>Average Annual Lost Revenue</b>	\$2,406,860.56

### Final 3-Branch Structure

#### West Area

- **Active Accounts:** 360 (21.9% of total)
- **Terminated Accounts (5yr):** 1,897
- **5-Year Churn Rate:** 83.85%
- **5-Year Retention Rate:** 16.15%
- **Lost Revenue (5yr):** \$3,084,676.33
- **ZIP Codes Covered:** 33
- **Original Branches Included:**
  - Branch 5 - Peoria/Surprise North (104 active)
  - Branch 6 - Glendale/West PHX (134 active)
  - Branch 7 - Southwest Valley/Laveen (122 active)

**Geographic Coverage:** West Phoenix, Glendale, Peoria, Surprise, Southwest Valley, Laveen, Buckeye, Goodyear

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## Central Area

- **Active Accounts:** 596 (36.3% of total)
- **Terminated Accounts (5yr):** 2,680
- **5-Year Churn Rate:** 82.46%
- **5-Year Retention Rate:** 17.54%
- **Lost Revenue (5yr):** \$4,553,761.44
- **ZIP Codes Covered:** 52
- **Original Branches Included:**
  - Branch 1 - North Scottsdale (195 active) [MOVED per request]
  - Branch 2 - Central Scottsdale/PV (92 active)
  - Branch 3 - North Phoenix I-17 (135 active)
  - Branch 4 - Central PHX/South (174 active)

**Geographic Coverage:** North Scottsdale, Central Scottsdale, Paradise Valley, North Phoenix, Central Phoenix, South Phoenix

**Note:** Branch 1 (North Scottsdale) was moved from the original East assignment to Central Area per user request.

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## East Area

- **Active Accounts:** 685 (41.8% of total)
- **Terminated Accounts (5yr):** 2,445
- **5-Year Churn Rate:** 77.53%
- **5-Year Retention Rate:** 22.47% ✓ **HIGHEST**
- **Lost Revenue (5yr):** \$4,395,865.04
- **ZIP Codes Covered:** 48
- **Original Branches Included:**
  - Branch 8 - Tempe/Chandler West (170 active)
  - Branch 9 - Chandler/Gilbert South (149 active)
  - Branch 10 - Mesa Central/Gilbert East (131 active) [MOVED per request]
  - Branch 11 - Mesa East/Pinal Outliers (72 active) [MOVED per request]
  - **Tucson Peripheral Areas** (163 active) [ADDED per request]

**Geographic Coverage:** Tempe, Chandler, Mesa, Gilbert, Gold Canyon, Apache Junction, Casa Grande, Maricopa, San Tan Valley, Coolidge, Arizona City, Florence, Eloy

### **Note:**

- Branches 10 and 11 were moved from their original assignments to East Area per user request
  - Added 163 active accounts from Tucson peripheral areas (Casa Grande, Maricopa, San Tan Valley, Coolidge, Arizona City, Florence, Eloy) that were previously unassigned
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## Tucson Integration Details

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### Accounts Added to East Area

The following Tucson peripheral area accounts were added to the Phoenix East Area:

- **Total Accounts Added:** 778
- Active: 163
- Terminated (5yr): 615
- **ZIP Codes Added:** 11 (85122, 85123, 85128, 85131, 85132, 85138, 85139, 85143, 85143-6121, 85193, 85194)
- **Cities Included:**
  - Casa Grande (483 accounts - largest component)
  - Maricopa (105 accounts)
  - San Tan Valley (42 accounts)
  - Coolidge (51 accounts)
  - Arizona City (42 accounts)
  - Florence (23 accounts)
  - Eloy (15 accounts)
  - Queen Creek (16 accounts)
  - San Tan (1 account)

#### **Integration Impact:**

- These accounts are flagged as “Tucson-Unassigned” in the data for tracking purposes
  - They were identified as unassigned territories in the Tucson decentralization analysis
  - Geographic proximity to Phoenix East area makes this a logical assignment
  - Adds 163 active accounts to East Area’s portfolio
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## Reassignment Summary

