

How to Calculate Your True Cost-per-Lead

By Jeff Josephson

When it comes to the economics of B2B marketing and lead generation, it's not the cost-per-hour that counts, or even your cost-per-click, cost-per-download, cost-per-hit, cost-per-attendee, cost-per-response or cost-per-impression that matters. When measuring the performance of your B2B marketing program, what matters most is your cost-per-appointment for setting the initial appointment with the prospect, along with your ultimate cost-per-sale, your revenue and your profitability. But if you choose a lead generation strategy or vendor on the basis of its having the lowest cost-per-lead (or lowest cost-per-hour, cost-per-click, cost-per-impression, etc.) you're begging for trouble.

In this regard, one should not even contemplate not holding marketing accountable for revenue. For if you can't tie a marketing activity directly to revenue production, then it shouldn't be done. And so the methodology in this White Paper will show you how to do it in every case, in a way that will hold up to financial scrutiny.

The Fundamental Problem: The Definition of a Sales Lead

The problem starts with the definition of a sales lead. Over the past few years the term "sales lead" has become so misused and diluted that it has practically lost all its meaning.

The traditional list vendors will try to tell you that a name on a mailing list, or an email address, is a sales lead. The search engines will tell you that a click is a lead. The content people will tell you that someone who agrees to receive a White Paper or attend a Webinar is a sales lead. And the consultants will tell you that someone with budget, authority, need and timing is a lead. As you'll see in a moment, though, while these are all interesting outputs of various promotional programs, they do not - by themselves - solve the problem of generating leads that actually result in more sales. In fact, most aren't even good interim steps in the process, no less are they true sales leads.

But here are some of the different definitions of a sales lead that you may run into today, along with what you're actually getting:

| Type | Proponent | What You Get |
|-------------------|--------------------------------|----------------------------|
| Contact Names | List Vendors | Unqualified Suspects |
| Email Addresses | Spammers | Bounce-backs, blacklisting |
| Clicks | Ad Aggregators | Useless traffic |
| Business Cards | Trade Shows, Networking Groups | Tire Kickers |
| Exposures | Media Companies | Eyeballs |
| Webinar Attendees | Content Consultants | Students |
| Inbound Traffic | SMM Companies | Solicitations |
| BANT | Consultants | Disinterest and Rejection |
| BRCs | Mail Houses | Catalog Collectors |
| Page Views | SEO Companies | Page Ranking |

Promotion Program Outputs That Aren't Qualified Sales Leads

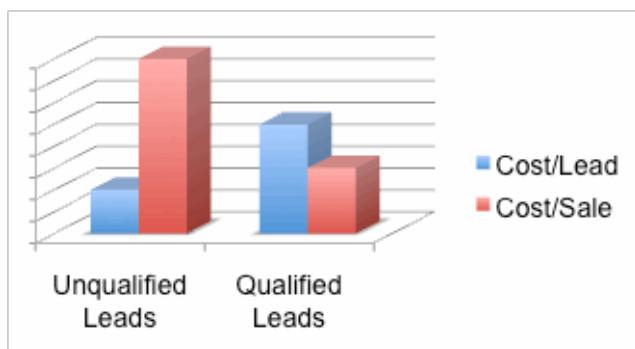
The problem, of course, is that none of these so-called "sales leads" are of any use to your sales people if the prospect doesn't have a need for your product or service, and a real interest in talking with you about how you can help. That's the true definition of a sales lead. And so anytime you try to use one of these other definitions of a sales lead in the calculation of a performance metric (e.g. your marketing ROI), or - more importantly - if you try to pass one off as a qualified sales lead to your sales people, you're going to run into problems.

In short, lead generation must result in the production of "qualified sales leads," whether it does so as a direct output of the process, or because it includes a separate lead qualification step. Otherwise, it can't be credited with producing a useful (or financially justifiable) result, nor can it be compared in a legitimate manner to other marketing strategies.



Leads Must Be "Qualified" to Be Worthwhile

For the purpose of calculating or comparing your cost-per-lead (CPL), anytime you're talking about a sales lead that's not an actual appointment with a decision maker who has need, ability and desire (i.e. a "qualified lead") you must factor into your calculation the cost (as well as the time-to-convert and the conversion percentage,) of converting it to an appointment. That's the key to calculating your true cost-per-lead. And it's also the key to comparing different marketing techniques on an "apples-to-apples" basis.



