

## E-LESSON #15: How to Calculate ROI

### MANAGER OR FACILITATOR MEETING GUIDE

NOT FOR DISTRIBUTION TO SALESPEOPLE



Besides the broadcast creative problem, managing our client's expectations about results is our single biggest challenge. By managing expectations about advertising results, we could close more long-term business. We would have less rate resistance and less "added value". We could sell more local direct regardless of station ratings or program. We could double or triple what the client "thinks" he should be spending. Finally, and most important, we would make broadcast advertising look less like a crapshoot and more like what it really is, a good, calculated risk.

E-Lessons #15 through #20 encompass ROI, the **TENTH** and final step in a series of ten **red presentation ICONS**. The information contained in this ICON learning approach is designed to help salespeople to get local direct clients "on the same page" we're on as quickly as possible.

#### ***The purpose of this lesson***

When your client's expectations about results on your station aren't properly managed, bad things begin to happen such as:

- Stingy or conservative budgets
- Client reluctance to sign long-term contracts
- Jeopardized relationships due to client skepticism about results
- Surprise cancellations
- Needless bonus schedules
- Perpetuation of the client myth that advertising with your medium or on your station "doesn't work."

But by properly explaining return on investment (ROI), your salespeople could:

- Show a client that a campaign on your station looks like a very good calculated risk, whether your station is ranked number one or number twenty.
- Better manage client expectations about advertising results on your station.
- Avoid rate resistance and added value.
- More easily get long-term contracts from clients.
- Possibly double or triple the amount of money the client is thinking about spending on your station.

In order to calculate ROI for a client, your salespeople need some information:

- Your station's 12-Plus CUME number
- Your station's AVERAGE RATE
- Your client's AVERAGE SALE
- Your client's GROSS PROFIT MARGIN

### **How to effectively deliver this lesson**

1. Well before the session, provide each salesperson a copy of the General Agenda for E-LESSON #15: **HOW TO CALCULATE ROI**. Ask them to read the lesson before your meeting.
2. Additionally before the meeting, give your sales staff a homework assignment. In preparation for this meeting, you expect them to provide you with the following:
  - The names of two local direct clients they plan on presenting to in the next week.
  - Each client's GROSS PROFIT MARGIN
  - Each client's AVERAGE SALE
3. At the meeting itself, download and view the corresponding on-line video and distribute the Worksheet for Salespeople for E-LESSON #15: **HOW TO CALCULATE ROI**.
4. Give salespeople 10-15 minutes to fill out the worksheet.
5. Collect all worksheets.
6. Examine worksheets. Work one-on-one to make sure that each salesperson fully comprehends the following:
  - The importance of managing client expectations about results.
  - The definitions of AVERAGE SALE and GROSS PROFIT MARGIN.
  - Your biggest weekly 12-Plus CUME number (NOT average quarter hour or household).
  - Your AVERAGE RATE
  - How to calculate ROI
7. Check worksheets for any problems or progress with local direct accounts

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