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### Changes Applied

1. **Branch 1 (North Scottsdale) → Central Area**
  - Originally proposed for another area
  - Now consolidated with Central Scottsdale and North Phoenix territories
  - Adds 195 active accounts to Central Area
2. **Branch 10 (Mesa Central/Gilbert East) → East Area**
  - Moved per user request
  - Adds 131 active accounts to East Area
3. **Branch 11 (Mesa East/Pinal Outliers) → East Area**
  - Moved per user request
  - Adds 72 active accounts to East Area
4. **Tucson Peripheral Accounts → East Area**
  - Added 163 active accounts from unassigned Tucson territories
  - Represents geographic expansion into Pinal County areas
  - Maintains separate tracking for Tucson-originated accounts

## Branch Size Distribution

The three branches are **NOT equal in size**, as requested:

Area	Active Accounts	% of Total	Size Category
<b>East</b>	685	41.8%	Largest
<b>Central</b>	596	36.3%	Medium
<b>West</b>	360	21.9%	Smallest

### Rationale for Unequal Distribution:

- East Area has the **lowest churn rate** (77.53%) and **highest retention rate** (22.47%)
- Geographic spread in East Area requires more accounts to maintain operational efficiency
- Integration of Tucson peripheral areas naturally increases East Area size
- West Area's smaller size allows for focused retention improvement efforts

## Retention Analysis & Strategic Insights

### Performance by Area

#### East Area: Best Retention Performance ✓

- **5-Year Retention Rate:** 22.47% (Best)
- **5-Year Churn Rate:** 77.53% (Lowest)
- **Average Annual Lost Revenue:** \$879,173.01
- **Strategic Strength:** Highest retention despite being the largest branch
- **Key Advantage:** Chandler, Gilbert, and Mesa markets showing better customer loyalty

#### Retention Opportunities:

- Leverage East Area's success factors (service quality, customer relationships, geographic efficiency)
- Document and replicate best practices from East Area to other branches
- Strong foundation for integrating Tucson peripheral accounts

#### Central Area: Moderate Retention Performance

- **5-Year Retention Rate:** 17.54%
- **5-Year Churn Rate:** 82.46%
- **Average Annual Lost Revenue:** \$910,752.29
- **Strategic Challenge:** High churn in premium market (Scottsdale, Paradise Valley)
- **Risk Factor:** Highest annual revenue loss per branch

#### Retention Opportunities:

- Focus on high-value account retention in Scottsdale/PV areas
- Address service quality issues in Central Phoenix
- Implement targeted retention programs for premium customers

#### West Area: Highest Churn Challenge ⚠

- **5-Year Retention Rate:** 16.15% (Lowest)

- **5-Year Churn Rate:** 83.85% (Highest)
- **Average Annual Lost Revenue:** \$616,935.27
- **Strategic Challenge:** Consistently losing over 4 out of 5 customers within 5 years
- **Risk Factor:** Most critical area for retention improvement

#### **Retention Opportunities:**

- Highest priority for retention intervention
  - Investigate root causes: service quality, pricing, competition, geographic challenges
  - Consider market-specific retention strategies for Peoria/Surprise and Southwest Valley
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## **Geographic Distribution Analysis**

### **ZIP Code Coverage**

<b>Area</b>	<b>ZIP Codes</b>	<b>Avg Active Accounts per ZIP</b>	<b>Geographic Density</b>
<b>West</b>	33	10.9	Lower density, more spread
<b>Central</b>	52	11.5	High density, urban core
<b>East</b>	48	14.3	Moderate density, suburban

### **Key Geographic Insights**

1. **Central Area** has the most ZIP codes (52) but moderate account density, indicating wide market penetration across Phoenix core
  2. **East Area** has the highest account density per ZIP (14.3), suggesting strong market presence
  3. **West Area** has the lowest density, indicating potential for market growth or operational efficiency challenges
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## **High-Priority ZIP Codes for Retention**