Cost-per-Sale Impact of Unqualified Leads versus Qualified Leads

In general, it is less expensive to produce qualified leads in the first place, rather than to produce unqualified leads that must then be qualified. But one way or another a lead must be "qualified" in order to be worthwhile, and for its ROI to be calculated.

Comparing Marketing Techniques

If you want to calculate or compare your cost-per-lead for different lead generation methodologies, then, you need to start with a standard definition of a sales lead, such as:

A qualified lead is an appointment with a decision-maker (or strong decision influencer) who has a need for your company's products or services, and who wants with talk with you about how you can help.

That is, you have to use a standard deliverable that can be applied to all techniques (SEO, SMM, telemarketing, direct mail, inbound, email marketing, advertising, PR, trade shows, etc..) in order to make a valid comparison. And when you're comparing your cost-per-lead from different marketing tactics, if it requires work to convert what you have (e.g. a click, an attendee, a business card, a download, a response, etc..) into an initial appointment, then you have to include in your analysis the cost of doing that

conversion work. Otherwise you're misrepresenting the cost of the program.

To be sure, some people will argue that it is the salesperson's responsibility to convert these various so-called "leads" into appointments. But that doesn't change the calculation. Someone has to convert it, and that conversion, or qualification process, has a cost - which will necessarily vary by promotional method. Shifting that cost to the sales person doesn't eliminate it, it merely moves it onto someone else's budget line. You still have to compare marketing costs on an apples-to-apples basis; and the initial appointment (with a decision maker who has need, interest and ability) is the best, if not the only, common denominator available for the B2B marketer.

(This approach applies equally well in the B2C world, by the way. In the case of brick-and-mortar stores, the common denominator for something to qualify as a lead is foot traffic. And in the online world, it's hits to a dedicated e-commerce landing page.)

By the way, if you don't compare marketing techniques on the basis of a common deliverable, and use a standard definition of a lead, there are a number of significant, and potentially fatal problems (insofar as your program - and probably your career - is concerned) that can occur. For example:

- If you (as the marketing expert) deliver unqualified leads to your sales force, they will feel that you've wasted their time. And at some point they will push back on you and your programs, rejecting both.
- If you produce unqualified sales leads, you will at some point incur additional costs for qualifying the leads, or for regenerating them.
- And even if neither of these things occurs, then you may simply produce an asset that can't be monetized, wasting the original investment.

In short, anything less than a qualified lead (e.g. an appointment with a decision maker who has a need and who wants to talk to a sales person) will result in excessive costs, waste and failure.

The Model

If you want to compare the costs and benefits of different methods for generating sales leads, the following model can enable you to compare methods on a true, apples-to-apples basis - by comparing the cost-per-appointment for the initial appointment, which is where it actually counts.

The model can be implemented using an Excel spreadsheet. It is also available online at www.jvminc.com/CPL.

Step 1: Enter Your Program Objectives

To begin, you set up the model using a few basic assumptions. First, of course, is your revenue goal. This is because, if your ultimate goal is to generate sales, you need to know what your revenue objective, or **Gross Revenue Target**, is - at least so you can see if you're going to reach it.

You'll also need to know the value of an **Average Sale**. If you sell a capital good, or a one-time item, this should be pretty easy. Even if your offering comes in different configurations, you can just take an average. Or, you can run the model for a particular set of products, and estimate a weighted average sale. If you sell services, or a product that is purchased periodically, then the Average Sale should be the average revenue that will be credited to the marketing program when someone makes a sale. For most companies with recurring business, the marketing program will be credited with the first year's revenue from the new customer, or the Net Present Value of all resultant sales from that customer. Dividing your Average Sale into your Revenue Objective will tell you how many unit sales you need to make.

You'll also need to estimate your **Average Gross Margin**. This enables you to calculate how much money is available for marketing and sales - and how profitable the program will be. If you use VARs or distributors, use their mark-up plus yours. But for most industrial companies, $AGM = (Price - COGS)/Price$.

