

# Phoenix Branch Reorganization Strategic Analysis

## Comprehensive Evaluation of Proposed 11-Branch Structure

**Prepared for:** National Swimming Pool Service Company  
**Date:** October 10, 2025  
**Analysis Period:** Current accounts + 5 years of historical terminations

### Executive Summary

This strategic analysis evaluates the proposed reorganization of the large Phoenix branch into 11 smaller, specialized branches based on territorial ZIP code assignments. The analysis examined 1,481 current active accounts and 8,556 terminated accounts to assess the viability of the proposed structure, identify gaps, and recommend an optimal phased rollout sequence.

### Key Findings

Metric	Value	Implication
Overall Retention Rate	14.68%	<b>CRITICAL:</b> 85% customer churn indicates severe operational issues
Accounts in Unassigned ZIPs	1,354 (14% of total)	Major gap in territorial planning requiring immediate attention
Total Lost Annual Revenue	\$11.5M	Massive revenue opportunity from improving retention
Average Market Penetration	0.54%	Enormous untapped market potential across all territories

### Critical Recommendations

- IMMEDIATE:** Assign 19 unassigned ZIP codes to appropriate branches (detailed recommendations provided)
- Phase 1 Rollout (2026):** Prioritize 3-4 branches with highest retention challenges and account density
  - Central PHX / South (Priority Score: 71.1)
  - Tempe / Chandler West (Priority Score: 54.4)
  - Glendale / West PHX (Priority Score: 53.8)
  - North Scottsdale (Priority Score: 52.4)

3. **Focus on Retention:** Primary success metric should be improving from 15% to 30%+ retention in first year
  4. **Resource Allocation:** Ensure adequate staffing based on updated account volumes with ZIP assignments
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## 1. Data Overview

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### Data Sources Analyzed

- **Current Active Accounts:** 1,481 residential accounts with ZIP codes
- **Terminated Accounts:** 8,556 accounts terminated over past 5 years with ZIP codes and revenue data
- **Proposed Territory Plan:** 11 branches with ZIP code assignments from Phoenix Branch Break-out.docx
- **Organizational Structure:** Staffing and financial model from Phoenix Break Breakdown.xlsx

### Geographic Scope

The proposed 11-branch structure covers the entire Phoenix metropolitan area including:

- Scottsdale and Paradise Valley (Branches 1-2)
  - North Phoenix and I-17 corridor (Branch 3)
  - Central and South Phoenix (Branch 4)
  - West Valley: Peoria, Surprise, Glendale (Branches 5-6)
  - Southwest Valley: Goodyear, Avondale, Buckeye, Laveen (Branch 7)
  - East Valley: Tempe, Chandler, Gilbert, Mesa (Branches 8-10)
  - Mesa East and Pinal County outliers (Branch 11)
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## 2. Critical Gap Analysis: Unassigned ZIP Codes

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### The Problem

**1,354 accounts (14% of total historical accounts) are located in 22 ZIP codes that are NOT assigned to any branch in the proposed territorial plan.** This represents a critical oversight that would result in:

- 206 current active accounts with no assigned branch
- 1,148 historical terminations unaccounted for in analysis
- Potential service disruptions during rollout

## Top Unassigned ZIP Codes by Account Volume

ZIP Code	Total Accounts	Current Active	Terminated	City/Area
85254	277	56	221	North Scottsdale
85028	156	23	133	North Phoenix
85032	131	13	118	North Phoenix
85248	105	22	83	Chandler
85257	95	14	81	Scottsdale
85212	82	15	67	Mesa
85388	82	13	69	Surprise/El Mirage
85024	77	10	67	North Phoenix
85353	69	5	64	Surprise

## Recommended ZIP Code Assignments

Based on geographic proximity, logical territory design, and account concentration, we recommend the following assignments:

### Branch 1: North Scottsdale (+336 accounts)

- **85254** (277 accounts) - North Scottsdale adjacent area
- **85268** (59 accounts) - North Scottsdale/Fountain Hills area

### Branch 2: Central Scottsdale / PV (+97 accounts)

- **85257** (95 accounts) - Central Scottsdale adjacent
- **85256** (2 accounts) - Central Scottsdale/PV area

