



Return on Investment for Your Partners

To build solid, successful partnerships for your sponsors, you have to understand what their investment in YOUR TEAM means to their business. To do that, you need 3 pieces of information to start with.

AVERAGE SALE The average amount an average customer spends with the business each time they do business with them. This may be a WIDE RANGE but most businesses, when thinking about it, will be able to give you an average figure for the majority of their business.

AVERAGE GROSS MARGIN: Very simply this is the percent of the selling price that is profit over the cost of the product to the company. *Example: An 18 (retail) filter that a parts dealer pays \$9 for is a 50% margin.*

AVERAGE CLOSING RATIO The percentage by which a POTENTIAL CUSTOMER becomes a PAYING CUSTOMER. This average may be much higher for a restaurant versus a car dealer, but it's important to know because you want to understand, of the people you send to a partner, how many typically become paying customers

COMPANY: _____

Avg. Sale: _____ Closing Ratio: _____ Avg. % Margin: _____

NOW, HERE'S HOW YOU PUT THOSE NUMBERS TO WORK!

<u>STEP #1</u>		<u>STEP #2</u>	
Average Sale:	_____	Your Asking Price:	_____
Average Margin:	X _____	Profit per Sale:	÷ _____
Profit Per Sale:	_____	# of Sales Needed:	_____

By completing steps 1 and 2, you'll be able to understand, ***"To make _____ a return on their investment of _____, they need to make ___ sales"***

TO TAKE IT ONE STEP FURTHER, FIGURE OUT STEP #3

<u>STEP #3</u>	
# of Sales Needed:	_____
Closing Ratio:	÷ _____
# of Introductions:	_____

You can now make the statement, ***"To make _____ a return on their investment of _____, they need to have ___ interactions with potential customers"***