Finally, you need to put in the **Average Cost of a Field Sales Call**. This will tell you how much Field Sales expense, if any, is going to be "caused" by your marketing program. If you don't have a Field Sales force, but you use something like Inside Sales or Customer Support, use their expense (on a per-sale basis) to estimate the cost of going out on a call (or teleselling).

| | | |
|-----------------------|-----------------------------------|-----------|
| Objectives | Gross Revenue Target | \$100,000 |
| Financial Assumptions | Average Sale | \$10,000 |
| | Average Gross Margin | 35% |
| | Average Cost per Field Sales Call | \$200 |

Step 1: Enter Your Program Objectives

If you use VARs or Manufacturer's reps, you can either use their actual cost/call or their allocated commission to estimate the cost of a field sales call.

Step 2: Enter Your Marketing Program Costs

You should now put in your assumptions about your marketing initiative.

While marketing programs can seem to have very complex budgets and costs, most can easily be simplified into three basic elements: **Management costs**, **Set-Up** (or program development) **costs**, and **Volume-Dependent costs**.

For example, a Social Media Marketing program requires some executive approval and oversight (a fixed overhead). And it requires someone to create and place the content (a variable cost). An email campaign requires some management (a fixed cost,) a one-time set-up cost for IT development, and some volume related costs such as for lists, or sending out the emails.

| Program Assumptions | | |
|------------------------|---------------------------|---------------|
| Program Name | Inbound Marketing Program | |
| Management Costs | \$5,000 | |
| Set-Up Costs | \$1,500 | |
| Volume Dependent Costs | Units | Blog Postings |
| | Number of Units | 200 |
| | Cost/Unit | \$25 |

Step 2: Enter Your Program Costs

In the above example, we are going to implement a Social Media Marketing program using blog postings. It will take \$5,000 in management time to set-up. One-time IT work is \$1,500. And we will be posting 200 blog entries, for a cost of \$25 each. The total cost of the program, which you can easily calculate from these assumptions, will be \$11,500.

Step 3: Enter Your Expected Results

Next you need to enter what you think the **results** of your program are going to be. For most marketing programs, the output is going to be some number of "sales leads." Note that you can define the output however you want, as you're going to have the opportunity to calculate the cost of converting it, if necessary, to an appointment later.

By this logic, of course, if you define the output of your program as an appointment, then the cost of conversion below will be zero. But a good model will include this step.

| | |
|----------------|----|
| Expected Leads | 10 |
|----------------|----|

Step 3: Enter Your Expected Results

Note that the expected results are generally the number of leads of any quality that you expect to get. You're going to calculate the cost of qualifying them next.

Step 4: Converting Unqualified Sales Leads to Qualified Sales Leads

As discussed earlier, most marketing initiatives neglect to consider the cost of converting a "sales lead" (e.g. a click, a white paper request, a name on a mailing list, a Social Media contact, a bingo card, a click, an inquiry, etc.) into an actual appointment with a decision maker who has a need and who wants to talk with you about how you can help. In the next section of the model you need to enter the inputs that will enable you to calculate the cost, if any, of this conversion (or qualification) process.

In most cases, this process will have to be done using some form of telemarketing (or possibly email) follow-up, either using in-house resources or an outside vendor.

Note that the amount of effort (which will be a function of the dial rate, the cost/hour, and the conversion rate) for converting your unqualified sales leads will differ significantly depending on the quality of the lead, which you can easily reflect in the parameters you enter. Better quality leads, for example, will have a higher conversion (or appointment) rate (i.e. the fraction that will convert to actual appointments,) while poorer quality leads will have a lower conversion rate. They may also have different contact rates, costs/hour, and dial rates. But these inputs enable you to accurately reflect the differences in lead quality from different promotional methods in your P&L.

| | | |
|--------------------------|---------------------------|-----------------|
| Set-Up Cost | \$1,000 | |
| Hourly Cost | \$40 | |
| Productivity Assumptions | Expected Dial Rate | 10 dials/hour |
| | Expected Contact Rate | 5 dials/contact |
| | Expected Appointment Rate | 25% |
| | Expected Call Duration | 10 minutes |
| Expected Close Rate | 25% | |

Step 4: Enter Your Qualification Costs

Once again, this portion of the program has some fixed elements (such as a Set-Up cost,) and some variable elements (e.g. the dial rate, the contact rate, the conversion rate and the duration of a call.)