### Branch 3: North Phoenix I-17 (+364 accounts)

- **85028** (156 accounts) - North Phoenix near I-17 corridor
- **85032** (131 accounts) - North Phoenix I-17 corridor
- **85024** (77 accounts) - North Central Phoenix near I-17

### Branch 5: Peoria / Surprise North (+161 accounts)

- **85388** (82 accounts) - Surprise/El Mirage area
- **85353** (69 accounts) - Surprise/Sun City area
- **85378** (10 accounts) - North Peoria/Sun City area

### Branch 6: Glendale / West PHX (+72 accounts)

- **85037** (56 accounts) - West Phoenix area
- **85307** (16 accounts) - West Glendale area

### Branch 7: Southwest Valley / Laveen (+77 accounts)

- **85355** (32 accounts) - Southwest/Goodyear area

- **85335** (25 accounts) - Southwest Valley area
- **85387** (20 accounts) - Buckeye/Southwest area

**Branch 8: Tempe / Chandler West (+49 accounts)**

- **85045** (49 accounts) - Tempe/Chandler area

**Branch 9: Chandler / Gilbert South (+106 accounts)**

- **85248** (105 accounts) - South Chandler area
- **85236** (1 account) - South Chandler area

**Branch 10: Mesa Central / Gilbert East (+82 accounts)**

- **85212** (82 accounts) - Central Mesa area

**Note:** 2 ZIP codes require additional geographic review: 85317 and one unspecified code.

## Impact of Assignments

Adding these unassigned ZIP codes significantly changes branch account distributions:

Branch	Current (Before)	Current (After)	Change	% Increase
North Phoenix I-17	89	135	+46	+52%
North Scottsdale	131	195	+64	+49%
Peoria / Surprise North	84	104	+20	+24%
Chandler / Gilbert South	127	149	+22	+17%

**Recommendation:** Update the Phoenix Branch Breakout document to include these ZIP code assignments before proceeding with rollout.

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### 3. Branch-by-Branch Analysis

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#### Updated Branch Statistics (With ZIP Code Assignments)

Branch ID	Branch Name	Current Ac- counts	Termin- ated Ac- counts	Total Historic- al	Reten- tion Rate	Market Poten- tial	Penet- ration
1	North Scotts- dale	195	1,014	1,209	16.13%	22,970	0.85%
2	Central Scotts- dale / PV	92	601	693	13.28%	17,675	0.52%
3	North Phoenix I-17	135	854	989	13.65%	18,769	0.72%
4	<b>Central PHX / South</b>	174	1,106	1,280	13.59%	28,591	0.61%
5	Peoria / Surprise North	104	841	945	11.01%	18,582	0.56%
6	Glend- ale / West PHX	134	860	994	13.48%	21,114	0.63%
7	Southw- est Val- ley / Laveen	125	837	962	12.99%	18,485	0.68%
8	<b>Tempe / Chand- ler West</b>	170	842	1,012	16.80%	23,191	0.73%
9	Chand- ler / Gilbert South	149	631	780	19.10%	24,181	0.62%
10	Mesa Central / Gilbert East	131	620	751	17.44%	25,488	0.51%
11	Mesa East /	72	340	412	17.48%	17,589	0.41%

Branch ID	Branch Name	Current Ac- counts	Termin- ated Ac- counts	Total Historic- al	Reten- tion Rate	Market Poten- tial	Penet- ration
	Pinal Outliers						

## Branch Performance Insights

### ● Critical Retention Issues (Below 14% Retention)

1. **Peoria / Surprise North** (11.01%) - WORST RETENTION
  - 841 terminated accounts (89% churn rate)
  - \$1,065,078 lost annual revenue
  - Largest area of concern for retention improvement
2. **Southwest Valley / Laveen** (12.99%)
  - Fast-growing area with poor retention
  - 837 terminations indicate service delivery issues
3. **Central Scottsdale / PV** (13.28%)
  - High-value market with poor performance
  - Only 0.52% market penetration despite affluent demographics
4. **Glendale / West PHX** (13.48%)
  - 860 terminations, third-highest churn
  - \$1,209,292 lost revenue, second-highest

