



Ever consider the selling value of time against the “real” cost of those precious hours?

A few years ago I found a book entitled, **BE YOUR OWN SALES MANAGER** (Prentice Hall Press, ISBN 0-13-107731-7; Alessandra, Cathcart, and Monoky). Although more for regional product selling, it contains numerous foundations for good selling ...even commercials.

One of my favorites is a way to measure the hours of time spent selling. Too often, the AE looks at their annual selling budget, divides that by 52 weeks, 40 hours a week, and assumes this is their selling expense. For example, \$55,000 divided by 52 equals, \$1058 weekly, divided by 40 hours ends up at \$26.45 an hour. If only it were so!

Including vacation time, the annual work calendar is only 50 weeks, 49 counting holidays, with 18 hours per week actually devoted to one-on-one contacts. The rest of the time is spent driving, lunch, and in the office.

The following calculation model will give you a more realistic look at the selling value of time.

Cost Per Hour		<i>Equation »» [CPH = DC ÷ WH]</i>	
A	\$ 18,000.00	ENTER	Projected Annual Salary
B	\$ 32,000.00	ENTER	Projected Annual Commissions
C	\$ 5,000.00	ENTER	Projected Annual T & E
D	\$ 55,000.00	DC	Direct Costs
E	\$ 1,960.00	WH	Work Hours 49 selling weeks x 40 hours
F	\$ 28.06	CPH	Cost Per Hour

Cost Per Call Hour		<i>Equation »» [CPCH = DC ÷ CH]</i>	
	\$ 55,000.00	DC	Direct Costs from line "D"
G	\$ 882.00	CH	Call Hours, weekly hours devoted to calls 49 selling weeks x 18 weekly one-on-one hours
H	\$ 62.36	CPCH	Cost Per Call Hour

The Following Isolates AE Selling To Merely Break-Even

Break-Even Point		<i>Equation »» BEV = DC ÷ GMP</i>	
	\$ 55,000.00	DC	Direct Costs from line "D"
I	20%	GMP*	Gross Margin Percent (we will assume 20%) *Your GSM will be able to supply this
J	\$ 275,000.00	BEP	Break-Even Point Gross Billing necessary to break-even

Break-Even/call hour		<i>Equation »» BEV/call hour = CPCH ÷ GMP</i>	
	\$ 62.36	CPCH	Cost Per Call Hour from line "H"
	20%	GMP	Gross Margin Percentage from line "I"
K	\$ 311.79	BEP/CH	Break-Even Point, per Call Hour Gross Billing per-selling hour to break-even

Before you say 18 hours a week engaged in one-on-one selling is low, consider the probable 8-hour workday schedule:

- 45 office minutes at the start & end of the day
- 30 minutes for lunch
- 40 minutes per call, including driving

This equates to 9 calls per day, 10-minutes driving and 20-minutes with each prospect!

Are you seeing at least 9 prospects a day?

Do you plan you schedule to reduce driving time?



Knowing the prospects “closing value” is a MUST. Time management evolves into DOLLAR\$

If you would like a copy of the calculation model, email your request to: radiowatch@glassmedia.biz

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The Courage to Create
The Confidence to Commit
The Cooperation to Complete
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