You should also estimate the Close Rate that you expect to get from a qualified lead. This is so you can calculate your revenue production, and therefore your ROI.

If you don't use telemarketing to qualify your leads, but instead use email, use the analogous assumptions (e.g. hourly cost, response rate, etc.)

If you do not qualify your leads, but instead simply give unqualified leads to your salespeople, it is important to reflect this with an accurate (and likely very low) close rate. But you can also simply segregate this activity of theirs, and include it in the model directly.

Analysis

With these inputs, you can now calculate a number of important metrics.

Business Objectives

The first thing to do is calculate how many sales you need to reach your business objective. In the example here, if the Revenue Objective is \$100,000, and the Average Sale is \$10,000, then you'll need 10 closed sales to reach your business objective.

| | |
|-------------------|-----------|
| Revenue Objective | \$100,000 |
| Average Sale | \$10,000 |
| Closes Needed | 10 |

Business Objective

Marketing Program Costs

You can also now calculate how much your marketing (or promotion) program is going to cost.

| | |
|--------------------|-------------------|
| Management Costs | \$5,000 |
| Set-Up Costs | \$1,500 |
| Units | 200 blog postings |
| Cost/Unit | \$25/posting |
| Variable Cost | \$5,000 |
| Total Program Cost | \$11,500 |

Marketing Program Costs

As you can see, the fixed elements (i.e. the management costs and set-up costs) are added to the variable costs (i.e. 200 blog postings x \$25/posting) to get the total cost.

Program Output

Now that you know the cost of the program, you can now divide it by the number of unqualified sales leads that you previously entered to get a cost-per-lead. Note that this cost-per-lead, however, is for an unqualified lead. You still have to add in the cost of qualifying it, or setting the initial appointment.

| | |
|----------------------------|---------|
| Unqualified Leads Produced | 10 |
| Cost per Unqualified Lead | \$1,150 |

Direct Program Output

Qualification Process

You can now calculate the cost of qualifying the unqualified sales leads. Usually, this involves calling the prospect on the phone, connecting with the decision maker, confirming or stimulating their interest, and setting the initial appointment.

This is usually done by telephone because it is almost always more expensive to send a salesperson out on the road to do it in person. Of course, if the salesperson is on straight commission, then they bear the cost rather than the company; however the company may experience the cost in the form of turnover. But your model should include this cost because different lead generation techniques will have different conversion rates, and factoring this in is necessary even if it is done by the sales person.

| | |
|---|---------|
| Unqualified Leads | 10 |
| Dials Needed to Qualify Leads | 50 |
| Hours Needed to Qualify Leads | 5 |
| Qualified Appointments Set | 2.5 |
| Appointment-Setting Costs | \$1,200 |
| Cost to Qualify Leads on a per Lead Basis | \$120 |

Qualification and Appointment-Setting

Using the assumptions from Step 4, you can easily calculate what it will cost to qualify each of the unqualified leads, and convert them to initial appointments. For example, starting with the 10 unqualified leads, we can calculate that it will take 50 dials to reach the decision makers and have the conversations, based on the assumption of 5 dials/contact. At 10 dials/hour, these 50 dials will take 5 hours to complete.

In terms of output, the Expected Appointment Rate of 25% tells us that 2.5 of these 10 prospects will grant an appointment and convert to qualified leads. (Don't

be afraid to use fractions! This is an estimating tool, and it will scale to whole numbers in real life.)

The total cost of this phase of the program, using the assumptions in Step 4, will be \$1,200 – which you get from adding the Set-Up cost of \$1,000 plus \$40/hour for the 5 hours (or \$200) it will take to do the calling.

You can then divide the number unqualified leads (10) into the cost of qualification (\$1,200) to get the additional cost/lead that you had to incur (\$120 each) to qualify the unqualified leads.