### ● Moderate Performance (14-17% Retention)

1. **Central PHX / South** (13.59%)
  - Largest branch by account volume (174 current, 1,280 total historical)
  - Highest total terminations (1,106) and lost revenue (\$1.75M)
  - Size makes this strategically critical despite moderate retention
2. **North Phoenix I-17** (13.65%)
  - After ZIP assignments: 135 current accounts
  - 854 terminations indicate systemic issues
3. **North Scottsdale** (16.13%)
  - High-value market with low penetration (0.85%)
  - After ZIP assignments: 195 accounts, making it strategically important
4. **Tempe / Chandler West** (16.80%)
  - Second-largest by current accounts (170)
  - Relatively better retention than most branches

### ● Better Performance (Above 17% Retention)

1. **Mesa Central / Gilbert East** (17.44%)
  - 131 current accounts
  - More stable customer base
2. **Mesa East / Pinal Outliers** (17.48%)
  - Smallest branch (72 accounts) but best retention

- Rural/exurban areas may have different competitive dynamics

### 3. **Chandler / Gilbert South** (19.10%) - BEST RETENTION

- Highest retention rate at 19.10%
- 149 current accounts (after ZIP assignments)
- Model branch for best practices

## Lost Revenue Analysis

Total lost annual revenue from terminated accounts: **\$11,505,900**

Top 5 branches by lost revenue:

1. Central PHX / South: \$1,746,353
2. Glendale / West PHX: \$1,209,292
3. Tempe / Chandler West: \$1,243,576
4. North Scottsdale: \$1,191,083
5. Southwest Valley / Laveen: \$1,169,632

**Key Insight:** Even a modest improvement in retention from 15% to 25% (10 percentage points) could save approximately \$2.3M in annual recurring revenue across the system.

## 4. Phased Rollout Recommendation

### Priority Scoring Methodology

Each branch was evaluated on four weighted factors:

- **40%** - Retention challenges (inverse of retention rate - branches with worse retention get higher priority)
- **30%** - Current account volume (critical mass for viable branch)
- **20%** - Revenue at risk (lost annual revenue from terminations)
- **10%** - Market potential (total addressable market)



## Phase 1: Initial Rollout (2026) - Top 4 Branches

Rank	Branch Name	Priority Score	Current Accounts	Retention	Strategic Rationale
1	Central PHX / South	71.1	174	13.59%	Largest account base, highest revenue at risk (\$1.75M), covers dense urban core. Critical to address immediately.
2	Tempe / Chandler West	54.4	170	16.80%	Second-largest account base, major East Valley market, relatively better retention provides foundation for success.
3	Glendale / West PHX	53.8	134	13.48%	Major West Valley hub, high account density, significant lost revenue (\$1.2M).
4	North Scottsdale	52.4	195	16.13%	High-value market, largest branch after ZIP assignments, strategic importance for brand reputation.

### Rationale for Top 4 Selection:

- **Geographic Coverage:** Provides representation across North, Central, East, and West Valley

- **Account Volume:** Combined 673 current accounts (47% of total) ensures critical mass
- **Market Diversity:** Mix of affluent (Scottsdale), middle-market (Glendale), and dense urban (Central PHX)
- **Operational Learning:** Range of retention rates (13.6% to 16.8%) allows testing improvement strategies across different performance levels

## Phase 2: Secondary Rollout (2027) - Next 4 Branches

Rank	Branch Name	Priority Score	Current Accounts	Strategic Rationale
5	Southwest Valley / Laveen	52.3	125	Fast-growing area, completes West Valley coverage
6	Peoria / Surprise North	50.4	104	WORST retention (11.01%), critical to address but after learning from Phase 1
7	Central Scottsdale / PV	41.8	92	High-value market, can leverage learnings from North Scottsdale rollout
8	North Phoenix I-17	41.1	135	Completes North Phoenix coverage, benefits from adjacent branch learnings

### Phase 3: Final Rollout (2027-2028) - Remaining 3 Branches

Rank	Branch Name	Priority Score	Current Accounts	Strategic Rationale
9	Mesa Central / Gilbert East	41.7	131	Stable retention, can be addressed after East Valley foundation established
10	Chandler / Gilbert South	40.0	149	BEST retention (19.1%), can serve as model/control during earlier phases
11	Mesa East / Pinal Outliers	27.5	72	Smallest branch, geographic outlier, lowest priority

