

Good Morning & Welcome to

Setting Budgets For The Most Effective Advertising

Schedule:
10:00 AM - 11:30 AM
Saturday, April 26, 2008

We Will Review Today . . .

- Calculating Your Sales Needed
- Calculating Your Leads Needed
- Determining Cost per Lead
- Determining Ads That Work
- Calculating Job Statistics
- Some Final Stuff . . .

Calculating Your Total Sales

Calculating Your Total Sales

- You can calculate based on your personal income needs
- You can calculate from your company sales history
- You can guess at the #

Calculating Your Total Sales

Establish your projected personal income = \$

Divide (÷) that number by:

.08 (8%) if in business 0 - 3 years

.10 (10%) if in business 4 + years

Ex: \$90,000 ÷ .08 = \$ 1,125,000 in sales

\$90,000 ÷ .10 = \$ 900,000 in sales

\$60,000 ÷ .08 = \$ 750,000 in sales

\$60,000 ÷ .10 = \$ 600,000 in sales

\$45,000 ÷ .08 = \$ 652,500 in sales

\$45,000 ÷ .10 = \$ 450,000 in sales

Sales Needed - 2008

Project Income 2008 = \$60,000

Then:

\$60,000 ÷ .10 = \$600,000

Your company needs to sell, build and collect \$600,000 in 2008 to support your salary.

Calculating Your Average Sales Price

Total Sales 2007 = \$513,894

Total # of sales 28

$\$513,894 \div 28 = \$18,353$

Average Sales Price 2007 = \$18,353

Calculating Your # of Sales to Leads Taken

Total # Sales 2007 = 28

Total # of leads 2007 = 110

$110 \div 28 = 3.928$

Or

1 Sale in 3.93 Leads Taken in 2007

Calculating Your # of Sales Needed

Total Sales Needed 2008 = \$600,000

Average Job = \$18,353

$\$600,000 \div \$18,353 = 32.69$ or 33 sales

You need a minimum of 33 sales at \$18,353 in 2008 to support your salary of \$60,000.

Calculating Your # of Leads Needed

Assuming you can maintain a sales to leads ratio of 1 / 3.93 from 2007

We need 33 sales @ \$18,353 in 2008 to reach our goal of \$600,000 total sales.

$$33 \times 3.93 = 129.69 \text{ or } 130 \text{ leads}$$

Last Year's Advertising Budget

Total advertising 2007 = \$24,616
 $\$24,616 \div \$513,894 = 4.79\%$ of sales

And

$$\$24,616 \div 110 = \$223.78 / \text{Lead}$$

This Year's Advertising Budget

Total sales needed 2008 = \$600,000
 $\$600,000 \times 4.79\% = \$28,740$

$$\$28,740 \div 130 = \$221.08 / \text{Lead}$$

**Determine
ADS THAT WORK**

ADS THAT WORK

Business Cards	Web Page
Job Signs	Vehicle Signs
Magazine Ads	Newspaper Ads
Direct Mail	Newspaper Inserts
Phone Solicitation	Referrals
Home/Garden Shows	Door Hangers
Broadcast Fax	Radio
TV	Bill Boards
Remodeling Show of Homes	
Parade of Homes	

**Compile Jobs
Completed in 2007**

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Michael Stone www.MarkupandProfit.com Dan Baumann www.ChiefExperts.com

Jobs Completed in 2007

List the Jobs in 2007 Completed & The % of Sales

Kitchens	35%
Bath	18%
Additions	14%
Dormers	8%
Whole House	16%
Decks	4%
Misc.	5%

Project Jobs for 2008

Project the Jobs in 2008 as a % of Sales

		<u>Revised</u>
Kitchens	35%	45%
Bath	18%	25%
Additions	14%	15%
Dormers	8%	
Whole House	16%	15%
Decks	4%	
Misc.	5%	

\$ Distribution in 2008

Project Distribution of Ad \$ for 2008 (\$28,740)

	<u>Revised</u>	<u>Budget</u>
Kitchens	45%	\$12,935
Bath	25%	\$ 7,185
Additions	15%	\$ 4,310
Whole House	15%	\$ 4,310



ADS THAT WORK
(From 2007 – 110 Leads)

	<u>Leads</u>	<u>%</u>
Business Cards	11	10
Web Page	45	41
Vehicle Signs	7	6
Magazine Ads	12	11
Home/Garden Shows	24	22
Job Signs	4	3
Referrals	7	6

ADS THAT WORK
(From 2008 – 130 Leads – Budget \$28,740)

	<u>Leads</u>	<u>%</u>	<u>\$</u>
Business Cards	13	10	\$ 2,875
Web Page	53	41	\$11,785
Vehicle Signs	8	6	\$ 1,725
Magazine Ads	14	11	\$ 3,160
Home/Garden Shows	29	22	\$ 6,325
Job Signs	4	3	\$ 860
Referrals	9	6	\$ 1,725

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REVISED
(From 2008 – 130 Leads – Budget \$28,740)

	Leads	%	\$
Business Cards	13	10	\$ 500
Web Page	53	41	\$ 4,400
Vehicle Signs	8	6	\$ 1,250
Magazine Ads	14	11	\$ 7,500
Home/Garden Shows	29	22	\$12,000
Job Signs	4	3	\$ 1,300
Referrals	9	6	\$ 1,750

**Where Does The
\$
Go Per Month ?**

% Sold / Month

	%	For Month	\$
January	4	Sept.	\$ 2,300
February	6	Oct.	\$ 1,425
March	7	Nov.	\$ 865
April	10	Dec.	\$ 575
May	12	Jan.	\$ 1,150
June	17	Feb.	\$ 1,725
July	16	Mar.	\$ 2,000
August	10	Apr.	\$ 2,875
September	8	May	\$ 3,450
October	5	June	\$ 4,850
November	3	July	\$ 4,650
December	2	Aug.	\$ 2,875

A Typical JOB CYCLE

Remodel Job: 8 Week Job @ \$27,953

- July
 - 2 Advertising Out
 - 9 Customer calls in, appointment set
 - 16 Appointment, call backs
 - 23 Contract
 - 30 Job Layout (pre-job conference)
- August
 - 6 Job Start - Week 1
 - 13 - 27 Weeks 2 - 4
- Sept.
 - 3 - 17 Weeks 5 - 7
 - 24 Week 8 - Job Completion
 - 30 Final Inspection, Final Payment
- October
 - 1 Money available to pay overhead

Some Final Stuff

Your approach to Sales

You are interviewing the customer to see if

THEY QUALIFY TO BUY FROM YOU

NOT...

If you qualify to sell to them

**5 Reasons
People Don't Buy**

- No Need
- No Money
- No Hurry
- No Desire
- **No Trust**
(NO **TRUST** is the Major Reason)

**Your Customer's
3 Basic Fears**

- Will they do the job I want?
- Will they do my job on time?
- Will they do my job at a fair price?

STEPS OF THE SALE

Customers always have their antennas
tuned into...



Budget v. Price

CUSTOMERS SET THE PRICE

Based on

Their Design of the Job

&

Their Selections

Your Education

The Best Insurance You Can Invest In !

→ **Education** ←

If You Want To Be A Success

In This

Or Any Business...

Read One Hour Each Day






