

Determine Your Return on Investment (ROI)

To make wise budget and marketing decisions, knowing your ROI is critical. ROI is the relationship between your sales and marketing investment and the revenue it generates. Use the steps below to calculate yours or discover the strategy behind our proven ROI process and access bonus tips in this [free guide](#).

1. On average, how many years do customers remain customers (i.e. customer lifetime)? _____

2. Average annual sales per customer:

$$\frac{\$ \text{_____}}{\text{(Total annual sales)}} \div \frac{\text{_____}}{\text{(Total number of customers)}} = \$ \frac{\text{_____}}{\text{(Average annual sales/customer)}}$$

3. Lifetime value (LTV) of your average customer:

$$\frac{\text{_____}}{\text{(Answer from number 1)}} \times \$ \frac{\text{_____}}{\text{(Answer from number 2)}} = \$ \frac{\text{_____}}{\text{(LTV)}}$$

4. How many leads did you receive during the last 12 months? _____

5. Of those leads, how many became new customers? _____

6. New Customers Total Sales Value (TSV):

$$\frac{\text{_____}}{\text{(New customers from number 5)}} \times \$ \frac{\text{_____}}{\text{(LTV from number 3)}} = \$ \frac{\text{_____}}{\text{(TSV)}}$$

7. Lead conversion rate:

$$\frac{\$ \text{_____}}{\text{(New customers from number 5)}} \div \frac{\text{_____}}{\text{(Leads from number 4)}} = \frac{\text{_____}}{\text{(Lead Conversion Rate)}} \%$$

8. Lead acquisition cost:

$$\frac{\$ \text{_____}}{\text{(Annual sales \& marketing expenses)}} \div \frac{\text{_____}}{\text{(Leads from number 4)}} = \$ \frac{\text{_____}}{\text{(Lead acquisition cost)}} / \text{lead}$$

9. Customer acquisition cost (CAC):

$$\frac{\$ \text{_____}}{\text{(Annual sales \& marketing expenses)}} \div \frac{\text{_____}}{\text{(New customers from number 5)}} = \$ \frac{\text{_____}}{\text{(CAC)}} / \text{customer}$$

Final Return on Investment (ROI)

Return on investment (ROI) ratio:

$$\frac{\$ \text{_____}}{\text{(TSV from number 6)}} \div \frac{\$ \text{_____}}{\text{(Annual sales \& marketing expenses)}} = \frac{\text{Ratio}}{\text{to 1}}$$

(ROI ratio | Ideal Minimum is 4 to 1)

Per customer return on investment (ROI):

$$\frac{\$ \text{_____}}{\text{(LTV from number 3)}} \div \frac{\$ \text{_____}}{\text{(CAC from number 9)}} = \frac{\text{_____}}{\text{x return}}$$

(Per cust. ROI | ex: \$8,000+\$500=16x return)

Final Lead Value

$$\frac{\$ \text{_____}}{\text{(TSV from number 6)}} \div \frac{\text{_____}}{\text{(Leads from number 4)}} = \$ \frac{\text{_____}}{\text{(Lead value)}} / \text{lead}$$

BRINGING IT ALL TOGETHER!