### Alternative Rollout Strategy: Geographic Clustering

If operational efficiency is prioritized over retention challenges, consider:

#### Phase 1A: West Valley Cluster

- Glendale / West PHX
- Southwest Valley / Laveen
- Peoria / Surprise North

#### Phase 1B: East Valley Cluster

- Tempe / Chandler West
- Chandler / Gilbert South
- Mesa Central / Gilbert East

**Advantage:** Shared resources, reduced drive times during transition, easier cross-training

**Disadvantage:** Delays addressing Central PHX/South (highest priority) and high-value Scottsdale markets

## 5. Organizational Structure Assessment

### Current State (Per Phoenix Break Breakdown.xlsx)

The organizational model shows:

- **Leadership:** GM + Customer Service Manager + Sr. Service Pro per branch
- **Repair Teams:** Dedicated repair pro per branch
- **Service Technicians:** ~11 service pros per pool (suggests ~45 accounts per technician at 495-pool)

West branch size)

- **Shared Services:** Finance, HR, IT centralized across 12 branches

## Key Gaps Identified

### 1. Staffing Model Assumptions vs. Reality

The financial model assumes 495 pools per branch for the “West” example. However, actual account distributions vary significantly:

Branch Cluster	Accounts per Branch	Staffing Implications
<b>Large Branches</b> (4, 1, 8)	170-195 accounts	Need full GM + 4-5 technicians
<b>Medium Branches</b> (3, 6, 10, 7, 9, 5)	104-149 accounts	Need GM + 3-4 technicians
<b>Small Branch</b> (2, 11)	72-92 accounts	May need shared GM or SSP model

**Recommendation:** The organizational model should be scaled by tier, with smaller branches potentially sharing management or operating under a Senior Service Pro model initially.

### 2. Retention-Focused Roles Missing

Given the critical 85% churn rate, the organization structure lacks:

- **Customer Success/Retention Manager:** Dedicated role to monitor satisfaction, proactive outreach, and churn prevention
- **Quality Assurance:** No mention of QA role to ensure service consistency
- **Training & Development:** No dedicated training role for onboarding and continuous improvement

**Recommendation:** Add a Regional Customer Success Manager role to support multiple branches, especially in Phase 1 rollout.

### 3. Branch Size Imbalance

Updated account volumes (with ZIP assignments) show significant imbalance:

- **Largest:** North Scottsdale (195), Central PHX/South (174), Tempe/Chandler West (170)
- **Smallest:** Mesa East/Pinal (72), Central Scottsdale/PV (92), Peoria/Surprise (104)

**Recommendation:** Consider further splitting large branches or consolidating small branches. For example:

- Central PHX/South (1,280 total historical accounts) might warrant splitting into Central PHX and South Phoenix
- Mesa East/Pinal could merge with Mesa Central/Gilbert East

### 4. Geographic Span Concerns

Some territories cover vast geographic areas:

- **Branch 11** (Mesa East/Pinal Outliers): Spans from East Mesa to Casa Grande (50+ miles)
- **Branch 5** (Peoria/Surprise North): Large North Valley territory

**Recommendation:** Monitor drive times and non-billable hours. May need to adjust territories after initial rollout data.

## Financial Model Validation

The Phoenix Break Breakdown shows:

- **Revenue per Account:** ~\$1,920 annual maintenance revenue (based on \$950,400 / 495 pools)
- **Labor Costs:** 43.5% of revenue
- **COGS:** 43.3% of revenue
- **G&A + Marketing:** 14.1% of revenue
- **Target EBITDA:** Breakeven to slightly negative in model (-0.9%)

### Concerns:

1. At 495 accounts, the model barely breaks even
2. Several proposed branches have fewer than 150 accounts
3. No margin for retention improvement investments
4. Shared services allocation assumes 12 branches, but plan shows 11

### Recommendation:

- Re-run financial model with actual account distributions
- Smaller branches may need higher AMR (average monthly revenue) or lower cost structure
- Consider tiered pricing for high-service areas (Scottsdale, Paradise Valley)
- Budget for retention improvement initiatives (should pay for themselves quickly given 85% churn)

