



Calculating Your Return on Investment

Bob Gardiner
President
E-Strategies International

Tel: 403.541.0993
E-mail: bob.gardiner@eleadership.ca
Web: www.eleadership.ca

Copyright © 2002 E-Future Centre. All rights reserved.

What is Return On Investment?

- Return on dollars invested
- Return on time invested
- Return on other assets and investments
 - Goodwill
 - Opportunity costs
 - Other priorities – investments, resources usage

What kind of investment are we talking about?

- Site Development
 - Template, brochure site - \$1,000/year
 - Custom developed brochure site - \$1,000 - \$5,000
 - Interactive site with extensive content - \$2500 – \$25,000
 - Ecommerce site with catalogue - \$5,000 - \$30,000
 - Integrated site with public “face” and back office applications - \$15,000 – \$50,000
- Site Marketing
 - “do it yourself” – your time
 - Marketing service - \$500+/year

ROI Measurements

- Dollars in
- Dollars out
- Time saved
- Customer satisfaction
 - Retention
 - Increased average order
 - Increased value for customer
 - Spreading the good news
- Indirect impact – other departments
- Measurements over time – 3, 6, 12, 24 months
- Unexpected and unanticipated returns – Eli Lilly case

ROI Measurements

- Web traffic
- Market expansion
 - Geographical
 - Demographical
- Anything else that is important to YOUR business

ROI Calculations

- Determining total cost
 - Capital costs
 - Hardware and software
 - Communications equipment
 - Infrastructure
 - Startup costs
 - Domain names
 - Merchant accounts
 - eCommerce setups

- Development costs
 - Website structure
 - Website creative
 - Website content
- Operating costs
 - Access
 - Hosting
 - eCommerce tools
 - Other fee-for-service tools – intranets, security, software, market services

ROI Calculations

- Determining Return
 - Return based on revenue
 - Return based on expense reduction or containment
 - Return based on customer satisfaction
 - Customer retention
 - Average order size increase
 - Other measures?

ROI Calculations

- Calculating return – sample – Photographer’s basic site
 - Website development \$2,500
 - Annual maintenance – est \$500, est time 3hr/week (\$150)
 - Content creation – scanning, writing, organizing \$1,000
 - Personal time invested to get started – 80 hours
 - Domain names (2) \$100/yr
 - Web Hosting \$600/yr
 - Access – \$30/month – \$240/yr
 - Computer Lease - \$85/month (50% applied to web)
 - Software - \$1,500 (office suite plus design package for maintenance and updates)
 - Total cost – first year - \$6,950
 - Total time invested – first year – 236 hours

Copyright © efuturecentre. All rights reserved.

- Return
 - Average non commercial customer “value” \$500
 - 2 new customers per month = \$6,000/yr
 - Average commercial customer “value” \$1500
 - 1 new customer per month = \$18,000
 - New opportunity to sell “stock photography”
 - 10 image per month @ \$100 = 12,000
 - Total Revenue opportunity
 - \$36,000
 - Total Cost first year - \$6,950
 - Total Time – 236 hours

Copyright © efuturecentre. All rights reserved.

A last word about return

- Why make the investment and then abuse the technology
 - Email
- Not renewing a domain name with a website
 - Merging companies
 - Adding “partners”
 - Got a better name

Questions?

It all clicks @ www.e-future.ca

