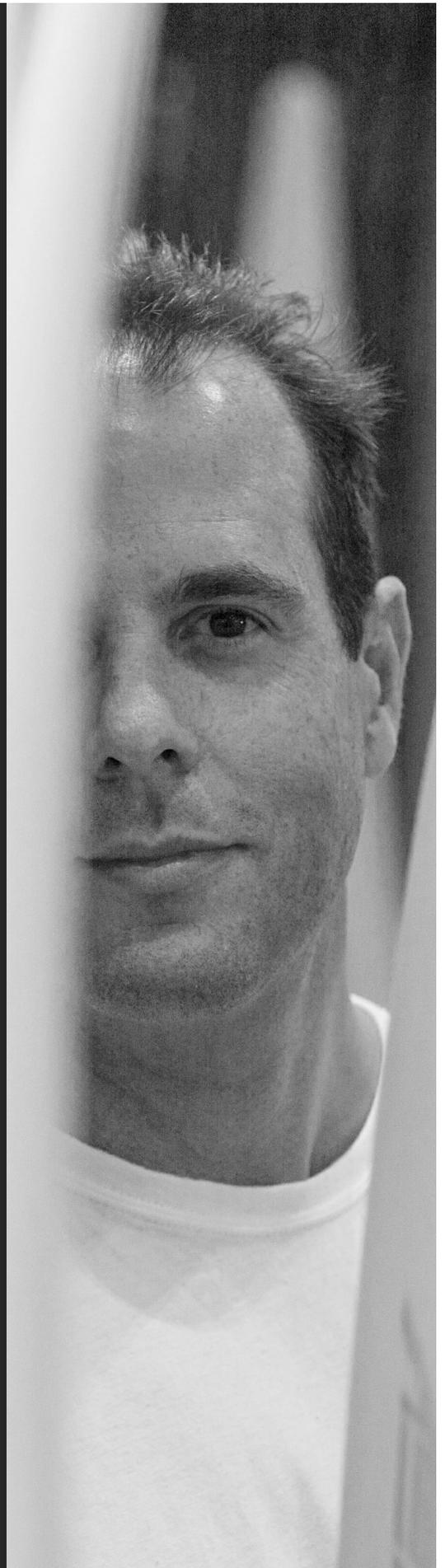




SuperFastBusiness Presents

Designing Your Subscription Business Model to Sustain a Lifestyle You Love

The mark of a successful
business is that it allows you to
live the life you want.



Designing Your Subscription Business Model to Sustain a Lifestyle You Love

by SuperFastBusiness



James Schramko here, welcome back to SuperFastBusiness.com. Today's episode is about designing your subscription business model to sustain a lifestyle you love. It reminds me of a time I went over to Las Vegas. I met in the loft apartment with Jay Abraham and a few other heavy-hitter marketers. I remember learning a lot from Jay Abraham many years prior to that. It was thrilling for me to meet him. One of the things we got to do was

describe our business to Jay. I mentioned to him that I had developed my business around his Parthenon theory, which is protecting your income by having multiple pillars holding up the roof.

