



STAFFING PAYBACK PERIOD

▶ HOW TO ACHIEVE A SIX-MONTH PAYBACK PERIOD ON AN INVESTMENT IN WANTED SERVICES

Assumptions

Client: Typical Staffing Company providing contract workers to employers in the IT or Finance sector

Users: Salespeople at Staffing firm

Responsibilities: Call prospective accounts to solicit new business

Performance Targets

New business development staff members are measured by:

- Contacts with decision-makers per month: 300
- In-depth sales presentations per month: 40
- Number of closed sales on new accounts per month: 4
- Annual value of average sale: \$75,000
- Company margin: 25%

Actual Performance Compared to Targets

Situation: The sales reps for a typical staffing company are expected to generate a specific amount of revenue for the organization each month. Targets for specific activities have been set, but not all sales reps are achieving these targets. As a result the Client organization is not achieving its sales goals.

AVERAGE SALES PERFORMANCE BEFORE WANTED SERVICES, PER PERSON			
Activity	Target	Actual	Difference
Contacts/Month	400	325	(75)
Presentations/Month	40	32	(8)
New Sales/Month	4.0	3.0	(1.0)
Total Monthly Gross	\$25,000	\$18,750	(\$6,250)
Margin	25%	25%	0
Monthly Net/Sale	\$6,250	\$4,688	(\$1,562)
Months/Year	12	12	0
Cum. Annual Revenue Net New Business/Rep	\$487,500	\$365,625	(\$121,825)

Assessment

Salespeople do not have the information necessary to focus sales efforts on employers with the greatest needs for their services. As a result they are not reaching a sufficient number of decision-makers or making enough in-depth sales presentations. Because they are not making the targeted number of sales presentations, they are not closing the expected number of sales each month.



▶ “PAYBACK PERIOD” DEFINED

Payback Period, like **Return-On-Investment**, is a way to evaluate an investment in new services. The Payback Period is a simpler calculation than ROI, and is used to assess how long it will take your business to recover the cost of new products or services through increased sales.

The quicker the payback period, the more attractive the investment.

In other words, for every \$1,000 you spend on a new product or service, how long will it take you to generate \$1,000 in new sales using that product or service?

For more information, please visit our website at www.wantedtech.com.

Conclusion

Salespeople are not calling on the highest potential prospects. Their activities are not sufficiently targeted on the companies that are most likely to require their services and generate incremental revenue.

Corrective Action

The client introduces WANTED services that include Market Segmentation, Gap Analysis, WANTED Analytics Apps, CRM Integration and new business processes. Using WANTED's services, the typical sales rep's productivity increases across several dimensions.

WANTED Professional Service Investment

The investment required to introduce and train sales people on WANTED's services:

- Annual investment per new business development staff member: \$20,000 (WANTED Professional)

Performance Comparison after WANTED Services, Per Person			
Activity	Before WANTED	After WANTED	Difference
Contacts/Month	325	400	75
Presentations/Month	32	38	6
New Sales/Month	3.0	3.6	0.6
Monthly Revenue/Sale	\$6,250	\$6,250	\$0
Total Monthly Gross	\$18,750	\$22,750	\$4,000
Margin	25%	25%	0
Monthly Net/Sale	\$4,688	\$5,688	\$1,000
Months/Year	12	12	0
Cum. Annual Revenue Net New Business/Rep	\$365,625	\$443,625	\$78,000

Monthly Benefit with WANTED Services

▶ RESULTS AFTER TWELVE MONTHS OF WANTED PROFESSIONAL SERVICE DEPLOYMENT

Through improved sales targeting, and more comprehensive sales presentations, sales team members can increase their sales performance significantly. The net result is a \$1,000 per month incremental revenue gain when compared to a sales rep's performance without WANTED services. The payback period on the \$21,000 annual expense per sales reps of WANTED's services is six months.

Average Sales Performance After WANTED Services												
Monthly Revenue Gain per sales rep with WANTED services	Payback Period = \$21,000						Profit Period = \$57,000					
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
				1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
					1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
						1,000	1,000	1,000	1,000	1,000	1,000	1,000
							1,000	1,000	1,000	1,000	1,000	1,000
								1,000	1,000	1,000	1,000	1,000
									1,000	1,000	1,000	1,000
										1,000	1,000	1,000
											1,000	1,000
												1,000
CUM. REVENUE GAIN/SALES REP WITH WANTED SERVICES	1,000	3,000	6,000	10,000	15,000	21,000	28,000	36,000	45,000	55,000	66,000	78,000

Payback Period Calculation

Calculating the payback period on an investment requires the amount of the investment and the estimated value of the benefit derived from making that investment. The calculation shown here uses the example from the illustrations above.

n = Number of months required for Payback
Total Amount of Investment = \$21,000 per sales rep
Incremental Value Per Month of Investment = \$1,000

$$\frac{n(n+1)}{2} = \frac{\text{Investment Amount}}{\text{Incremental Value}}$$

$$\frac{n(n+1)}{2} = \frac{\$21,000}{\$1,000}$$

$$n(n+1) = \$42,000$$

$$n = 6 \text{ Months}$$