The following ZIP codes have **churn rates above 80%** and should be prioritized for retention improvement:

#### **West Area High-Priority ZIPs:**

- 85308 (Glendale) - 84.05% churn, 41 active accounts
- 85383 (Peoria) - 85.12% churn
- 85339 (Southwest Valley) - 83.06% churn, 31 active accounts

#### **Central Area High-Priority ZIPs:**

- 85254 (North Scottsdale) - 73.58% churn, 56 active accounts (highest active count)
- 85018 (Central Scottsdale) - 82.64% churn, 25 active accounts

- 85028 (North Phoenix) - High churn

## East Area High-Priority ZIPs:

- All East Area ZIPs show lower churn compared to other areas, but still monitor:
  - 85249 (South Chandler) - 77.24% churn, 33 active accounts
  - 85048 (Chandler West) - 76.52% churn, 27 active accounts
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## Financial Impact Analysis

### 5-Year Lost Revenue by Area

Area	Total Lost Revenue	% of Total Lost	Avg Annual Loss	Avg Loss per Terminated Account
<b>Central</b>	\$4,553,761.44	37.8%	\$910,752.29	\$1,699.17
<b>East</b>	\$4,395,865.04	36.5%	\$879,173.01	\$1,797.89
<b>West</b>	\$3,084,676.33	25.6%	\$616,935.27	\$1,626.17
<b>TOTAL</b>	<b>\$12,034,302.81</b>	100%	<b>\$2,406,860.56</b>	<b>\$1,713.72</b>

### Revenue Retention Opportunity

If overall retention rate improves from **18.94%** to **25%** (still below industry standards):

- **Potential Annual Revenue Saved:** ~\$460,000
- **5-Year Revenue Impact:** ~\$2,300,000

If retention matches **East Area's performance (22.47%)** across all branches:

- **Potential Annual Revenue Saved:** ~\$240,000
  - **5-Year Revenue Impact:** ~\$1,200,000
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## Strategic Recommendations

### Immediate Actions (Next 90 Days)

- 1. Launch West Area Retention Task Force**
  - Highest churn rate (83.85%) requires immediate attention
  - Conduct root cause analysis: service quality audits, customer surveys, competitive analysis
  - Implement quick-win retention tactics (customer appreciation, proactive communication)
- 2. Document East Area Best Practices**
  - East Area has the best retention (22.47%)
  - Interview managers, analyze operational differences
  - Create playbook for other areas to replicate

### **3. High-Value Account Protection (Central Area)**

- Central Area has highest average revenue loss per terminated account (\$1,699)
- Implement white-glove service program for high-value customers
- Focus on Scottsdale/Paradise Valley premium accounts

### **4. Tucson Integration Planning**

- Develop operational plan for serving Casa Grande, Maricopa, and peripheral areas
- Assess routing efficiency and service coverage
- Communicate branch assignment changes to Tucson peripheral customers

## **Medium-Term Initiatives (3-6 Months)**

### **1. Branch-Specific Retention Programs**

- West: Focus on price value communication and service consistency
- Central: Premium service differentiation for high-value markets
- East: Maintain and enhance current retention drivers

### **2. Geographic Optimization**

- Review routing efficiency across all three branches
- Identify any ZIP codes that might benefit from reassignment
- Optimize service territories within each branch

### **3. Data-Driven Monitoring**

- Establish monthly retention dashboards for each branch
- Track leading indicators (service complaints, payment issues, communication gaps)
- Set quarterly retention improvement targets by branch

## **Long-Term Strategic Goals (6-12 Months)**

### **1. Achieve 25% Overall Retention Rate**

- Current: 18.94%
- Target: 25% (32% improvement)
- Financial impact: ~\$2.3M over 5 years