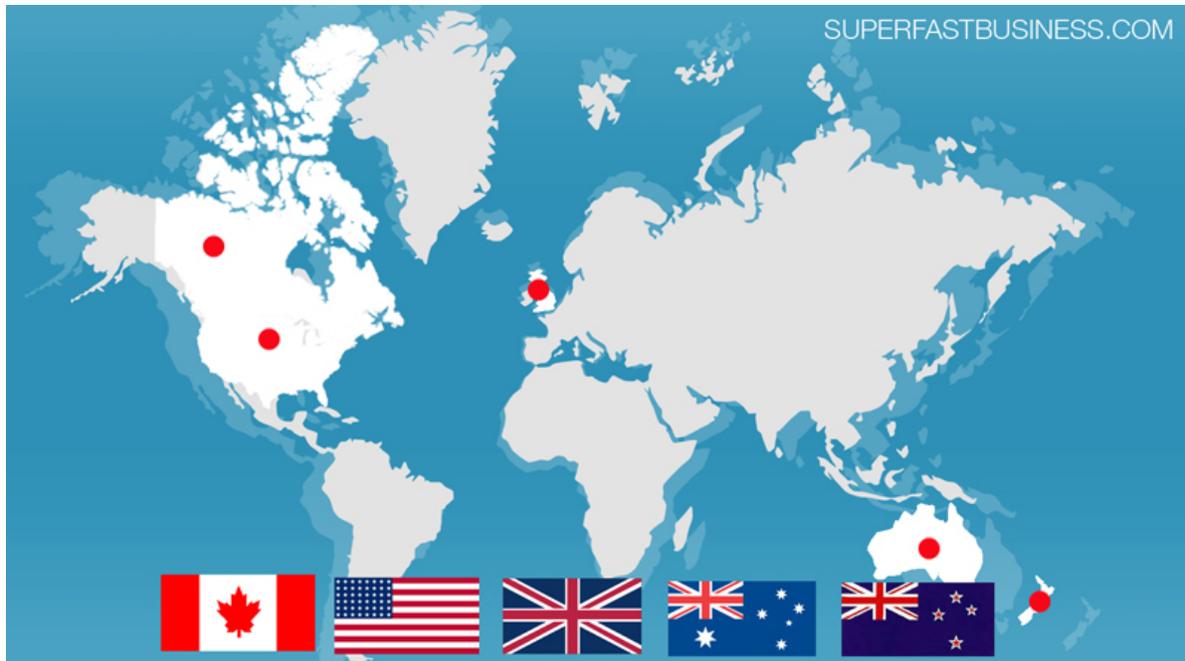


If you think about the old Greek Parthenon, it's basically building a structure with many, many pillars. I had several pillars to my business at that time. The idea was to develop strong core pillars. Then over time, you can build stronger pillars and remove some of them. You end up with a more lean but more effective structure. Less really is more in today's age and the **subscription membership model** that I talk about is the ultimate parthenon pillar for me. It's a very strong pillar.

There is a difference between diversification and doubling down on your strength. You'll hear a sliding scale of opinions on this. Some people say you should have all different things; put your money in stocks and property and your business, your business should be in all different areas at the same time so that you get protection. Well that's good from one side of it. But it also means that if you get too broad, you get diminishing returns because you're spreading yourself too thin. So the goal is certainly start a little bit broad and try the different things to see what works. But as you learn what that is, remember that you can often get diminishing returns because you're just too thin. So find your strength and then simplify.

So between that meeting, several years ago and now, I've reduced my pillars of income from about 10 to about 5. If you look at my business now, I have a **core service business**, I've got the low and high priced **coaching business**, I have affiliate income. They're the main things that I do to generate income. But all of them involve the same customer, which makes them very powerful. But I've still protected myself by working in different markets.

Grow strong core customers



So I suggest that you grow strong core customers in major markets like the U.S.A., Canada, UK, Australia or New Zealand. This will protect you from other things, like currency fluctuations, government policy, etc. If you want to develop those markets, my additional tip there is to go and visit those markets. In each of those markets where I have customers, I visited, I spoke from platforms, and I created communities. That's one of the strengths behind my online business that other businesses lack.

Make yourself redundant

The next step on your journey to designing your subscription business model that will sustain the lifestyle you love is to make yourself redundant in your own business as much as possible. Now what does that actually mean? It means that we've got to get outside of the churn or the whirlpool that traditionally sucks us in. If we have a job-like business where we do everything, then we're not going to grow it or leverage it very well.

So here's how you start that process. I've helped a lot of people do that in **my own mentoring program**. You start by blocking off a day, where you can't be approached by customers or your team. You create standard operating procedures and automation for your team to follow, moving the tasks from you to someone else. So if something pops up and has to be done even though you blocked that day off, then that's a task that really needs to be moved on.

