

CHURN RATE

The Silent Cashflow Killer

A Practical Workbook for Community Pharmacies

The Chemist

The Community Pharmacy Growth Kit

How to Use This Workbook

This workbook is designed to help you identify, measure, and reduce customer churn in your pharmacy. Work through each section systematically, completing the exercises and worksheets.

- Set aside 60-90 minutes of uninterrupted time
- Be honest in your assessments - no one else will see your answers
- Have your sales data from the last 3 months ready
- Keep a pen handy for filling in the worksheets
- Return to this workbook monthly to track your progress

Part 1: Understanding Churn

Churn rate measures how many customers stop buying from you over time. In community pharmacies, this is the silent cashflow killer that most owners never measure.

CHURN RATE = The percentage of customers who stop coming back

→ EXERCISE 1: Initial Assessment

Answer these questions honestly (circle YES or NO):

1	Do you know exactly how many customers you lost last month?	YES / NO
2	Can you name 10 customers who used to come regularly but stopped?	YES / NO
3	Do you track which customers haven't returned in 60+ days?	YES / NO
4	Do you know WHY customers stop coming to your pharmacy?	YES / NO
5	Does your business feel like it's 'starting from zero' each month?	YES / NO

If you answered NO to 3 or more questions, churn is likely hurting your cashflow.

Part 2: Spotting the Warning Signs

Most pharmacies don't measure churn directly, but there are clear warning signs. Let's identify which ones are showing up in your business.

→ EXERCISE 2: Churn Warning Signs Checklist

Check *ALL* the signs you've noticed in your pharmacy:

<input type="checkbox"/>	Familiar faces have stopped appearing
<input type="checkbox"/>	Customers ask 'Do you still remember me?'
<input type="checkbox"/>	Heavy reliance on walk-in traffic (not repeat customers)
<input type="checkbox"/>	Promotions working less effectively than before
<input type="checkbox"/>	Lots of one-time buyers, very few regulars
<input type="checkbox"/>	Monthly sales feel unpredictable
<input type="checkbox"/>	You can't forecast next month's revenue with confidence
<input type="checkbox"/>	Staff don't recognize most customers by name

Count your checkmarks:

- 1-2 signs: Minor churn issue
- 3-5 signs: Moderate churn problem
- 6+ signs: Severe churn crisis (immediate action needed)

Part 3: Calculate Your Churn Rate

Let's put a number on your churn problem. This exercise will help you calculate your monthly churn rate.

→ EXERCISE 3: Your Churn Rate Calculation

Fill in your numbers from last month:

- A. Number of customers at the START of last month: _____
- B. Number of NEW customers you gained last month: _____
- C. Number of customers at the END of last month: _____
- D. Customers Lost = (A + B) - C _____

YOUR MONTHLY CHURN RATE = $(D \div A) \times 100$ _____ %

What does your churn rate mean?

- Less than 5%: Healthy (but can still improve)
- 5-10%: Concerning (losing significant revenue)
- 10-20%: Critical (urgent action needed)
- Over 20%: Crisis (business sustainability at risk)

Part 4: Calculate Your Lost Revenue

Churn doesn't just affect today - it destroys future cashflow. Let's calculate exactly how much money you're losing to churn.

→ EXERCISE 4: Your Churn Cashflow Calculator

Calculate your monthly and annual revenue loss:

1. Average customer spend per month: KES _____

2. Number of customers lost last month (from Exercise 3): _____

MONTHLY REVENUE LOST = Line 1 × Line 2 KES _____

ANNUAL REVENUE LOST = Monthly Loss × 12 KES _____

This is pure revenue walking out your door. And it doesn't include the referrals those customers would have brought.

Part 5: Why Customers Leave

Understanding why customers leave is the first step to stopping churn. Let's diagnose your specific problems.

→ EXERCISE 5: Root Cause Analysis

Rate each issue on a scale of 1-5 (1=Not a problem, 5=Major problem):

Issue	Score (1-5)
Long waiting times / slow service	
Customers feel rushed or ignored	
Frequent stock-outs on regular medicines	
Poor communication (unclear information)	
No follow-up after first visit	
Transactional service (no relationship building)	
Staff turnover / unfamiliar faces	
Pricing concerns	
Inconvenient location or hours	
Competition from nearby pharmacies	

Circle your top 3 highest-scoring issues. These are your priorities to fix.

Part 6: Your Churn Reduction Action Plan

Now let's turn insights into action. Choose 3-5 strategies and commit to implementing them.

→ EXERCISE 6: My 30-Day Action Plan

Select strategies from the list below and fill in your implementation plan:

Strategy 1:

Strategy Name:	_____
What I'll do:	_____

Who's responsible:	_____
Deadline:	_____

Strategy 2:

Strategy Name:	_____
What I'll do:	_____

Who's responsible:	_____
Deadline:	_____

Strategy 3:

Strategy Name:	_____
What I'll do:	_____

Who's responsible: _____

Deadline: _____

Part 7: Monthly Progress Tracker

Track your churn rate monthly to measure improvement. Use this worksheet every month.

Month	Churn Rate %	Revenue Lost	Notes
Month 1			
Month 2			
Month 3			
Month 4			
Month 5			
Month 6			

Success Indicators to Watch:

- ✓ Churn rate decreasing month-over-month
- ✓ More customers mentioning they feel 'remembered'
- ✓ Increase in repeat purchase frequency
- ✓ More referrals from existing customers
- ✓ More predictable monthly revenue

Your Commitment

I commit to reducing churn in my pharmacy. I understand that retention is not a 'soft skill' but a hard cashflow strategy. I will implement the strategies in my action plan and track my progress monthly.

Pharmacy Name: _____

Owner/Manager: _____

Date: _____

Target Churn Rate (3 months): _____

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