### **2. Reduce Branch Performance Gap**

- Bring West Area retention from 16.15% to at least 20%
- Maintain East Area's 22.47% retention rate
- Improve Central Area from 17.54% to 20%+

### **3. Operational Excellence**

- Standardize service quality across all branches
- Implement consistent customer communication protocols
- Develop branch manager accountability metrics tied to retention

## **Implementation Roadmap**

### **Phase 1: Preparation (Months 1-2)**

- Finalize branch manager assignments
- Communicate changes to staff and customers
- Update CRM systems with new branch assignments
- Train teams on retention-focused service approach

## Phase 2: Launch (Months 3-4)

- Official branch reorganization effective date
- Launch retention initiatives by branch
- Begin Tucson peripheral area integration
- Establish baseline metrics and monitoring

## Phase 3: Optimization (Months 5-8)

- Review early performance data
- Adjust strategies based on results
- Scale successful retention tactics
- Address any operational issues

## Phase 4: Maturation (Months 9-12)

- Achieve target retention rates
  - Document lessons learned
  - Prepare for future expansion decisions
  - Evaluate success and plan next phase
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## Risk Factors & Mitigation

### Key Risks

#### 1. Service Disruption During Transition

- Risk: Customer confusion, service gaps during reorganization
- Mitigation: Clear communication plan, phased rollout, temporary overlap coverage

#### 2. Tucson Integration Challenges

- Risk: Long distances to Casa Grande/Maricopa areas from Phoenix East base
- Mitigation: Assess sub-routing options, consider satellite service points, evaluate profitability

#### 3. Retention Programs Fail to Deliver

- Risk: Churn rates remain high despite interventions
- Mitigation: Pilot programs first, measure rigorously, be ready to pivot strategies

#### 4. Branch Manager Capacity

- Risk: Larger territories may overwhelm management capacity
  - Mitigation: Provide adequate support staff, consider assistant managers, use technology for efficiency
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## Success Metrics

### Primary Metric: Customer Retention

- **Current:** 18.94% (5-year retention rate)
- **Target (12 months):** 23% (+22% improvement)
- **Stretch Goal (18 months):** 25% (+32% improvement)

## Secondary Metrics:

- Monthly churn rate by branch
- Revenue retention rate
- Customer satisfaction scores
- Net Promoter Score (NPS)
- Average account lifetime value
- Service quality metrics (response time, completion rate, re-service rate)

## Branch-Specific Targets:

Area	Current Retention	12-Month Target	18-Month Target
<b>West</b>	16.15%	19%	21%
<b>Central</b>	17.54%	20%	22%
<b>East</b>	22.47%	24%	26%

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## Appendix: Data Sources

### 1. SJ Proposed Phoenix Branch Analysis By Zip Code (1).xlsx

- Phoenix active accounts data
- Phoenix terminated accounts data (5-year history)
- Original 11-branch proposed structure
- ZIP code analysis

### 2. Tucson CG List Active and InActive.csv

- Tucson and peripheral area accounts
- Casa Grande, Maricopa, San Tan Valley, Coolidge, and other outlying areas
- Active and terminated account status

### 3. Analysis Methodology

- 5-year historical churn analysis (2020-2025)
- ZIP code aggregation
- Branch consolidation mapping
- Retention rate calculation:  $(\text{Current Active} / \text{Total Historical}) \times 100$
- Churn rate calculation:  $(\text{5-Year Terminated} / \text{Total Historical}) \times 100$

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## Contact & Next Steps

This analysis provides the foundation for the Phoenix 3-branch consolidation strategy. The reorganization positions the company for improved customer retention through focused management, geographic optimization, and targeted retention initiatives.

### Recommended Next Steps:

1. Review and approve final 3-branch structure
2. Assign branch managers and leadership teams

3. Develop detailed implementation timeline
  4. Launch retention task forces by branch
  5. Begin customer communication strategy
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**Document Prepared:** October 29, 2025

**Analysis Version:** Final - With Tucson Integration

**Data Currency:** Through October 2025