Choose your business model

You make a conscious decision to choose a business model that you want to pursue. I suggest you choose ones that are less customer-intensive if possible. If you can choose a business model where you don't have to re-educate and sell all the time, then that's a really good business to have. And turn off the pillars that require a huge amount of customer interaction. Pursue the wholesaler relationship perhaps, where you deal with resellers who are more savvy and experienced and don't require spoonfeeding. That's what I did for our service businesses.

Our wholesale **website development** and **SEO development** is how my service business can operate without too much interaction from me. It also means I don't have to go and hire salespeople, and I don't have to have face-to-face support. I don't need a regional office. So by changing the business model, you can get a lot of efficiency.

Focus on product research and development and supply if you want to do that side of the business. Create a service that people could build their business on top of. That's really the secret to my service business. We have hundreds of resellers, who were able to create their own business on top of our supply.

Now it's certainly possible for them to have a business that frees them up as long as they are hiring people to deal with their customer; hire support people, hire salespeople, and step back a layer. Decide how much time you want to spend on the business and use a scheduling tool to block it out.

Use schedule tools



So in my case, I use two tools to help me do this. One tool is called **RescueTime**, and that helps me identify how long I spend on the computer. I want to keep it to a maximum time so that I'm not getting burnt out or worn out. The second tool I use is ScheduleOnce. You could use any one of those similar tools, whether it's Calendly or TimeTrade. But I like ScheduleOnce.

What it does, by definition, is it says that I'm available for these times and that's typically Wednesdays and Thursdays for customers and for podcasts and for the outside world. I also schedule my team meetings on Wednesday and Thursday so that effectively the rest of my calendar is available for me as the business owner, so that I can focus on producing a good quality business rather than getting sucked into the whirlpool of customers and team interactions.

So you really do need a clear vision and you have to stay focused. I do suggest this – everything you do must have a point. Because if you don't have a point, it's pointless. Peter Drucker said there's nothing so useless as doing efficiently that what should not be done at all. Start with the end in mind and think about what you'd like to end up with.

So if you'd like to end up where you're on **Periscope** 17 times a day, doing little car casts with absolutely no point, then that's exactly what you'll get, unless you plan something else. So I suggest you start by blocking off one day, and over time see if you can make it two days or three days. That's how you can get your business to grow.

Move your tasks



So your tip here, the task is to write all of your team members' names on a whiteboard or a table with a Post-It note, and just below them, stick a Post-It note with all of the tasks that they have to do. Do the same for you. Write down your name and write down every task that you have on a single Post-It

note, and you pick up all the tasks that are under your name and move them across and post it under someone else. Then you do the standard operating procedure with them, conduct the training, and that task is free from you to them. That's how you'll get effective.

Your effective hourly rate

Now in terms of effectiveness, I like to talk about **measuring your effective hourly rate** as a good indicator of your progress. I think these measurements of how many hours you work are flawed, you won't have to look far to find examples of people beating their chest, bragging that they work 19 hours a day. But I just think that's nonsense. It's a silly, silly thing to value. How would you have a life or do hobbies and passions and enjoy yourself if you're working 19 hours a day?



I don't buy these platitudes that if you do what you love, then you never work a day in your life, etc. That's bull****. So the formula that I like is monthly revenue minus all costs, that's fixed and variable costs, not including your wage, equals profit before wage, and then you just divide that by the number of hours that you worked that month. Now this isn't an all encompassing measurement. It doesn't measure company value or asset value. It still works if you're an employee. You just pretty much take your wage and then you divide it by how many hours you worked. That's your effective hourly rate before tax or before income tax. That's a good benchmark.

The reality is a lot of entrepreneurs are so caught up in doing the wrong task like spending 15 hours building a website instead of hiring someone to do it, that their effective hourly wage is worse than if they were to work somewhere like McDonald's. So you better figure out if you're doing it right.