Calculate the Total Cost-per-Lead for a Qualified Lead

Now that you've calculated the cost to generate the unqualified leads (\$11,500), and the cost qualifying them (\$1,200), and you know the number of actual qualified leads (2.5), you can now calculate the true cost-per-lead for a qualified sales lead.

| | |
|---------------------------|----------|
| Lead Generation Costs | \$11,500 |
| Qualification Costs | \$1,200 |
| Total Cost | \$12,700 |
| Total Qualified Leads | 2.5 |
| Total Cost/Qualified Lead | \$5,080 |

Total Cost-per-Qualified Lead

As you can see, this is quite a bit more than the cost-per-lead for an unqualified lead (\$1,150 above). But the expected close rate on these leads will be higher. And you won't waste windshield time chasing 7.5 leads that will never close.

And so is the ROI higher? Is it worth it to qualify the leads? You can figure it out easily.

Sales Results

You can now estimate the number of closed sales you should expect by multiplying the number of qualified sales leads (2.5) by the expected close rate (25%), resulting in 0.625 sales. (Remember, don't be afraid of fractions. Just change your quantities if you need to see whole numbers.)

| | |
|-----------------|---------|
| Qualified Leads | 2.5 |
| Close Rate | 25% |
| Closed Sales | 0.625 |
| Revenue | \$6,250 |
| Revenue vs Goal | 6.25% |

Based on an average sale of \$10,000, you can expect \$6,250 in revenue, which is 6.25% of the objective of \$100,000.

Clearly, this performance against the objective would be inadequate. But you now have an objective way to predict and compare the performance of your various marketing options.

Profit and Loss Statement

Just to finish up, note that you can also produce a mini-P&L as follows:

| | |
|---------------------|----------|
| Total Revenue | \$6,250 |
| Marketing Expense | \$12,700 |
| Field Sales Expense | \$500 |
| Cost of Good Sold | \$4,063 |
| Total Expense | \$17,263 |
| Net Profit/(Loss) | (11,013) |

Pro-Forma P&L

In this case, the revenue figure is the same as in the previous step. The expenses, however, consist of three components:

- The marketing costs include the cost of the original lead generation program (\$11,500), plus the cost of the lead qualification program (\$1,200).
- The field Sales Expense is calculated by multiplying the number of field sales calls needed (2.5) by the cost per field sales call (\$200).
- The Cost of Goods Sold is calculated by multiplying the expected revenue by one minus the margin.

The reason that it's important to produce a pro forma P&L, of course, is that you need to be able to see the impact of not having to make unnecessary field sales calls. That is, if you sent out a salesperson on all 10 unqualified leads, your field sales cost would have been \$2,000 instead of \$500. And while you only saved \$300 by spending \$1,200 for the qualification process, the impact of sending sales people out on useless leads, or of carrying leads in your funnel that will never close, is generally dire.

But this analysis also shows that, in this case, at least, the program itself is a losing proposition – which you can only see if you flow through to a P&L.

Discussion

As you can see, this marketing initiative is not predicted to be profitable, and the program will probably not meet its revenue objectives.

Note also that, while the cost-per-lead appears to be \$1,270 per lead (i.e. \$12,700 divided by 10 unqualified leads produced) using the traditional definition of a sales lead, the true cost-per-lead (i.e. the cost of generating *qualified* leads, or the initial appointments,) is actually \$5,080 per lead (i.e. \$12,700 / 2.5 actual appointments) – four times higher!

As an aside, and as a useful sanity check, it appears that the assumptions about dial-rate, contact-rate and call duration (in Step 4,) result in our not trying to do more than 60 minutes worth of activity in an hour, which is good. Specifically, if you assume that you're going to make 10 dials/hour, and that you're going to talk to a decision maker for 10 minutes on 20% of your calls, and you add in, say, 3 minutes for a non-contact call (where you have 4 attempts for every actual contact,) you end up with 32 minutes of activity per hour. This means that your plan is realistic - at least from a resource perspective.

