

MEMBERSHIP & SUBSCRIPTION **GROWTH** WEEKLY

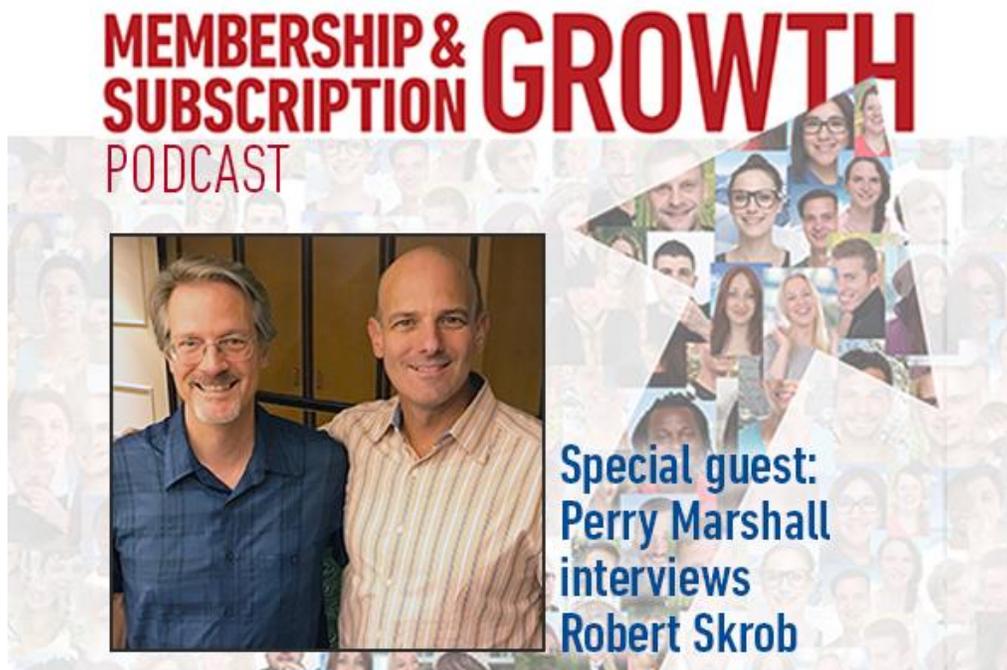
**PERRY MARSHALL
INTERVIEWS ROBERT SKROB
REVEALING 3 SECRETS
OF LAUNCHING A
SUBSCRIPTION ECONOMY
BUSINESS THAT GROWS**

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Membership Services, Inc
New + Retention = Growth!

www.RobertSkrob.com



ON THIS PROGRAM YOU'LL DISCOVER:

- How to transition from individual transactions into selling subscriptions and memberships where you sell once and generate revenue each month.
- Why with memberships what happens after the sale is more important than the sale itself and what you must do to engage your new members, make them want to be part of your vibrant tribe and keep them for life.
- What memberships do to transform their business from “a series of one-night stands” into relationships that last.
- How to create marketing once and use it over and over to generate new members.
- The key benefits members eagerly WANT that keeps them engaged and paying - generating monthly recurring revenue for many years rather than a few months.

This program features an interview conducted by our special guest:
Perry Marshall

Perry Marshall, one of the world's most expensive and sought-after business consultants, endorsed by FORBES, INC Magazine, and the most respected marketers in the world. He founded the \$5 million Evolution 2.0 Prize, with judges from Harvard, Oxford and MIT. The prize aims to solve the biggest mystery in biology. Perry has launched two movements in modern marketing. His Google AdWords books laid the foundations for the \$100 billion Pay Per Click industry, and techniques he pioneered are standard best practices. He wrote the world's best-selling book on web advertising, *Ultimate Guide to Google AdWords*. More recently, he's turned "80/20" into a verb. 80/20 is not just a fact *about* your business, it's action you take *on* your business. His book *80/20 Sales & Marketing* is mandatory in many growing companies. His books are course material in several business schools. His works also include bestseller *Ultimate Guide to Facebook Advertising* (Entrepreneur Press), *Evolution 2.0: Breaking the Deadlock Between Darwin and Design* (BenBella) and *Industrial Ethernet* (ISA).

PERRY MARSHALL INTERVIEWS ROBERT SKROB REVEALING 3 SECRETS OF LAUNCHING A SUBSCRIPTION ECONOMY BUSINESS THAT GROWS

Recurring revenue is the single biggest growth factor and stability for businesses today. Rather than having a revenue that is dependent on individual transactions, subscription revenue grows as you add new subscribers to the continuing revenue from subscribers that were added last month, and the month before. Yet, many subscription businesses struggle and fail.

Perry Marshall, one of the world's most expensive and sought-after business consultants, endorsed by FORBES, INC Magazine, and the most respected marketers in the world, recently interviewed Robert Skrob about the subscription economy. In addition to a wealth of information and advice for the subscription economy, Robert revealed what subscription businesses must do to grow recurring revenue including: how to launch a new subscription business to generate recurring revenue, how to generate new subscribers, and how to onboard new members to increase lifetime customer value.

THE SINGLE MOST IMPORTANT INGREDIENT FOR NEW SUBSCRIPTION ECONOMY BUSINESSES

The best way to start a subscription business is with an existing customer base if you're already in business, or with a well-defined group sharing a common interest or need. Robert states that "studies show it's five to seven times cheaper to sell to an existing customer than to get a new customer." So, for businesses that already have a well-defined audience and an established reputation with them, you have a leg up on getting a subscription business started.