Now effective hourly rate serves as a great filter towards any activity that floats across your desk. If you were asked to do something, calculate the effective hourly rate. How much would this job bring in? How many hours would I need to do it? And that's your effective hourly rate. That's why things that have leverage like podcasts or creating content are far more effective than one-time tasks like website development. It's a great metric to compare whether you should be doing something yourself or having

someone else do it. Work out the hours, work out the cost to have someone else do it, and if the cost to have someone else to do it is way below your effective hourly rate, that's an easy decision. It really does protect you from overwork.

So now let's get into the membership-based business that I've been talking about. This is the idea of building a business that is sustainable in the long term.

Benefits of a subscription business

So what are the benefits? For main things are you're going to have ongoing revenue stream, you can predict your monthly revenue, and your community builds over time, it's a growing asset.

Common mistakes

I want to talk about a couple of things that people do wrong here. Firstly, a lot of people don't really understand the business model very well. That means they're not really creating lasting value. They're not creating something that someone would miss if they weren't paying for it. They're just exciting people with a bit of hype and driving people into an offer; and then they'll hopefully get 2 or 3 months' subscription before someone cancels. That's really the wrong way to go about it.

How to have a successful subscription model



Content

Community

Coaching

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The key elements of a successful subscription model business are these: you want content because some content is important, but it should be really well structured and it should be easy for people to understand how they

could consume it. There are a few misconceptions here.

One is that you need a lot of content. You really don't. I started my first mastermind with zero content. I started my first membership model with zero content. I just opened up a forum and I started posting things that people were asking. They would ask things, I would create solutions and post the solution for everyone. That's the leveraged learning. And then other people use this. Create the content. If you have a forum-based community, then you have user-generated content and they're creating the product as it evolves, which is just fascinating.

Now you can still add to the mix things like a monthly live training, and that will give you ongoing content. I do suggest that you continually add content, because that's one of the reasons someone will stick around. As most of my members know, at SuperFastBusiness.com, that I put the recordings from my events into the community over time. So someone who belongs to the membership is effectively buying my information products, but on a monthly or annual basis. They've said, look, I'll pay a certain amount, I'd like to receive that content.

But content isn't the only thing they're getting. They're also getting community. And this is something that people don't value before they join, but they recognize it once they're there, and they miss it if it's no longer available to them. They'll actually miss their friends, and miss the community. So having aspects of community involvement like local meetups, annual live events, forum-based elements of membership like live training, really helps build relationships and allows members to interact and socialize and help each other and be helped by each other. It also lets you, the owner of the business, step away a little bit from being the main person to being a culture facilitator now.

Now coaching is the third element that you really need. This is where you can actively set people up for success. You can create ways to find out where they're at and what they aspire to have. And then prescribe to them how they might get the solution. This could be through forum-based methods. It could be through leveraged group training, it could be via private consultations, etc. There's many ways to set this up, especially using some automation these days, which we'll cover in just a second.

Measuring engagement



So how do you measure engagement and what sort of metrics should you be paying attention to? The first thing is you really need to know your numbers. You're flying blind unless you know your numbers. So let's have a look at how we might check engagement.

We'll certainly be sending out weekly news because that helps our members stay in tune with what's happening in the community. We'll check the open rates and click through rates from that broadcast, and we'll see which subscribers are getting in there and what information they're coming for. There'll be different links in the email and we can track those.

We'll also use tools like Intercom.io, which works great for forums. It was probably designed for SaaS tools and in-app chats, but it helps people find the right things at the right time. It follows people up if they're absent or slipping away, and you can send little in-app messages to people pointing them to new posts that are useful like weekly news updates or a recent success story.

You also want to track the most discussed topics over the last 7 or 30 days to see what people are interested in. And then you need to be able active in the community. If you log in every day and answer questions, it might take

you half an hour a day, but that is the best way to leverage a subscription membership, a constant turning up and showing interest, nurturing your community.