By the way, if we had just used professional B2B telemarketing alone, instead of starting with "Inbound Marketing Program," it is likely that the cost-per-lead (i.e. the cost-per-initial, qualified appointment) would have been *lower*, as shown below, suggesting that the contemplated marketing program would actually result in an *increase* in the cost-per-appointment.

| | |
|---------------------|------------|
| Targets | 200 |
| Dials Needed | 1000 |
| Hours Needed | 100 |
| Qualified Leads | 50 |
| Cost | \$5,000 |
| Cost/Qualified Lead | \$100/lead |

Impact of Using B2B Telemarketing Alone

We can carry this through to predict the sales results, which further suggests that we could actually exceed the revenue goal with just telemarketing.

| | |
|------------------------|-----------|
| Qualified Appointments | 50 |
| Close Rate | 25% |
| Close Sales | 12.5 |
| Revenue | \$125,000 |
| Revenue versus Goal | 125% |

Sales Results

Obviously, targeting 200 random prospects with telemarketing is not likely to have the same response

rate as targeting 10 prospects who responded to a blog posting, but it's an easy matter to adjust the response rate in the model to reflect the appointment rate on a cold call, and see which is worth doing.

Nevertheless, a model can easily, and finally, calculate the Net Profit from the straight telemarketing program as follows:

| | |
|---------------------|-----------|
| Total Revenue | \$125,000 |
| Marketing Expense | \$5,000 |
| Field Sales Expense | \$10,000 |
| Cost of Good Sold | \$81,250 |
| Total Expense | \$96,250 |
| Net Profit/(Loss) | \$28,750 |

Pro-Forma P&L Using Telemarketing Alone

As you can see, investing in a \$5,000 telemarketing program is predicted, using this model, to exceed the revenue objective by 25%, as opposed to under-running it by almost 94%. And it is predicted to produce almost \$29,000 in net profit, as opposed to losing more than \$11,000.

Obviously, the assumptions that you use will have a great impact on the results of the model. But the key is that you must take into account the cost of qualifying your leads when you contemplate engaging in any marketing program. To do otherwise not only masks the true costs, but it makes it impossible to compare options.

Comparing Options

With a model like this, it now becomes easy to compare different promotional programs, and decide which one is better. In the attached example, which is in the form of an Excel spreadsheet, we will compare the Blog Posting program discussed above to an Email Marketing program.

Looking at the spreadsheet, note the key variables that we're going to change for the comparison:

- For the variable costs, we're sending out 500,000 emails at \$0.01 each, instead of doing 200 blog postings for \$25 each. The total cost is deliberately the same, as would be the case with normal budget limitations, but we're going to assume that the response rates (line 17) will be different in order to illustrate how you can use the model. That is, we're going to assume that the 200 blog postings will produce 10 unqualified leads, while the 500,000 emails will produce 500 unqualified leads.

- We're also going to assume that the appointment rate (i.e. the qualification rate on line 24,) for responses to the blog postings (25%) is going to be different from the appointment rate for email responses (15%), again, just to illustrate how the approach can work.

Everything else is being kept the same, including the Business Objectives, the Management and Set-Up costs, the Close rate, and the cost of the telemarketing (or qualification) process.

For clarity, the significant changes to the assumptions are in red on the spreadsheet.

Results

Although somewhat contrived, the example illustrates the power of normalizing the definition of a qualified sales lead, and comparing options on an apples-to-apples basis.

As you can see, the Blog Posting program produced 10 unqualified leads, that became 2.5 qualified leads (i.e. appointments), of which 0.635 closed, for a Total Revenue of \$6,250, and a Net Loss of \$11,013.

On the other hand, the Email Marketing program produced 500 unqualified leads, that became 75 appointments, of which 18.75 closed, for a Total Revenue of \$187,500, and a Net Profit of \$28,125.

Again, while this example should not be viewed as indicative of what you might achieve with your particular marketing program, it does show very clearly how best to compare the performance (both predicted and after-the-fact) of different marketing programs.

Conclusion

Comparing the cost-per-lead as a means of deciding which marketing program to implement is virtually impossible because of the different definitions that different programs use for what is produced. A lead from a blog posting is not the same as a lead from an email campaign. They will tend to have different close rates, and therefore they will have different ROIs. (The same holds for a lead from a trade show, a White Paper download, a networking contact, or a hit to a Web site.) And so you need a common definition of a sales lead in order to compare the advantages of one strategy over another.