Once you've identified your target audience and their common need, passion or problem, it's important that your subscription product or service is a solution or a transformation they're looking for. "Rather than focus on the thing that you're selling, instead sell the emotional outcome of implementing the thing that you're delivering and how the customer is going to feel when they have it implemented. It all begins with that key. If you begin the relationship on 'I got this stuff and I'll give it to you as part of this membership,' then you'll never have the relationship. It's what I call a series of one-night stands instead of a relationship that you can build on where you're helping them accomplish these goals and dreams in their life." Robert adds, "the leading cause of stagnant membership growth is a transactional membership model versus a transformational one."

HOW TO ATTRACT NEW MEMBERS AND GROW

Once you've identified your target customer and the transformational product or service you have to offer them, it's time to sell. "One of the key things is there has to be a sales system. So many subscription businesses work on creating the best website in the world but they never spend enough time attracting new customers to it. You need to have lead attraction and lead conversion systems in place that are creating a steady flow of new members without the owner or management having to perform," says Robert.

He adds, "Your paid advertising, partnerships with influencers, social media content, and other methods of outreach should all be focused on generating leads. What customers want is a transformation – to have a problem solved, to have fewer worries and less anxiety." That's your sales message in every sales method you use.

Whether you have a sales team or not, it helps to have an automated process in place that attracts leads. Robert calls it the 'Wheel of Attraction.' You need a system that is designed to optimize leads and convert them to customers on an ongoing basis. Your membership growth requires an outreach to bring in the unconverted and welcome them into the group.

IMPROVE RETENTION AND SUBSCRIPTION GROWTH BY IMPLEMENTING AN ONBOARDING AND CUSTOMER SUCCESS SYSTEM

A subscription business needs to continually add new members to grow, but the essential ingredient to the predictability and the growth of recurring revenue is member retention. Your work to grow your business will be in vain, even if you continue to gain new members, if your back door for members quitting is wide open.

Customers quickly lose interest when they don't know where to start or what is important. According to Robert, "The real key is, just like college, to have a curriculum. Present them with the outcome they want and the process that you're going to use to help them go through it. Just like in college, the professor is really on the hook. It's his responsibility to help you and give you information. It's really more of a learning environment than just a dumping of tools environment. We want to think of our onboarding like that. So, what is the outcome that they want and then let's create a curriculum that's going to help them achieve it."

"The curriculum should include a fast win. What we want to do is help them find a magic benefit and experience some quick victory by implementing something," Robert adds.

Another element keeping members on board is when they feel like they are part of a community, all working towards the same goal or the same passion for something. Implementing ways for your members to interact with each other is another way to strengthen your membership retention. Social media is a terrific resource. Create a group page, or start conversations on other pages. Get your members involved and excited about their community.

When you have a healthy start, effective sales process in place, and an onboarding process that sets the member up for success, you will get the maximum benefit of recurring revenue. Your subscription business will have the groundwork to grow.

Discover more about how to improve member acquisition and membership retention by listening to the full Perry Marshall interview with Robert Skrob. You can click on the links below to listen to the podcast or download the transcript.

To continue to get updated and useful information, as well as advice from some of the most successful entrepreneurs in the subscription economy, subscribe to Robert's podcast: Membership and Subscription Growth.

PERRY MARSHALL INTERVIEW WITH ROBERT SKROB

Perry: Hello, Planet Perry members. Welcome to Renaissance Club. I know we've got quite a few new members and if you're here for the first time, welcome. You've come to the right place. We have a special treat for you in the form of Mr. Robert Skrob, who I've worked with very closely for several years now. He's actually made considerable contributions to our membership and our retention and acquisition of members and how we talk to members and how we play that whole game. For those of you who need to retain customers, and not just in the strict membership subscription sense, but even in a broader sense. You want them interested. You want them coming around. You want them feeling like their part of something even if they're just repeatedly buying stuff from your machine shops.

**Brian
(co-host of
Planet
Perry):** Like we say, membership has its privileges and this handsome bloke that kind of looks like a philosopher poet here is our good friend Robert Skrob.

Now we introduced you last month to Rob Berkley, who talked on the subject of moving from entrepreneur to CEO, and that connection was how I first got to know Robert Skrob. Perry's known Robert through other venues much longer than I have but we've both been through that process, if you will, and Robert has been a tremendous help to us here at Planet Perry. He's going to share the reasons why your membership doesn't grow and how to fix them.

Robert, you hail from Florida State Seminole country, if I'm not mistaken, Tallahassee, Florida. It's great to have you on and great to have all the help that you've provided us.

Robert: Well thank you. I think one of the biggest things that may be left out of my bio was that I have been a New Renaissance Club member, I think for five or six years, something like that, shortly

after Perry launched it and I love my membership. I think that what I like the most is how ... So many other organizations that I have paid attention to in the past, is all about the next thing. The next little gadget. The next little tool. The next little tweak or the next thing that you're supposed to do and Perry really simplifies all of that and focuses on the things that really matter. Which may not be a 2% optimization of your landing page but may have a whole heck of a lot more value on what your entrepreneur journey is and how you go about working with your people and how you see yourself in your company. And, in addition to ... He's wicked good at a lot of the sales stuff and I remember, it's probably about four years ago, just a little simple tweak that he had more than doubled the conversion of a landing page that ... or sales from a landing page that I had.

I have been a Perry fan and paid member for many years. I can't go without my newsletter. In fact, I've got it right here. I think I got it today and I can't wait to jump into it.

Perry:

Wow, well thank you. Let me do a little of my own introduction of Rob. Rob has tremendously increased the financial value of our membership. We've been working with him on this for a couple of years and he has reduced the holes, the leaks, in our membership bucket by a measurable, probably about 60 or 70%. In other words, people stay 60 or 70% longer now than they used to. Rob's given us all kinds of little tweaks of how you do new member onboarding, how you do your messaging, how you remind people of the value of the membership. It's a really important engine of our business. I know that is the case for a lot of you and again, even if you don't run an explicitly subscription based business, probably at least half, maybe two-thirds of what Rob talks about will still apply to how you treat your recurring customers who just keep coming back to you. Rob, dive in. Let's get into it.