It will keep growing and sustained for a long, long time. In my case, it's been 7 or 8 years now that this has been an ongoing thing. A little bit like giving birth to a baby, but it does grow up past the nappies phase into adolescence and then it becomes an adult, and it's much easier to manage when it's a little more mature and when you're more confident about how it works.

Delivering value

So how do you follow through with value? It's important that you provide great service to your community. They really have to get value from being there. Don't be so obsessed about getting new people into a community. I've found that the easiest way to have people leave your community is to jam a whole bunch of new people into a community. The whole culture shifts. Everyone's saying, "Oh, it's not like it used to be," or "All these new members coming in."

I'm not talking about mine. I'm talking about other people's communities who I've observed with this. If they put in 500 members, suddenly, they'll have a bunch of people leave because it's changed the community so much. So if you're careful about who you let in, you'll actually retain more members.

Create raving fans out of your existing customers. Make them so excited that they spread the word about you. When you get a mature community like SuperFastBusiness, we have members who do Periscopes talking about it, we have fanatically, enthusiastic members who have got such great results, they can't help but share tweets and encourage others to join, and you'll get your super users.

I'll refer to a [podcast that I did with Robbie Kellman Baxter](#), and she emphasized finding your super users. Also, [I did a podcast with John Warrillow about the membership model](#). He's got a book called "[The Automatic Customer](#)." You really want to listen to both of those podcasts to get some more context on how you can create such a value system.

Best way to sell memberships

So what's the best way to sell membership programs? Well, selling memberships straight up can be difficult. In a case like mine, I've got a podcast where I'm always creating new content and high value, which I give away for free to thousands and thousands of people. By the time someone comes to my sales page, they're warm. They already know who I am, and they trust me, and they understand what I'm talking about, so they're more likely to join.

Now, if you're not in that situation, this is how I would go about selling memberships. Sell memberships at the back of a high-priced offering. It's way easy to sell a membership as a downsell. Incentivize membership sign-ups from live events that you either speak at or that you run. If you have a high-priced product, great. If it's not available, then start with your podcast. It's a bit slower but people will sign up once they warm up to you, if they're the right fit.

So my tips here is if you have a less pressure field onboarding process, then you'll find that people stick around longer because you're doing more of your organic business model rather than a forced induction model. So find people who are interested in what you have and let them come on board at their own pace rather than forcing people in with huge paid traffic campaigns and hoping for the best because that will often cause a churn cycle.

Delaying the sales process

Now delaying the sales process can really be beneficial. For example, my [SilverCircle](#) program has not been open at the time of recording this for about 18 months. There's a waiting list of over 1,500 emails who are interested in finding out more about what SilverCircle can do for them. The current members in SilverCircle don't want to leave because they're getting great results, and they know there's a long waiting list.

So work on building your reputation. If you do exceptional stuff, people will find out about it. They will share it, and they'll seek you out. The forum itself that you create, or the subscription business, is actually a good source of information. Hundreds of members have researched and come back to the forum to report things. They're like reporters, roving around the Internet, finding the best sources of information, finding the best SEO techniques,

finding the best suppliers for Adwords, finding the best information from events they attend. And they report back and share the goodies.

And someone else can ask a question and there'll be a flurry of answers coming from people who have actually experienced the solution already. So it's kind of the shorter path to success, when you belong to a community that is so empowered and so far-reaching. And it's a shortcut to getting access to timely information. Because if something happens out there in the marketplace, it will be talked about very quickly inside SuperFastBusiness. It's more effective than a free Facebook page, where any person can post their opinion without having any qualifications, to provide a solution to the problem.