The best common denominator is the initial appointment with a decision maker who has a need for your company's product, and who wants to talk with you about how you can help. You only need to calculate the cost of booking that appointment in order to normalize the different options, and flow the costs and revenues through to a pro forma P&L – which the model discussed herein enables you to do – to rationalize your marketing decisions.

Example Comparison

| Assumptions | Business Objectives | Option1 | Option 2 |
|-------------|---------------------------------|-------------------|----------------|
| | Gross Revenue Target | \$100,000 | \$100,000 |
| | Average Sale | \$10,000 | \$10,000 |
| | Average Gross Margin | 35.00% | 35.00% |
| | Avg Cost/Field Sales Call | \$200.00 | \$200.00 |
| | Marketing Program Costs | | |
| | Program Name | Inbound Marketing | Email Marketir |
| | Management Costs | \$5,000 | \$5,000 |
| | Set-Up Costs | \$1,500 | \$1,500 |
| | Number of Units | 200 | 500000 |
| | Units | Blog Postings | Emails |
| | Per-Unit Cost | \$25.00 | \$0.010 |
| | | \$5,000 | \$5,000 |
| | Marketing Program Output | | |
| | Leads Produced | 10 | 500 |
| | Qualification Process | | |
| | Lead Qual Set-Up Cost | \$1,000 | \$1,000 |
| | Lead Qual Hourly Cost | \$40.00 | \$40.00 |
| | Dial Rate | 10 | 10 |
| | Contact Rate | 5 | 5 |
| | Conversion Rate | 25% | 15% |
| | Contact Call Duration | 10 | 10 |
| | Non-Contact Call Duration | 3 | 3 |
| | Expected Close Rate | 25% | 25% |
| | Analysis | | |
| | Business Objective | | |
| | Revenue Objective | \$100,000 | \$100,000 |
| | Average Sale | \$10,000 | \$10,000 |
| | Closes Needed | 10 | 10 |
| | Direct Program Costs | | |
| | Program Mgt Costs | \$5,000 | \$5,000 |
| | Program Set-Up Costs | \$1,500 | \$1,500 |
| | Units | 200 | 500000 |
| | Dollars | \$25.00 | \$0.01 |
| | Variable Cost | \$5,000 | \$5,000 |
| | Total Program Cost | \$11,500 | \$11,500 |
| | Program Output | | |
| | Leads Produced | 10 | 500 |
| | Component CPL | \$1,150 | \$23 |
| | Qualification Process | | |
| | Unqualified Leads Produced | 10 | 500 |
| | Dials Needed | 50 | 2500 |
| | Hours Needed | 5 | 250 |
| | Qualified Appts Set | 2.5 | 75 |
| | Appt-Setting Cost | \$1,200 | \$11,000 |
| | Qualification CPL | \$120 | \$22 |
| | Qualification Cost-per-Appt | \$480 | \$147 |
| | Sanity Check Calling Activity | | |
| | Contacts/hour | 2 | 2 |
| | Non-Contacts/hour | 8 | 8 |
| | Less than 60 minutes/hour? | OK | OK |
| | Total Cost-per-Lead | | |
| | Lead Generation Costs | \$11,500 | \$11,500 |
| | Qualification Costs | \$1,200 | \$11,000 |
| | Total Cost | \$12,700 | \$22,500 |
| | Total Cost/Lead | \$1,270 | \$45 |
| | Total Cost/Appointment | \$5,080 | \$300 |
| | Sales Results | | |
| | Unqualified Sales Leads | 10 | 500 |
| | Qualified Appointments | 2.5 | 75 |
| | Close Rate | 25% | 25% |
| | Closed Sales | 0.625 | 18.75 |
| | Revenue from Closed Sales | \$6,250 | \$187,500 |
| | Revenue Production v Goal | 6.25% | 187.50% |
| | P&L | | |
| | P&L | | |
| | Total Revenue | \$6,250 | \$187,500 |
| | Marketing Expense | \$12,700 | \$22,500 |
| | Field Sales Expense | \$500.00 | \$15,000.00 |
| | Cost of Goods Sold | \$4,062.50 | \$121,875.00 |
| | Total Expense | \$17,263 | \$159,375 |
| | Net Profit/(Loss) | -\$11,013 | \$28,125 |