## 6. Market Opportunity Analysis

### Current Market Penetration

Despite operating for years, market penetration is extraordinarily low across all territories:

Branch	Current Accounts	Market Potential	Penetration %
North Scottsdale	195	22,970	0.85%
Central Scottsdale / PV	92	17,675	0.52%
North Phoenix I-17	135	18,769	0.72%
Central PHX / South	174	28,591	0.61%
Peoria / Surprise North	104	18,582	0.56%
Glendale / West PHX	134	21,114	0.63%
Southwest Valley / Laveen	125	18,485	0.68%
Tempe / Chandler West	170	23,191	0.73%
Chandler / Gilbert South	149	24,181	0.62%
Mesa Central / Gilbert East	131	25,488	0.51%
Mesa East / Pinal Outliers	72	17,589	0.41%

**Total Market:** 236,635 pools

**Current Penetration:** 1,481 accounts = **0.63%**

## Strategic Implications

- Massive Growth Potential:** Even reaching 5% market penetration (11,832 accounts) would represent 8x growth
- Competition Analysis Needed:** Low penetration suggests:
  - High competition from other service providers
  - Many homeowners self-maintain
  - Pricing or service model issues
  - Poor brand awareness/marketing
- Retention vs. Acquisition Balance:**
  - Current problem: Acquiring customers but losing 85% of them
  - **Priority:** Fix retention BEFORE aggressive acquisition
  - A “leaky bucket” - pouring more water in doesn’t help if the holes aren’t fixed
- Market-Specific Strategies:**
  - **High-Value Markets** (Scottsdale, Paradise Valley): 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 emphasis

## Competitive Positioning

The reorganization provides opportunity to differentiate by:

- **Local Expertise:** “Your Scottsdale Pool Specialist” vs. generic large branch
- **Faster Response:** Smaller territories = quicker service calls
- **Relationship-Based:** Same techs, same route, build trust
- **Community Engagement:** Localized marketing, neighborhood presence

## 7. Critical Success Factors

### Primary Goal: Improve Customer Retention

**Current State:** 14.68% retention (85% churn)

**Target:** 25% retention by end of Year 1, 35% by end of Year 2

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

### Key Retention Drivers to Address

Based on analysis of terminated accounts:

#### 1. Service Quality Consistency

- With 8,556 terminations over 5 years, systemic issues are evident
- Smaller branches enable better quality control and technician accountability

#### 2. Customer Communication

- Implement customer success management
- Proactive outreach for at-risk accounts
- Regular service updates and education

#### 3. Pricing/Value Perception

- Analyze pricing vs. competitors in each territory
- Ensure value proposition is clear
- Consider tiered service offerings

#### 4. Territory Stability

- Same technician, same day of week, same route
- Build relationships and trust
- Reduce “just another vendor” perception

#### 5. Problem Resolution Speed

- Local management can address issues faster
- Empowered GMs to retain customers
- Clear escalation paths

### Operational Metrics to Track

For each branch in rollout:

#### Retention Metrics (Primary)

- Month-over-month retention rate

- Churn reasons (categorized)
- Win-back rate for terminated accounts
- Net Promoter Score (NPS)

#### **Operational Metrics**

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

#### **Financial Metrics**

- Revenue per account (AMR)
- Labor cost as % of revenue
- Branch-level EBITDA
- Customer acquisition cost (CAC) vs. Customer lifetime value (CLV)

#### **Growth Metrics**

- New account acquisition rate
- Market penetration growth
- Referral rate
- Territory coverage (% of target ZIP codes)

## **8. Risk Assessment & Mitigation**

### **High-Priority Risks**

#### **Risk 1: Retention Doesn't Improve Despite Reorganization**

**Likelihood:** Medium | **Impact:** Critical

##### **Mitigation:**

- Conduct customer exit interviews to understand true churn drivers
- Pilot retention improvements in current structure before full rollout
- Ensure reorganization addresses root causes, not just symptoms
- Consider that branch size may not be the primary issue

#### **Risk 2: Operational Disruption During Transition**

**Likelihood:** High | **Impact:** High

##### **Mitigation:**

- Phased rollout allows learning and adjustment
- Clear customer communication about changes
- Maintain service continuity (same technicians where possible)
- Buffer period where both old and new structures operate in parallel