Robert:

I think one of the key things that it'll be cool to be really brief is why subscriptions are so important. So many businesses work all month to generate sales, hit a revenue goal and then the calendar flips over a page, the next month, and they've got to start at zero, to

hit a new goal. Then they either meet or exceed their monthly nut or they don't. It's a monthly grind that just repeats itself month after month. With monthly-

Perry: It's depressing.

Robert: With monthly recurring revenue, instead, you start the month with preapproved charges. You get to make a deposit on day one and then any new members you accumulate during the month increases what you earn this month and each of the next months because this month's members get added to last month's members for next month's revenues. Studies show that it's five to seven times cheaper to sell to an existing customer than to go get a new customer. Will Glazer helped really crystallize this for me when I was in a coaching meeting with him and he said, "Most business owners try to create a transaction to make a sale. Smart business owners figure out how to create a transaction that creates a series of sales." Most importantly, I think membership is the 80/20 of business and if you're able to cut your costs by ... If you're cutting your costs by five because you're selling to your existing customers and you're able to increase your revenue by growing your membership, you have just drastically simplified what you need to do in order to hit your revenue goals.

So, I guess, you want to talk through about maybe what the key thing is, a place to start on a membership program?

Perry: Yes, please let's do it and yeah, I just want to underscore the amount of stress that you experience and the amount of stretch that you have to do at the end of the month or the amount of flogging of sales people or pulling of rabbits out of hats or you know, my boss used to ... About the 24th of the month, he would start hanging around my office a lot. "So, Perry, how's the Nachi Robotics account coming along? When are they gonna put in that order?" Then they would play games with, "Well, you know, it's really shipping on the second of the month but we're gonna put it in for this month." And then that just takes away from next month and ... This is a lot of what we're trying to fix so where is the

starting point? There's a whole way of thinking about this for you.

Robert:

Absolutely. I am totally against slow membership growth. It absolutely burns me up to see a program flounder with stagnant membership numbers from month to month. While it's always nice to get monthly revenue, it's just dang discouraging unless those members are engaged, they're referring their friends and the program is growing. The leading cause of stagnant membership growth is a transactional membership model versus a transformational one. One of my clients is Agora, which is this billion-dollar company that nobody's heard of because they pretty much only sell to their core market, their customers. They use direct response marketing. They're not doing advertising outside of their customers. Unless you're a professional copywriter or within their key target markets, you've probably haven't heard of them.

But even this billion-dollar, direct response marketing company that sells services to people who are looking to invest or health services, books on vitamins or alternative health or training materials and newsletters on financial planning or how to invest, even they often, in their sales materials, they'll get all the way through the classic sales letter formula, problem agitates solution, and they will talk about the problem of investing and how you're falling behind inflation and how all the other investment tools are really insufficient and how using professional folks to guide you and professional advisors are really just stealing your money and how you really need to invest yourself and get the information to get it. Then they'll go, "And we've got this book and this book is going to do this and then we'll also include this newsletter and this newsletter will tell you that and then we'll have this special bonus free report that's going to reveal the three stocks you need to ..." And it's all very transactional. I got this thing and if you give me your credit card number, I'll sell it to you.

What I've been working with them and really every membership program that I get near is, instead, what is the outcome that somebody is looking for when they're looking? In Agora's situation, they're looking to invest. Their typical customer is a former

professional, now retired a year or less, or they're approaching retirement ... So, you imagine this retired engineer who for his entire life has been providing for his family and generated the income for his wife and anybody around in his orbit and now all of a sudden, he's not generating that income. And not only that, he's 67 years old and probably wouldn't be able to get a job if he wanted to. Everything he has been for the last 40 years is gone. He wants to be that provider. He wants to make his wife happy by depositing money in that checking account. He wants to feel important again.

When you make your offer about those emotional reasons ... So, whatever your offer is that you're trying to do, rather than focus on the thing that you're selling, instead sell the emotional outcome of implementing the thing that you're delivering and how the customer is going to feel when they have it implemented and it all begins with that key. If you begin the relationship on "I got this stuff and I'll give it to you as part of this membership," then you'll never have the relationship. It's what I call a serious of one-night stands and we could probably call it something worse but it's not a loving relationship that you can build on where you're helping them accomplish these goals and dreams in their life.

Perry: And most of all, it's not something that they feel like they belong to.

Robert: Exactly.

Perry: 'I am a member of' shouldn't just be a card that might be in your pocket or a data base that your name is on, right?

Robert: Exactly.

Perry: There should be a human sense of belonging to ... Earlier today, maybe an hour ago, somebody said, "I love the Planet Perry ecosystem." Well yeah, we've got people selling their services to the community. We have people buying services from the community. We have a whole culture. We have a set of shared beliefs. There are certain things that people talk about. There're certain things we do. There're certain things that we don't do. There're certain ways a lot of us start our day. There're questions that we all ask when we get into marketing situations. There're approaches that we have to

wealth. So, if that all sounds a little intimidating to somebody, how does the person start to build a little miniature culture?

Robert:

I think whenever you have these types of cultures, what I've been able to find is that there is this really core set of overriding values. For instance, Apple, Steve Jobs, one of the core tenets of Apple under Jobs' reign was this design. The simplicity of design. Then also he would talk about feature creep and overwhelming the user and it was interesting ... He made the fact that his phones did fewer things than the competitor's phones a feature that Apple followers went along with. He actually positioned what ... Ordinarily if you're comparing a car that gets ... You go car shopping and one car gets 20 miles to a gallon and another car gets 25 miles to a gallon, you'd think that the one that gets 25 is better. Well, in Apple speak, according to Steve Jobs, that's feature creep. That core message is the values are really focused around one, what you're able to deliver. Two, what is it that gets the transformation on the part of your customer?

