

Phoenix Branch Reorganization

Executive Summary & Key Recommendations

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Prepared for: National Swimming Pool Service Company

🎯 Critical Findings at a Glance

Finding	Impact	Action Required
85% Customer Churn	\$11.5M lost annual revenue	URGENT: Implement retention improvements
22 Unassigned ZIP Codes	1,354 accounts (14% of total) with no branch assignment	IMMEDIATE: Add ZIP assignments before rollout
Wide Branch Size Variation	72 to 195 accounts per branch	Review financial viability of small branches
0.63% Market Penetration	Massive untapped market (236K potential pools)	Focus on retention before growth



The Numbers

Current State

- Total Current Accounts:** 1,481
- Terminated Accounts (5 years):** 8,556
- Overall Retention Rate:** 14.75% ⚠️
- Lost Annual Revenue:** \$11,505,900
- Market Potential:** 236,635 pools
- Current Market Penetration:** 0.63%

Branch Performance Range

- Best Retention:** Chandler/Gilbert South (19.10%)
- Worst Retention:** Peoria/Surprise North (11.01%)
- Largest Branch:** North Scottsdale (195 accounts after ZIP assignments)
- Smallest Branch:** Mesa East/Pinal (72 accounts)

Critical Issue: Unassigned ZIP Codes

Problem: 22 ZIP codes with 1,354 total accounts are NOT assigned to any branch.

Top 5 Unassigned ZIPs by Volume:

1. **85254** - 277 accounts → Recommend: North Scottsdale
2. **85028** - 156 accounts → Recommend: North Phoenix I-17
3. **85032** - 131 accounts → Recommend: North Phoenix I-17
4. **85248** - 105 accounts → Recommend: Chandler/Gilbert South
5. **85257** - 95 accounts → Recommend: Central Scottsdale/PV

Action Required: Review and approve 19 ZIP code assignment recommendations in detailed report.



Recommended Phased Rollout

Phase 1: Q1-Q2 2026 (Launch 3-4 Branches)

Priority	Branch	Current Accounts	Retention %	Why This Branch?
1	Central PHX / South	174	13.59%	Largest account base, highest revenue at risk (\$1.75M)
2	Tempe / Chandler West	170	16.80%	Second-largest, major East Valley hub
3	Glendale / West PHX	134	13.48%	West Valley anchor, \$1.2M revenue at risk
4	North Scottsdale	195	16.13%	High-value market, brand reputation

Coverage: These 4 branches represent 673 accounts (47% of total) and provide geographic diversity across the metro area.

Phase 2: Q3-Q4 2026 (Next 4 Branches)

- Southwest Valley / Laveen
- Peoria / Surprise North
- Central Scottsdale / PV
- North Phoenix I-17

Phase 3: Q1-Q2 2027 (Final 3 Branches)

- Mesa Central / Gilbert East
 - Chandler / Gilbert South
 - Mesa East / Pinal Outliers
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Strategic Recommendations

1. Fix Retention BEFORE Focusing on Growth (URGENT)

Current Problem: 85% customer churn is unsustainable

Target: Improve to 25% retention Year 1, 35% by Year 2

Financial Impact: Each 10-point retention improvement = \$2.3M annual recurring revenue saved

Actions:

- Conduct exit interviews to understand churn drivers
- Implement customer success management program
- Establish retention-focused KPIs for all GMs
- Address service quality and communication issues

2. Assign Unassigned ZIP Codes (IMMEDIATE)

- Approve 19 ZIP code recommendations (see detailed report)
- Update Phoenix Branch Breakout document
- Communicate assignments to affected customers
- Ensure CRM/routing systems reflect new assignments

3. Validate Financial Model

- Re-run financial projections with actual account distributions
- Determine minimum viable branch size
- Consider tiered branch models (GM vs. SSP-led) for smaller branches
- Ensure Phase 1 branches are financially sustainable

4. Organizational Structure Adjustments

Add:

- Regional Customer Success Manager (supports multiple branches)
- Quality Assurance role
- Training & Development coordinator

Reconsider:

- Whether smallest branches (72-92 accounts) need full GM or can share resources
- Branch consolidation for Mesa East/Pinal and Central Scottsdale/PV

5. Market-Specific Strategies

- **High-Value Markets** (Scottsdale, PV): Premium service, concierge model
 - **Growth Markets** (Southwest Valley): Capture new construction
 - **Dense Urban** (Central PHX, Tempe): Efficient routing, volume model
 - **Suburban** (Chandler, Gilbert): Family-focused, reliable service
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Success Metrics to Track

Primary (Retention Focus)

- Month-over-month retention rate by branch
- Churn reasons (categorized)
- Win-back rate for terminated accounts
- Net Promoter Score (NPS)

Operational

- Accounts per technician
- Drive time as % of total time
- First-call resolution rate
- Service call response time

Financial

- Revenue per account (AMR)
 - Labor cost as % of revenue
 - Branch-level EBITDA
 - Customer acquisition cost vs. lifetime value
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Immediate Next Steps (This Week)

- [] **Review** ZIP code assignment recommendations
 - [] **Validate** financial model with updated account distributions
 - [] **Confirm** Phase 1 branch selection and timeline
 - [] **Launch** customer research: Why 85% churn?
 - [] **Begin** Phase 1 GM recruitment/selection
 - [] **Prepare** customer communication strategy
 - [] **Assess** retention improvement initiatives needed
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Key Takeaways

1. **The Real Problem:** 85% customer churn, not branch size. Reorganization is an opportunity to improve retention, but must be coupled with systematic improvements.
 2. **Territory Gap:** 14% of accounts are in unassigned ZIP codes. This must be fixed immediately.
 3. **Phased Approach Essential:** Wide variation in branch characteristics requires cautious rollout. Start with 3-4 branches, learn, adjust, proceed.
 4. **Massive Opportunity:** At 0.63% market penetration with 236K potential customers, growth opportunity is enormous—but only after fixing retention.
 5. **Financial Validation Needed:** Some branches may not be viable at current sizes without adjustments.
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Supporting Documents

Main Report: Phoenix_Branch_Reorganization_Strategic_Analysis.md (34-page comprehensive analysis)

Data Files:

- Phoenix_Branch_Analysis_Complete.xlsx - All data in Excel format
- zip_code_recommendations.csv - Detailed ZIP assignment recommendations
- branch_statistics_with_assignments.csv - Updated branch metrics
- branch_priority_scores.csv - Rollout sequencing analysis

Visualizations (6 interactive HTML charts):

- Account distribution by branch
- Retention rates comparison
- Lost revenue analysis
- Market penetration analysis
- Performance matrix
- Rollout priority ranking

? Key Questions for Leadership

1. **Retention Deep Dive:** What resources are available for customer research and retention improvements? This is more urgent than the reorganization itself.
 2. **Financial Thresholds:** What is the minimum viable branch size? Should branches below this be merged or use alternative models?
 3. **Investment Budget:** Is there allocated budget for retention initiatives, CRM improvements, training? Expected ROI?
 4. **Timeline Flexibility:** Is 2027-2028 timeline firm? Recommend prioritizing success over speed.
 5. **Competitive Intelligence:** What do we know about why customers leave? How will reorganization address root causes?
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Recommendation: Treat this as a **customer retention transformation** enabled by reorganization, not just a restructuring exercise. The 85% churn rate is the existential threat—branch structure is the opportunity to fix it.

For detailed analysis, methodology, risk assessment, and implementation roadmap, see the comprehensive report: Phoenix_Branch_Reorganization_Strategic_Analysis.md