#### **Risk 3: Smaller Branches Not Financially Viable**

**Likelihood:** Medium | **Impact:** High

##### **Mitigation:**

- Re-validate financial model with actual account numbers
- Consider tiered branch models (GM vs. SSP-led)



- Adjust territories if branches fall below minimum viable size
- Plan for potential branch consolidations if needed

#### **Risk 4: Key Staff Turnover During Reorganization**

**Likelihood:** Medium | **Impact:** High

**Mitigation:**

- Clear communication of new opportunities (GM roles)
- Retention bonuses for critical staff
- Minimize disruption to technician-customer relationships
- Address concerns about office relocations early

#### **Risk 5: Customer Confusion About Service Changes**

**Likelihood:** High | **Impact:** Medium

**Mitigation:**

- Professional communications campaign
- Position as “improvement” not just “change”
- Highlight local expertise and faster service
- Personal outreach to high-value accounts

### **Medium-Priority Risks**

#### **Risk 6: Shared Services Model Breaks Down**

**Impact:** Shared Finance, HR, IT across 12 branches may struggle initially

**Mitigation:**

- Phase rollout allows shared services to scale gradually
- Invest in systems/tools to support distributed model
- Clear SLAs between branches and shared services

#### **Risk 7: Unassigned ZIP Code Accounts Fall Through Cracks**

**Impact:** 206 current accounts could be lost during transition

**Mitigation:**

- Implement ZIP assignments BEFORE rollout
- Clear ownership and communication to affected customers
- Treat as high-priority retention accounts

#### **Risk 8: Competitive Response**

**Impact:** Competitors may target accounts during transition uncertainty

**Mitigation:**

- Proactive communication about improvements
  - Customer appreciation events/promotions
  - Monitor competitor activity in rollout territories
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## 9. Implementation Roadmap

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### Pre-Rollout: Q4 2025 (Now - December 2025)

#### Weeks 1-4: Critical Fixes

- [ ] Update Phoenix Branch Breakout with 19 recommended ZIP code assignments
- [ ] Validate financial model with actual account distributions
- [ ] Determine final branch configuration (confirm 11 branches vs. adjustments)
- [ ] Conduct customer research: Why are we losing 85% of customers?

#### Weeks 5-8: Planning & Preparation

- [ ] Select Phase 1 GMs (internal promotion or external hire)
- [ ] Identify Phase 1 office locations (Central PHX, Tempe, Glendale, North Scottsdale)
- [ ] Design retention improvement program (to run parallel with reorganization)
- [ ] Develop customer communication strategy and materials
- [ ] Create detailed transition plan for Phase 1 branches

#### Weeks 9-12: Infrastructure

- [ ] Set up branch infrastructure (CRM, scheduling, inventory systems)
- [ ] Establish branch P&L structures and reporting
- [ ] Train Phase 1 GMs on new responsibilities and retention focus
- [ ] Finalize ZIP-to-branch assignments and customer routing
- [ ] Develop branch marketing materials and local branding

### Phase 1 Rollout: Q1-Q2 2026 (January - June 2026)

#### January 2026: Pre-Launch

- Week 1: Final preparations, GM onboarding complete
- Week 2-3: Customer communication campaign begins (letters, emails, calls)
- Week 4: Staff assignments finalized, logistics planned

#### February 2026: Soft Launch

- Week 1-2: Branches begin operations with overlap support from central
- Week 3-4: Monitor metrics daily, address issues immediately
- Establish weekly GM roundtables to share learnings

#### March-May 2026: Stabilization & Optimization

- Continue intensive monitoring and support
- Begin implementing retention improvements based on data
- Refine processes based on real-world operations
- Collect customer feedback

#### June 2026: Phase 1 Review

- Comprehensive analysis of Phase 1 results
- Go/No-Go decision for Phase 2
- Adjust approach based on learnings
- Share results with organization

### Phase 2 Rollout: Q3-Q4 2026 (July - December 2026)

#### If Phase 1 shows positive results:

- July-August: Prepare Phase 2 branches (Southwest Valley, Peoria, Central Scottsdale, North Phoenix)
- September: Launch Phase 2
- October-December: Stabilization and optimization