Because what Steve Jobs was talking to was, "Well people ... One of the core problems of people using technology is that there's so many options they don't know what to do." By narrowing down the options to allow them to focus on what gets them the result that they're looking for that solves their problem that creates this transformation, then they need that many features and no more.

I guess I've been doing so much work for financial publishers here lately, I've really been up to my eyeballs in financial tribes and gurus and Bogleheads is one. Jack Bogle, the gentleman who created Vanguard, created this following around these 10 tenets of Bogle investing. It just so happens if you follow those 10 tenets, that the company that provides the product that best fulfills that is Vanguard. Vanguard has the largest investments of any mutual fund and not only that, every day more money goes into Vanguard Mutual Funds than any other. It has the biggest market share and its market share is growing every day, fueled, by a large extent, by Jack Bogle's essential tenets. That's just really the power of having

this core mythology.

Another one is by Warren Buffett, what is a Buffettology. There's a book Buffettology that talks about the 10 criteria that Warren Buffett uses in his investments. Next month, May 6th, is going to be the Berkshire Hathaway gathering of investors in Omaha and they're coming to pay homage to Buffettology. I was talking with somebody, one of my clients just today, and he is a Berkshire Hathaway investor and one of the Buffettology tenets is a low overhead. He's actually going to get his credentials to the event and wear his credentials while he watches the online stream of the Warren Buffett event.

You think about this, this is a mutual ... Berkshire Hathaway, at its core, is a mutual fund where you send in your money, and they invest it for you in a group of stocks and then you take it out when you need it and they give you earnings. Yet, because he's created this mythology around him, of what his values are and focusing instead on ... Instead of this transaction of, "You send me your money and I'll invest it for you," of, "Hey, you're joining this culture, in this tribe of people who believe in a certain way." Now folks are perfectly willing to go and ... Some of them will either wear their credentials and watch all Saturday in their house or thousands are going to travel to Omaha, of all places, to go to the event. This is the power of having your core values.

This is one of the things that, I know, Perry, we've spent a long time with, outlining the core tenets of what Planet Perry folks adhere to and what ... Really by kind of capturing what you had taught and what people were repeating on your online forums over and over and then a systematic way of really bringing new members up to speed on what those tenets are so that they have a sense and really can ... One, it helps to transform how they think about the problems they have, which helps them solve them quicker and two, it helps them really embrace the culture that you're creating.

Perry:

So, you know, Rob, it is weird to me that people would go to Omaha when you can just skip Omaha and come to straight to

Lincoln, which is where I am. But all of that aside, so let me ask this question for you, which is - I'm an entrepreneur, I've got a functioning business, I know that it's the type of business that can and will benefit from a subscription or membership type thing but I have nothing at the current moment in place to do this. What are the first things I've got to do? I assume there has to be some benefit that I deliver on a regular basis. It's clear to the person buying and probably some kind of offer up front to get people in. Just talk me through how to get that process started.

Robert:

With new startups ... There're a few little models that I keep coming back to. One of the most common is selling your membership program with some sort of gift with purchase. So they're able to ... You create some package or some transformational information or tool or resource ... I do a lot of work in SaaS companies that are selling some sort of software as a service online and there is a particular tool that they're delivering and whether you're a software company or you are providing consulting or some sort of services, if you take what you process in your systems and you make that available for somebody as a transformation, where they've got this problem and this tool, resource, or information is going to help them solve this problem and get this emotional payoff for it, you can offer that when they join your membership.

One of the key questions is well, "Heck, if what I do is give them everything I know in the package or give them my core system in the package, what am I gonna give them in the membership?" What I focus the membership on ... The information is about the core how to, it's kind of the tool. The membership is about implementation. Helping them use the tool. Some of the memberships may be \$500 or \$600 a year and for those, it's generally some kind of forum where they're interacting with members, they're receiving information, and maybe they'll be ... They will call in call from time to time where they're able to pose questions in a group format.

For more expensive training programs, maybe \$15,000 or \$20,000 a year, they're able to come and interact and actually meet with other people and really receive more direct feedback and input on their issues and challenges and be able to focus that implementation. The training materials and products are more about the tool and the how to and I try to make the membership all about implementation. Not so much the tools around implementation, but the thinking. One of the core things of 80/20 that I ... My son, he's 17 years old, graduating from high school and now, as you mentioned, Brian, I'm from the land of Florida State, he's now chosen to go to University of Florida, so I think I'm going to enter into counseling soon.

Brian: Oh dear.

Robert: Yeah, but nonetheless, he loves Perry Marshall's 80/20 marketing book. One of the things that he keeps coming back to over and over is that pricing formula where your ... Perry could probably say this better than me but where 20% of your customers are willing to pay five times as much. Before somebody is willing to ask some portion of their customers to pay five times as much, there's a whole mental recording that happens. I know you guys hear it all the time from clients, "My clients would never pay that or my customers would never pay that." "They don't pay that around here." "My people are broke." "I don't have anything that would be worth that."

There's this whole thing of mental reasons that have nothing to do with the math. That have everything to do with what's going on in the entrepreneur's head and you make the membership about holding up these beliefs and breaking them down and replacing them with the new beliefs that are going to help them implement the tool. Because, heck, if everybody just implemented that chapter out of 80/20 Marketing, we would solve all of our problems. All of our members of Planet Perry, they would have those problems solved. The challenge is there's a lot of stuff going on in their heads

that prevent them from actually maximizing that formula. And that's what the membership should be about.

Brian: Got it and the assumption, when we talk about that these are the reasons why the membership doesn't grow, bonehead observation on my part, the assumption is A, membership should grow. It should be growing. And if it's not growing then something's not right, right?