Why I don't have a Facebook group



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That's the problem with Facebook groups. I often get asked this question. The main points are this: Facebook is hopeless for organizing and structuring information. It's the last place a successful entrepreneur will be spending all of their day. If you think about Richard Branson or Warren Buffet, I don't think they're going to be sitting on Facebook all day, as I am not.

I spend an hour and a half on Facebook a week. When you see the dribble and the rubbish there, it's impossible for your customers to go there and not be distracted, as is you. If you're going to build a community there, then that's pretty much saying you're going to have to log in there every day. And I challenge anyone to go to Facebook and not be distracted. So it's a huge suck. But the main problem is that you don't have any control or ownership of it. And when they inevitably change their mind, then they could just turn it off. And that's not a very good place to build your business.

So if you're in tune with my OwnTheRacecourse philosophy, which I highly recommend you get access to, it's free at OwnTheRacecourse.com, then you'll understand that I'm all about control and ownership. You need to build assets on somewhere where you control it.

So what about content dripping? I often hear people saying I should make

step-by-step training and drip it out to members. Well, in my case, members have access to everything. And they also get ongoing training as well. I'm not worried they're going to come in and download everything and leave, because unbeknownst to them, they're going to really enjoy the community once they get there. Because rather than just content being the feature, remember we've got this community and coaching aspect. People tend to stick around when they realize how good it is.

Too much stuff?

Now what about the objection, well, there's too much stuff, it's overload? Well, that could be true, too. But I want you to think about the supermarket analogy. When you walk into the supermarket, there's probably more items in there than what you need today. Does that mean you fill your shopping cart with every single item in the supermarket? No. You fill your shopping cart with the things you need today, to take home, until you go back to the supermarket. It's always there to go and get it at the supermarket. So you just get the few items you need.

Now hardly anyone going into a supermarket is going to need the exact same things. I bet you just about every checkout is unique. And for that reason, it makes sense to have an all-you-can-eat membership where you have all the things there, but you help people make good decisions about what they need right now. And they can ignore the rest. They don't need to consume some of it, but there are some things they need and they need it now. So that's the way I've approached it.

Here's how you can produce consistent quality content



image credit: canstock

Now finally, you want to promote your membership by creating good quality content. And you can do it the SuperFastBusiness way. Developing a process of producing quality content fast and efficiently. So these are the main steps that you'll need to do.

Firstly, leverage your time. We've talked about protecting your time. Never do anything unless you can get a multiple payoff from it. When you do an audio interview on someone else's podcast, record the call so that you can break it down into several pieces of content which could be used as material to create blog posts, infographics, PDFs, or to repurpose as your own podcast.

Also, don't worry about tricky tools, because humans are able to pick this stuff up. Think about when you see the same tweet from someone 17 times. What does that make you feel about the marketing process? It's now gone from organic and natural and real to almost spammy feeling of being caught up in someone's marketing net.

So I suggest that you have a project manager who manages the people involved in processing your content, and that may involve a team. And it

could be in-house or it could be sourced somewhere else. For example, we do a lot of transcriptions, we do a lot of media editing, illustrations and website postings. So we have all of these people in our team. There are lots of services that supply these things if you need help.

In fact, even at our business, SuperFastBusiness.com, if you need help with some of these things, we still have, even though it's not listed, an OwnTheRacecourse publishing package. If you want help, [ask our team about that one](#).

My tip for you, after listening to this podcast, is if any of the stuff I've talked about is interesting to you, then join [SuperFastBusiness membership](#), and develop your skills with my help in these areas so that your business truly allows you to become free once and for all from that launch cycle of feast and famine. I will help you package your products better. You will learn from other members who have successfully migrated their groups from Facebook to private forums. We'll tell you all of the right tools you need and who can help you set it up in just a day or so so that you don't have to struggle with it yourself.

And I'll share with you all the learnings from my own experience of running memberships. I'm James Schramko, if you've enjoyed this show please share it with someone, give it a good rating on iTunes, and I look forward to having a chat with you inside SuperFastBusiness membership.



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