**Phase 3 Rollout: Q1-Q2 2027 (January - June 2027)**

- Launch remaining 3 branches (Mesa Central, Chandler South, Mesa East)
- Full organizational transformation complete by June 2027

**Post-Rollout: Q3 2027 - Q4 2028**

- Continuous optimization
  - Evaluate need for further branch splits or consolidations
  - Scale retention improvements across all branches
  - Pursue market penetration growth initiatives
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## **10. Detailed Data Tables & Supporting Analysis**

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### **Complete Branch Statistics (With ZIP Assignments)**

Branch ID	Branch Name	Market Potential	Current Accounts	Terminated (5yr)	Total Historical	Retention %	Lost Annual Revenue	Market Penetration %
1	North Scottsdale	22,970	195	1,014	1,209	16.13%	\$1,191,083	0.85%
2	Central Scottsdale / PV	17,675	92	601	693	13.28%	\$850,497	0.52%
3	North Phoenix I-17	18,769	135	854	989	13.65%	\$826,471	0.72%
4	Central PHX / South	28,591	174	1,106	1,280	13.59%	\$1,746,353	0.61%
5	Peoria / Surprise North	18,582	104	841	945	11.01%	\$1,065,079	0.56%
6	Glendale / West PHX	21,114	134	860	994	13.48%	\$1,209,292	0.63%
7	Southwest Valley / Laveen	18,485	125	837	962	12.99%	\$1,169,632	0.68%
8	Tempe / Chandler West	23,191	170	842	1,012	16.80%	\$1,243,576	0.73%
9	Chandler / Gilbert South	24,181	149	631	780	19.10%	\$840,335	0.62%
10	Mesa Central /	25,488	131	620	751	17.44%	\$837,040	0.51%

Branch ID	Branch Name	Market Potential	Current Accounts	Terminated (5yr)	Total Historical	Retention %	Lost Annual Revenue	Market Penetration %
	Gilbert East							
11	Mesa East / Pinal Outliers	17,589	72	340	412	17.48%	\$526,542	0.41%
<b>TOTAL</b>	<b>236,635</b>	<b>1,481</b>	<b>8,556</b>	<b>10,037</b>	<b>14.75 %</b>	<b>\$11,505,900</b>	<b>0.63%</b>	

**Branch Priority Scores (For Rollout Sequencing)**

Rank	Branch	Priority Score	Retention Score	Account Score	Revenue Risk Score	Market Size Score	Recommendation
1	Central PHX / South	71.1	27.9	100.0	100.0	100.0	<b>Phase 1</b>
2	Tempe / Chandler West	54.4	9.1	94.8	71.2	81.1	<b>Phase 1</b>
3	Glendale / West PHX	53.8	26.3	73.6	69.2	73.8	<b>Phase 1</b>
4	North Scottsdale	52.4	20.3	75.3	68.2	80.3	<b>Phase 1</b>
5	Southwest Valley / Laveen	52.3	32.8	64.4	67.0	64.7	<b>Phase 2</b>
6	Peoria / Surprise North	50.4	43.2	48.3	61.0	65.0	<b>Phase 2</b>
7	Central Scottsdale / PV	41.8	31.4	44.3	48.7	61.8	<b>Phase 2</b>
8	North Phoenix I-17	41.1	24.4	51.1	47.3	65.6	<b>Phase 2</b>
9	Mesa Central / Gilbert East	41.7	8.0	66.7	47.9	89.1	<b>Phase 3</b>
10	Chandler / Gilbert South	40.0	0.0	73.0	48.1	84.6	<b>Phase 3</b>
11	Mesa East /	27.5	7.2	41.4	30.2	61.5	<b>Phase 3</b>



Rank	Branch	Priority Score	Retention Score	Account Score	Revenue Risk Score	Market Size Score	Recommendation
	Pinal Outliers						

## ZIP Code Assignment Impact Summary

Branch	ZIPs Added	Accounts Added (Current)	Accounts Added (Terminated)	% Increase in Current Accounts
North Phoenix I-17	3	46	318	+52%
North Scottsdale	2	64	272	+49%
Peoria / Surprise North	3	20	141	+24%
Chandler / Gilbert South	2	22	84	+17%
Central Scottsdale / PV	2	15	82	+16%
Mesa Central / Gilbert East	1	15	67	+13%
Southwest Valley / Laveen	3	13	64	+12%
Glendale / West PHX	2	6	66	+5%
Tempe / Chandler West	1	5	44	+3%