Perry: But let me also interject. Memberships subscriptions are difficult to sell. It's just a basic truth. Back to you.

Robert: Go ahead Brian.

Brian: So, tell me Rob, how you help people work through those two ... You call them conflicting realities.

That a healthy membership can grow and should grow but memberships, let's be honest, are hard to sell.

Robert: Yeah, because if I tell you, Brian, I've got the solution to all of your problems and I get you excited about that solution and then I tell you that I'm going to dribble it out to you in a little piece every month, each month, over the next 12 to 24 months, all of a sudden that's nowhere near as exciting.

What we need to focus on is the real transformation. I see so many times when I'm working with a membership, where they're, again the benefits are all focused around "We're going to send you this newsletter and then we're going to give you this tool and then you're going to have access to all this information." The sales system needs to be focused on telling customers how we're going to help them solve their problems. One of the key things is there has to be a sales system. So many memberships sites, they work on creating the best site in the world but they never spend enough time attracting new customers to it. They have to have lead attraction, lead conversion systems in place that are creating a steady flow of new members without the owner or without the management having to perform ... They shouldn't have to do a webinar all the time to try to sell something. They shouldn't have to

do product launches in order to try to get new customers.

You have to have a sales process, a system, that you can scale with paid advertising in order to get that to work. My clients Agora, probably one of the best at this. They're generating traffic from Facebook, from Partner List, banner advertising. Even direct response radio to sales pages and those sales pages and video sales letters are converting sales. They had, last year, one video sales letter that was on ... It's a billion-dollar company so they've got a lot of video sales letters but just one of them ... So, this is like a video, on a page, generate 11 million dollars last year. When I think of how much work normal people do to generate 11 million dollars ... This is a video on a web page! You have to perfect these types of systems in your business.

I know, you certainly, if you have sales people ... Perry, our friends Jimmy Vee and Travis Miller of Rich Dealer have a sales team that does outbound sales to generate new customers but Jimmy and Travis are not on the phone, generating customers. So, whether you have a sales team or you're using video sales letters, there has to be an automated process in place that is attracting leads. I call it the "Wheel of Attraction" because there's all these ... You've got to have paid advertising, partnerships, all the social media content, if you like, but all this process in order to generate leads. Then a marketing funnel that is designed and optimized to convert those leads into customers on an ongoing basis. Your membership will not grow unless you have some sort of program. Memberships just do not grow without outbound outreach to bring in the unconverted and welcome them into the group.

Brian: Perry, if you have comments, go ahead.

Perry: Well, I just ... When you start getting members on board and you have a certain drop-out rate, you have a certain sign up rate, you actually end up with a rather complicated equation that can get a little bewildering. Rob, what do you measure? What's actually important and how do you make sure that you know what your answers actually are?

Brian: Rob, can I-

Robert: Go ahead.

Brian: Can I take what Perry said and word it from a different angle and then you can decide which of us you want to answer?

Robert: Sure.

Brian: Let's say I'm a business owner and I just walk up to you at a seminar and I'm like, "I run XYZ, such and such a business. I've had a subscription membership model running for the last three years and it's been flat lined for the last two. Hasn't grown a bit. As many people leave as come in." And that's all I tell you. I'm like, "How can you help me Rob?" What are the questions you ask first? Now I hope that that actually goes along with what Perry just asked you.

Robert: Yeah, it's the same thing. It's very similar to going into the doctor for a physical and one of the things the doctor's going to want done is for blood to be drawn and sent off to the lab in order so that they can see what your liver enzymes are doing and what your cholesterol is at. There's like all these numbers that they look at and based on those numbers, they're able to decide what's going on in your business. One of the numbers that I'm looking at is when your members are quitting. Really, if anybody has a memberships program and you want numbers, I'll be happy to help you. I've got articles or I could probably even pull the reports for you with Denise on my team. We can get you these reports that I'm describing but one of the key things are when members quit.

If you start everybody at day zero and then chart on which day all the members that you've had, maybe over the last year or two, quit. Then you plot those on a graph by month, you'll see where the bulges are in membership drops. Most of the time, especially if you're selling with a free trial offer, you'll see a big surge at months two and three. In that case, then the gain becomes "All right, we have to flatten out that surge." That's really all about onboarding

and giving them a big win.

What I do after that ... After I look at that surge and see where their members are quitting, I also want to look at their longevity of their members. Today was my day to look at membership reports and I have a client who brought in a tremendous number of new members last year but then he's only got ... To give it context, he brought in about 500 new members last year and he had brought in about 250 the year before and about 150 the year before that but I look at the number of members that he has for longer than 12 months and it was only 45 members. To me, that was very disconcerting because that's telling me that ... He's got a lot of members but the bulk of his members have only been around for a year. So that tells me that his members, even though he's able to keep them in for the first 12 months, they're getting bored and moving out after a year or so.

I look at other programs and if we can keep them for ... If we can keep them the first three months, then we've got 'em for practically life. You think of it as ... Netflix has released their information and I love this report, this is the kind of geeky stuff I get into, of what they call their "hook point." You take a Netflix series such as Orange is the New Black, and they look at which episode does 70% of the viewers finish the entire series. For Orange is the New Black, it's the third episode. So, if they can get you to watch through the third episode, then 70% of those customers are going to get through to the end. So, if they can instead move that from the third to the second episode by generating more emotional conflict between the characters, getting you to care about those characters more quickly and getting you as a viewer involved, then they're going to be able to get you hooked longer. And that's exactly what we're trying to do within our membership is move that retention point earlier.

