

Helpful Stuff

Calculating ROI (Return on Investment)

Whilst I appreciate this will be like teaching a Granny to suck eggs for many of you, these guidelines will form part of our reviewers training package, so will be of great help to those just getting started.

1. To calculate strike rate or SR as it is known.

Simply take the number of winning bets during the review period, and divide by the total number of selections and then multiply that number by 100.

E.g. 340 winning bets with 390 selections = 340 divided by 390 gives 0.8718, then multiplied by 100 = 87.18% Strike Rate

This can be applied in exactly the same way to placed selections for E/W bets.

2. To calculate return on investment, or ROI

The ROI is calculated by dividing the total profit at the end of the review by the total amount staked during the review.

For example, during the review a total of 93.29 pts profit is achieved, this involved 390 selections all staked at 1 pt each, so total amount staked was 390 pts. We divide the profit by the stakes, and then multiply that figure by 100 to get the ROI

E.g.: $93.29 \text{ divided by } 390 = 0.2392 \times 100 = 23.92\%$

So in this case the ROI was 23.92%

Now, it is appreciated that this can look daunting at first, but it is an important measure of a system or services success.

The reason for calculating this during a final review is because some systems or services use or recommend some quite scary stakes to achieve their profit.

For example;

If you have made 40 pts profit, but have had to risk 1000pts in stakes to achieve that 40 points your ROI is just 4%. You then begin to see that you have to invest an awful lot for a relatively minor return.

3. To calculate Return on Liability, or ROL, this of course applies only to lay products.

You need to add up all the odds for the selections during the review then deduct your stakes; you then divide the remaining figure into your total profits and multiply by 100 to give the percentage.

For example;

You add up all of the odds for the 100 selections and it comes to 650. We then take away 100 points as this was for stakes. You are left with 550 points. Now let's say you made 45 points total profit this would be your calculation:

$45 \text{ divided by } 550 = 0.0818 \text{ multiplied by } 100 = 8.18\% \text{ ROL}$

Now 8.18% is a fair figure and 9 to 10% is considered very good. The purpose behind this is similar to ROI. How much are you risking to make a profit. This exposes products that have a very large number of selections, or high strike rates with high liability lays to achieve small profits.

Obviously to be able to report this information will involve some basic record keeping.

We have some Excel spreadsheets, which are available should you want them.

You can download them on these links.

Excel sheet for reviews with many selections. (Backing)

<https://www.dropbox.com/s/b52musqi38a5ipp/Excelsheet%20for%20reviews%20with%20many%20selections%20%28backing%29.xls>

Excel sheet for Lay Products

<https://www.dropbox.com/s/pcsz2q3oziwth99/Review%20Excelsheet%20for%20Lay%20Products.xls>

Excel sheet for named individual selections (backing)

<https://www.dropbox.com/s/d1qtnpqfiqt9jxb/Review%20Excelsheet%20for%20Named%20Individual%20Selections%20%28Backing%29.xls>

As always if there are any queries or problems, please contact us for any help needed.