## 11. Conclusions & Next Steps

### Key Takeaways

- Territory Plan Needs Immediate Correction:** 22 unassigned ZIP codes representing 1,354 accounts must be assigned before rollout. Recommendations provided for 19 of these.
- Retention is the Critical Issue:** At 85% customer churn, the primary problem is not branch size or territory design—it's customer retention. The reorganization creates an opportunity to improve

retention through localized management, but must be coupled with systematic retention improvements.

3. **Phased Approach is Essential:** The wide variation in branch sizes, retention rates, and market characteristics makes a cautious phased rollout critical. Start with 3-4 branches, learn, adjust, then proceed.
4. **Financial Model Requires Validation:** The organizational structure and financial projections need to be recalculated using actual account distributions. Some branches may not be viable at current size without higher AMR or lower costs.
5. **Massive Market Opportunity:** At 0.63% market penetration with 236,635 potential customers, the growth opportunity is enormous—but only if retention can be improved first.

## Immediate Next Steps (This Week)

1. **Review and approve ZIP code assignment recommendations** for the 19 unassigned ZIP codes
2. **Validate financial viability** of each proposed branch with updated account numbers
3. **Confirm Phase 1 branch selection** (recommend: Central PHX/South, Tempe/Chandler West, Glendale/West PHX, North Scottsdale)
4. **Launch customer research initiative** to understand root causes of 85% churn
5. **Begin GM recruitment/selection** for Phase 1 branches

## Strategic Questions for Leadership

1. **Retention Investigation:** What specific actions will be taken to understand and address why 85% of customers terminate? This is more urgent than the reorganization itself.
2. **Financial Thresholds:** What is the minimum number of accounts per branch for financial viability? Should branches below this threshold be merged or operate under a different model?
3. **Investment in Retention:** Is there budget allocated for retention improvement initiatives (customer success manager, CRM improvements, training, etc.)? What is the expected ROI?
4. **Market Penetration Strategy:** After stabilizing retention, what is the strategy to grow from 0.63% to 5%+ market penetration? How does the JV model factor in?
5. **Timeline Flexibility:** Is the 2027-2028 full rollout timeline flexible, or is there pressure to complete faster? Recommend prioritizing success over speed.
6. **Competitive Intelligence:** What do we know about why we're losing to competitors or self-maintenance? How will the reorganization address this?

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## Appendix: Visualizations & Charts

The following interactive visualizations have been created to support this analysis:

1. **chart1\_account\_distribution.html** - Current active vs. terminated accounts by branch
2. **chart2\_retention\_rates.html** - Customer retention rates by branch (sorted)
3. **chart3\_lost\_revenue.html** - Annual revenue lost to churn by branch
4. **chart4\_market\_penetration.html** - Current accounts vs. market potential and penetration rates

5. **chart5\_performance\_matrix.html** - Branch performance scatter plot (accounts vs. retention, sized by market potential)
6. **chart6\_rollout\_priority.html** - Priority ranking for phased rollout sequence

All charts are interactive HTML files that can be opened in any web browser.

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## Appendix: Data Files

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The following CSV files contain detailed data supporting this analysis:

1. **branch\_statistics.csv** - Complete branch statistics before ZIP assignments
  2. **branch\_statistics\_with\_assignments.csv** - Updated statistics after adding unassigned ZIPs
  3. **unassigned\_zip\_codes.csv** - List of all unassigned ZIP codes with account volumes
  4. **zip\_code\_recommendations.csv** - Detailed recommendations for assigning unassigned ZIPs
  5. **branch\_priority\_scores.csv** - Detailed priority scoring breakdown for rollout sequencing
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**Report Prepared By:** Strategic Analysis Team

**Date:** October 10, 2025

**Version:** 1.0 - Comprehensive Analysis with ZIP Code Recommendations

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This analysis is based on data as of October 2025. Account numbers and retention rates should be monitored continuously as they may change significantly during the reorganization process.