



PowerGrowth Tip

ROMI: A Marketing Metric You Must Know and Use

By Michael Bitter

As small business owners, we have limited marketing budgets. We must maximize the return on investment on every marketing dollar we spend. The best way I have found to do this is to utilize something I call a Return on Marketing Investment (ROMI) for each lead source.

What is ROMI?

ROMI is a measure of marketing effectiveness. It helps you determine how to more effectively spend your limited marketing dollars. Once you know your ROMI for each of your lead sources, you simply invest more in those sources that produce the best return and spend less or eliminate those that produce a lesser return.

How Do You Determine ROMI?

ROMI is derived from 2 pieces of information: the costs associated with each lead source and the profits that result from each lead source. Before you begin using ROMI in your business, you must have systems in place to track lead costs and profits.

A ROMI Example

The best way to illustrate this point is to use an example. Let's look at ACME Lawn Care, a residential lawn and landscaping business. Here are some results from last quarter:

Leads Generated From Each Source

Yellow Pages – 200

Customer Referrals – 50

Networking Events – 100

Direct Mail – 100

Direct Costs Associated With Each Source

Yellow Pages - \$10,000

Customer Referrals - \$500

Networking Events - \$2,000

Direct Mail - \$8,000

Profits Resulting From Each Lead Source

Yellow Pages - \$15,000

Customer Referrals - \$10,000

Networking Events - \$4,000

Direct Mail - \$5,000

ROMI (Profits – Costs / Costs)

Yellow Pages - 0.5

Customer Referrals – 19.0

Networking Events – 1.0

Direct Mail – (0.6)

Pretty interesting, eh? The source that generated the most leads did NOT generate the best ROI. If you owned this business, what would **YOU** do? What are some questions **YOU** might have? Where would **YOU** focus **YOUR** marketing investments?

Once you have a more complete picture you can make much better decisions. This is obviously a very simple example to used to illustrate the point. There's much more to this in a real life situation, but you get the idea. This is just one important marketing effectiveness metric you should use. There are several others.

More Information on This Subject

Want to learn more about this subject?

Attend a **PowerGrowth Boot Camp**. (www.bizresults.net/bootcamp.htm)

- You'll learn **how to determine ROMI and many other critical marketing measurements** you must know and use on a regular basis to ensure success
- You'll learn how to use the **PowerGrowth System**, a step-by step business growth recipe that you can use to **systematically transform your business** into a faster growing, more profitable, more valuable, more self-reliant business
- You'll learn **the top 20 success secrets, concepts, and techniques** used by some of the most **successful small businesses**---and how to apply them in your business
- You'll learn **50+ specific ways** to: **increase your customer base** and **retain** them longer, **increase sales and referrals** from your new and existing customers, and **increase profits** from every sale

About Business Results Unlimited

Business Results Unlimited is a **professional services firm** that provides **growth and business development focused education, tools, and coaching** for **small business owners, professional service firm owners, and aspiring entrepreneurs**.

We provide:

- **Seminars and workshops** that provide small business owners with **practical, non-biased** business growth and development fundamentals, concepts, techniques, and methodologies to help them build **faster growing, more profitable, more valuable, more self-reliant businesses**
- The **PowerGrowth™ System**, a **step-by-step business transformation system** that our clients follow to systematically apply the fundamentals, concepts, techniques, and methodologies we teach
- **Coaching services** designed to help our clients **incorporate the information we teach** at our seminars and workshops **and/or transform their businesses using the PowerGrowth™ System**

- **FREE** and fee based **public speaking and breakout session services** on a variety of small business growth and business development topics—pulled from our seminars and workshops—for **chambers of commerce, small business, and professional associations**

Our programs are based on the combination of:

- **More than 30 years** of direct corporate and small **business development experience**
- The **distilled, “best of the best” works** of more than **50 business development experts**
- Our **exhaustive study of successful small businesses** and professional service firms

Knowledge transfer is our only business. We have **no ulterior motives**, and have **no other “ax to grind”**.

We do **not** sell **marketing or advertising services or products, software, legal services, accounting services, or anything else** that would cause us to steer the information we provide in any direction other than that which is the best for a given client with a given set of issues.

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