I'm looking at, to help answer your question, it's when people are quitting. I'm looking at a graph of how long members have been in. If I see a huge spike of drop outs in the first couple of months but I see a very large number of members that have been members for 12

months or longer, then I'm thinking, "Oh, all we need to do is get them through the first few months and then we've got them." We don't need to change the monthly membership. We just need to change the onboarding.

If, instead, I see that we don't have a lot of members on for longer than 12 months, then folks are getting bored and dropping out, which means I need to make some significant changes to what we're delivering on a monthly basis because it's not keeping them engaged and excited about what we have going on.

The other thing that I'm looking at is, in particular, as we are progressing through a project is what's called a "cohort analysis" and what that does is it measures those numbers that I just described over time. So, we can see the members that we've generated in January of this year, how those retention rates compare to the members that we got January a year ago and each month in between and try to see if we're improving retention or if the changes that we're making are not improving retention.

So those are the real core ... Then the other thing is the average lifetime value of your member for membership. Then also I want to see your average lifetime value of your member of other products that they're buying and see if while they're there, while they're a member, if we can impact your lifetime value by introducing structured upsells into the process. I know that's a lot but those are the kinds of things that I'm looking at.

Brian:

Yeah, and when you've worked with us, those ring very familiar bells. In fact, we got your report this morning, via email because, that's what you said you were doing today. So, what jumps out at me in your comments was the cohort analysis, which is something we pay attention to every single month. The people that joined in July of 2016, where is that group now? The people that joined in November of 2016, how many of that group is still with us? And so on. We pay very close attention to those numbers and you have drawn our attention repeatedly to those numbers. I don't even remember what it was but there was something we did, it may have

been part of the sales process or part of the onboarding process, that you called out to us that when we introduced this ... It was a year ago, or a year and a half ago, it increased the member value or the lifetime value by some significant sum.

Robert: Mm-hmm (affirmative).

Brian: It was a really good win for us to see that happen. All of this kind of drives home the point, there are a lot of numbers in a business to look at. And a lot of different things you can optimize for. But sooner or later, you're going to find yourself centering on one or two or three or four really key metrics that you're going to watch again and again, month in and month out, or year in and year out, depending on the membership. Go ahead.

Robert: Brian, what excites me and keeps me going about all this, why I love what I do, is you hear so many people who talk about, "Oh, we're going to help you get recurring revenue. People don't even pay attention after they sign up and there's all these zombie members that pay and pay and that's going to generate a bunch of revenue because their not even paying attention." I hate that crap. The reason why your program is growing and your member value is growing, and I know, especially to you Brian ... Generating increased member value and the dollars is massively important and I absolutely respect that. And really, that's my commitment to you is to do that.

The reason I'm doing it is because, and the reason why that member value went up, is because of Perry S. Marshall & Associates became more valuable to its members. The members are retaining at a much higher rate. We've created a program that they're getting better results out of and more transformations. That's why we're seeing the increase in membership is because we're frickin' changing lives here and we're taking people who are overwhelmed, don't know where to go, they get all this crap thrown at them and we're helping them calm the noise and figure out what's important and apply these principles in their life. That's what makes me so excited. I know that's not in my report because

we're focusing on your numbers, but, damn, that's why I love working with you guys is because those numbers are really a reflection of the contribution you're making to your members.

Brian: Something you mentioned, almost in passing, was looking at your onboarding process. You and Perry and I have had a lot of conversations about the "onboarding" process and very often, that's one of the major pieces or elements or cranks you can turn that will make a big difference. Can you give us kind of a summary of what, in your view, is a good onboarding process and what is a sign of a failing onboarding process?

Robert: There's a couple of key things that I'm trying to look for. The biggest mistake that I see folks make is when somebody buys, they're like, "Here's your stuff. This is where you download this and this is where you download that and this is where you can get this piece of information." Folks don't know where to start or what's important. On these membership sites where there's all these tools and resources, they're wonderful because there's amazing stuff there but it's kind of like if I had Ron LeGrand here as a client and he didn't go to college but he had one of his kids go to college, and I kind of explained, I said, "If going to college meant you drove in your car and you went and you parked in the parking lot and you looked at the buildings and it said Mathematics or said English and it says Science, and then you walked into one of those building and then you sent through the room and you looked room to room and you saw the little labels of what they were teaching and then you went in one of the rooms and you sat down and when you got bored, you got out of that room and you went to the next room." If college was that, nothing would ever happen. There'd be no college. Nobody would be graduating.

So many membership sites and membership programs are designed like that. We have all these resources. Go find what's useful to you. The real key is, just like college, is to have a curriculum. Here's the outcome you want, this the process that we're going to help you go through in order to do it. Just like in college, the professor is really on the hook. It's his responsibility to

help you and give you information. It's really more of a learning environment rather than just a dumping of tools environment. We want to think of our onboarding like that. So, what is the outcome that we want and then let's create a curriculum that's going to help you achieve it. The curriculum should include a fast win, because giving somebody a ... Starting them from the beginning and saying we're going to teach you all this stuff, we're going to lose their attention before they get anywhere. What we want to do is help them find a magic benefit, experience some quick victory by implementing something. It could even be small and I could give you a few examples of that. Having some quick victory, and then addressing also, the mental hangups that they could have in implementing the program.

Those are the biggest reasons why folks are just grabbing and dashing. The people who ... I hate grab and dashers where they just come in, they join, they download everything and then they quit and they leave. The biggest mental hangup with the grab and dashers are they just don't believe that it's possible for them do it. They're trying to outwit you with this transaction versus building this relationship where, "Oh, wow, these people care. This is what I need to do to succeed." Helping them see their problem in a different way. Onboarding is all about that curriculum. What is the transformation that we promised within the sales material? Then how are we going to give them a quick win and the beliefs, the values, the mindset that they need in order to get to where we promised in our sales materials to get that transformation?

Brian: Got it. To switch gears just a little bit, and that was good answer by the way.

Robert: Thank you.

Brian: Particularly the note about the big win or the early gotcha or whatever that makes them say, "Wow, this is really valuable." Renee asks the question, says "I'm in a service business, doing plumbing and heating. How would I implement what you're sharing here?"

Robert:

Some of where I would head and I can make this specific to Renee as well as, kind of help anyone's answer to this question is what are the problems that your customer has? In this case, I'm going to assume that you're doing residential but if you're doing commercial and dealing with contractors than that's a different sort of problem. But if you're doing residential plumbing, then you're dealing with homeowners and they've got these problems, maintenance issues, they don't know who to call. They don't know what types of problems they might get. There's a huge inconvenience factor and there's also a trust. One, trusting that the fix gets done right the first time because there's nothing more irritating than having to meet ... It's not necessarily a cost but it's having to meet the plumber a second time in order to get the job done. Then the fear and anxiety of having someone else in your home. Can I trust them? Are they criminals? Who are these people that are coming into my home?

I would really focus on all of the mindset issues of your customer. Their fears, their questions, their problems that they're making. The mistakes they make without knowing it that may cause these plumbing issues and work to put together, maybe a package, an annual membership that includes, perhaps, everything that they would need in a year at one level. You pay this and anything you need, we'll take care of on this list. Or another level of membership where maybe they're a member of your club and that gets them an annual visit where you review all of their plumbing systems and maybe clean out the pipes and do different things that help do preventative maintenance at which probably eliminates the need for you ever to come back and then you also do inspections to make sure that everything looks like it's tight and orderly. Or maybe even just tighten it all, I don't know. But we come up with some sort of annual visit that has an annual fee and then you give them a special discount along together with a monthly newsletter and build a community around that.

That would be my first guess but the real core belief and understanding of the answer is focusing on the customer. Their emotional state, their problems, their fears and the mistakes that they are making and build your membership to help solve that and eliminate their anxiety, angst, concern so that it's, "Ah, I don't need that. I don't have those types of problems because I've got Renee on my team."

Brian: Right. Well that's good. When you talk about the onboarding process, the onboarding process for a plumbing and heating business is going to look very different from an onboarding process for an information and coaching business for entrepreneurs such as we are.

Robert: Yeah.

Brian: But there's going to be some kind of clear presentation of value and benefits in a way that's sequential and not overwhelming and some kind of early delivery of some kind of big win or big benefit or something that people go, "Aha! This membership is really worth it."

Robert: Whether it's a discount or ... When you were talking about the values, so in a plumbing business ... I'm just making this up, I don't know that this is real ... But you could have values around, "We believe that most plumbing accidents and disasters could be prevented by doing some simple maintenance in advance." Have a list of that. Essentially, the auto service centers do this with your car. There's a list of things that they inspect and really what they're doing is looking for things that are wrong that they can sell you to repair but they flip it around to build it as a value. I would be looking to create some tool like that with the plumbing and have this check list, just like they have on a car, of the electrical system and the cooling system. You have master bathroom, guest bathroom, kitchen, laundry room and there's checklist of all the stuff that you do and that's an annual visit. You're able to catch things before they break and create a big problem and that customer has the peace of mind that they don't have to worry about

this stuff anymore.

Brian: So, Rob, that's really helpful. Perry, I'll put a question to you, which is in the couple of years that we've been working with Rob, what have been some of the things that have really jumped out at you in terms of lessons we've learned about why memberships doesn't grow or how membership does grow and what's your experience has been?

Perry: We've made a big mental shift where at one time it was like, "Well, you know, if this is the place where you can come and get all the information than that's kind of what this is about." We've been much more about reducing, streamlining, and getting people focused on this is just a very few things that you need to do. I am saying to people more than ever, it is not our intention that you consume everything that we put out, nor should you feel guilty if you don't. The point is, is that we try to tell you as much as you need to know so you know what to tune into to, what to listen to, what to use, what to consume and you can skip all the rest. Frankly, if you use three to five percent of it, you'll probably get your membership money back five or ten X or maybe more.

I remember a conversation, it was about, "Hey, you know, I think our membership is like walking in somebody's house and somebody says 'Hey, you know, help yourself to the refrigerator'." Instead of somebody coming and bringing you a cup of tea and a slice of banana bread. We're a lot more about the slice of banana bread. Rob's definitely focused on that. Also, I'll just add, our numbers ... The numbers of like sorting all this out can be bewildering and every month Rob sends us this really lovely little report and it's got this chart of ... So, all the people that joined last August, well here's how they're sticking and all the people that joined in September, here's how they're sticking and we could just see so much clearly when there's a problem or what needs to be improved. The numbers have improved a lot. If you do the math on a leaky bucket, a little bit less leak is a whole lot more money. People usually don't realize how big of a deal that is but it is really

big. It's a big lever. It's an 80/20 for sure.

Robert: That's awesome.

Perry: Well, so I know we need to wrap here. Rob, is there any last little thing or Brian, a last little question that we should grab before we sign off and send everybody to their afternoon?

Brian: So, Natalie asked a question that I may ask Natalie to clarify but it was, "Can you give an example for an informational membership like yours, like Planet Perry's, that would not be a discount?" I'm going to interpret the question and say, "What would be other things you can offer besides just a discount on services over the course of a year? Particularly when it's more than informational business rather than a service business." Although the service business example was a really good one, by the way.

Robert: Yeah it was. I also don't like offering discounts. Anytime you're having a challenge getting folks to care, or to buy, it really has very little to do with the price and everything to do with the emotional outcome, emotional impact of your sales process. Are you really talking about your customer's problems that they care about? Are they really looking at these problems and going, "Yes, I share this,"? Are you irritating those problems, showing the implications of what they're doing? How those things are impacting their life and then showing them that, "Hey, there is a much better way that you don't have to face these problems but instead, there's a solution that many others have done as well."

That is the key, is this emotional payoff for buying your stuff is much more compelling than, "Oh, I can buy the book for 25% off of what your book is sold normally." Your customers don't want another book. They don't want another seminar. They don't want another webinar. They don't want another email. What they want is a transformation, to be able to solve a problem in their life, to be able to live better. To be able to have fewer worries, less anxiety and that's what you have to deliver within your program and show them how they can live without anxiety. How they can accomplish their goals more easily. How they can have fewer aggravations and

annoyances and live their lives in peace. That's what your sales message and your products have to be about.

Brian: That's very good. It's been a good journey with you Rob, as we've been learning this process with ourselves and our customers and we're traveling up the learning curve and I know many of our customers are as well. Perry, anything you want to add, the cherry on top, before we wrap up our time with Rob today?

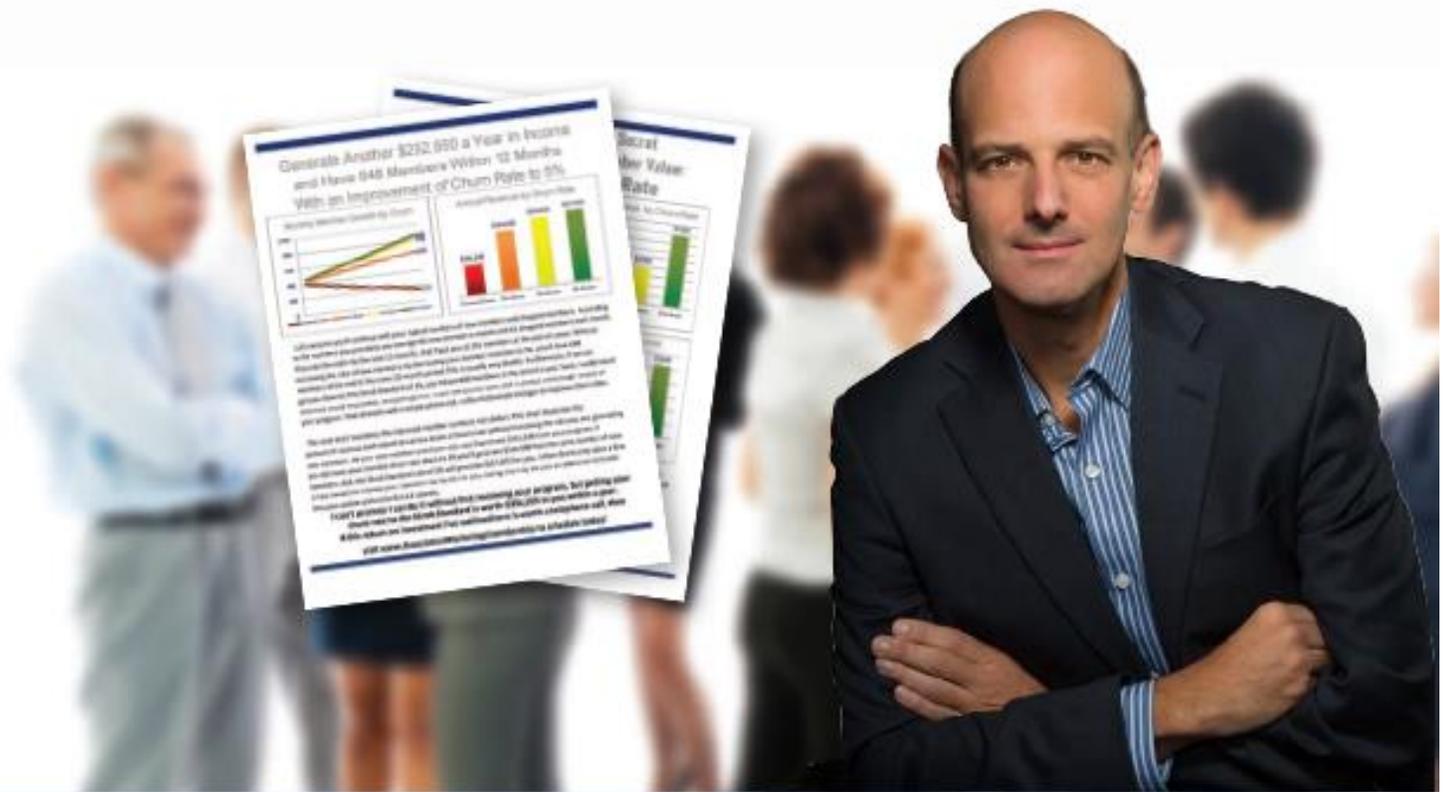
Perry: Well, if you don't have a membership or continuity component in your business, you want to strongly consider it. If that's not really possible in your model, which is rarely the case of, you should still think in terms of does this person feel like they're a member of something or not. And if you have a membership, your retention rate is a huge key. If you have a high retention rate and your bucket's not leaky, then that means you have a growing asset and your business is way more fun and less stressful. We can certainly vouch for that. Memberships are only about half of our income and the various forms that we sell them and that just makes our life a whole lot easier. Rob, very good. Thank you. Tell everybody how people can get ahold of you and get help with their membership.

Robert: There's a good report, that's probably a good starting place, is ... I'm losing my voice all of a sudden. I guess I've talked too much. memberretentionreport.com. That's memberretentionreport.com. You can go there and they'll send you the report. You can reply to any of the emails you get from me and I'll get the message.

Perry: Yeah, I put in the chat box memberretentionreport.com so folks can click on that link and go there. Always a good conversation. Rob, so good to have you on.

Robert: It's an honor. I appreciate the opportunity to work with you and share with your members. Thank you for that.

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