

SUBSCRIPTION ENTREPRENEUR



HOSTED BY ERIC TURNNESSEN, FOUNDER OF [membermouse™](#)

EP 124: Mastering Recurring Revenue: From Startup to 8-Figures with Amanda Northcutt

“For a recurring revenue product or predictable online revenue product, you've got to have a marketing flywheel that keeps spinning and keeps working, right? If you're doing a course launch, then you've got to do smart marketing spend that gets one end result. And that's great. And people buy your course at the launch. Awesome, perfect. Well done. But for something like a membership site or a subscription product, you need more people coming on board at any given time than are leaving your site or churning. Otherwise, you have a really big problem. That's the beginning of the end is when that churn number overtakes new member percentage.”

INTRO:

You're listening to Amanda Northcutt, our featured guest on today's episode of the podcast.

If you're someone who's ever thought about starting an online membership or subscription business or if you already have one up and running, you are absolutely going to love this episode.

You see, Amanda is a revenue funnel strategist for online recurring revenue businesses like membership, subscription, and online course websites. She's a self-proclaimed strategy geek and specializes in helping entrepreneurs and business owners get from where they are now to where they want to be.

Amanda generously shares many of the tips, processes, and strategies she's learned over her 10+ year career in the recurring revenue space. She'll help you take a birds eye view of your business and goals and bring them down to a practical and actionable level.

So if you've ever wondered what it actually takes to plan, start, build, and grow a successful membership or subscription business, this episode is for you.

In our conversation, we explore some of the most critical topics to entrepreneurs in the recurring revenue space like:

Member onboarding, engagement tracking, and retention tips
How to replicate your 1-to-1 sales processes for your online business
Specific ways to decrease churn, increase lifetime customer value, and get more members
And so much more

We cover a lot of ground in this episode and explore many topics that are critical for you to both understand and implement. To help you keep track of everything, we created a companion guide for this episode which goes into even greater detail about the systems and

processes we address today. After you listen to this episode, head over to SubscriptionEntrepreneur.com/124 and download the companion guide.

We're so grateful to Amanda for coming on the show and sharing so willingly from her knowledge and expertise. So without further ado, let's get to it!

As always, I'm your host Eric Turnnessen and this is Episode 124 of The Subscription Entrepreneur Podcast.

Eric: Hey Amanda, welcome to the show.

Amanda: Hey Eric, thank you so much for having me today. I'm glad to be here.

Eric: Yes, my pleasure. Thank you so much for joining us. And before we get started in our conversation, can you tell our listeners a little bit about who you are and what you do?

Amanda: Yeah, definitely. So, at the heart of it, I am a revenue funnel strategist for recurring revenue online businesses like membership subscription and even some course providers I can help out as well. And yeah, I am a total strategy geek. I can nerd out on the bird's eye view of a business and take that all the way down to strategy formation and down to a tactical level as well, the individual steps on what needs to be done to take someone from where they are now to where they want to be.

Eric: How did you get into that?

Amanda: By accident. Yeah, so back in 2006 I think, I had a friend at the time who was running a collegiate fan membership site. They were really, really small, just starting out. I mean the early 2000s, they started out as a by mail newsletter update. People would sign up, pay their money per month, and receive an actual newsletter in the mail. So, this is the very beginning of what memberships look like, then that morphed to an online platform. And they needed a director of sales. And so, I had a good bit of sales experience under my belt at that point, and was able to come in and help them go from sub six figure ARR. I mean, we're talking teeny tiny startup to an eight-figure valuation by the time I left nine years later. And so, got my business shops with my feet held to the fire, and a lot of trial and error.

So, I took a break for a couple of years, had a health crisis, and had to step back from my career there. So, I resigned. And after getting through that health crisis, I started, I actually joined my partner Travis, who is also my husband, with his membership consultancy Member Up. And I've since taken the reigns on that. And we help typically existing high touch service firms create secondary revenue stream, like a membership subscription, course, workshops, things like that. And we also help optimize existing recurring revenue digital products as well.

Eric: Awesome. So, in this current consulting business that you're running, who are the top recurring groups of people that you end up seeing coming to you and asking about your services?

Amanda: Yeah. So, the last couple of years, the majority of our clients have been those eight figure professional service firms like consultancies who have a tried and true process that they are taking their one on one through. And they come to us because it's attractive to start a recurring revenue business model that's a lower touch. So, moving from the one to one model to the one to many model. Or again, not necessarily making a full transition, but maybe this is their first foray into digital products and they need help planning and laying a foundation for a scalable membership or a subscription product, where they can package up their high touch service and reach their target audience on a larger level. So that ends up being maybe clients who cannot afford their primary service offering. That's the high touch service. Or those who aren't quite sure, or the DIYer.

So, we help come in and ensure that they have an excellent plan in place, beginning with the end in mind of what they want this digital product to do for them and their business, what their level of involvement can be on an ongoing basis. What kind of resources they have to spin this thing up. So, we come in and analyze again where they're at, where they want to go, what are the known blockers preventing you from getting there on your own. We come in, we knock those blockers down, and help again, just lay that foundation and help people avoid problems later on in their membership, especially with their tech stacks, seems to be an enormous hurdle to overcome when starting a digital product. And then of course the higher-level strategy from first encounter with the customer, the very beginning of the customer journey with the first touch of marketing all the way through, "Okay, please keep paying us month after month and year after year." Does that make sense?

Eric: Yes, that makes perfect sense. And I really appreciate you doing a really good job at outlining the entire episode, because I want to talk about all of those things. Each one of those is really intriguing. And it's interesting that you're mostly working with larger established businesses, and we have a lot of people who come to us who are in that camp, but also who are just getting started.

But I think in a way, whether you're starting and you have an existing customer base or whether you're starting from scratch or just an idea, there are a large set of challenges and things that both parties are going to face in trying to get the digital side of things off the ground. So, I think it can be helpful for people to get that high-level picture, and understand the reality of the journey, and maybe get a little bit of foresight into what the kinds of things they might run into and experience.

Eric: So maybe let's just take them one of these journeys. Somebody comes to you, they want to create this digital product. What are the first few steps that you go through in terms of making that into reality?

Amanda: Yeah, that's a great question. So, the first thing is we want to learn about what process do you have in place that you can scale? So, do you have the content foundation? Can you take a customer of yours or a perspective customer? Identify the problem that they have, and how you can solve it. What problem, think about like a Venn diagram. So, you've got your prospective customers in your left circle, and then the right is problems that you can solve. And so, you want to look at that, the crossover there. Where the two circles cross, and then you've got your solution.

So, what is that solution? How are you providing it now? How do you envision providing that at scale on an ongoing basis? So, we want to get an idea of where everybody's at in terms of content foundation. That's really, really pivotal obviously. Right? Because that's what's going to draw people in to a digital product is you've got to sell the outcome of the service that you're providing through the content. Right?

Eric: It is very pivotal, but what's interesting is most people actually don't think about it. I find it especially beginners, they come and say, "I want a membership site or recurring business because hey, the money's good." And then they start looking at how to implement it before they think about what they're actually going to offer to their customers. Can you talk a little bit about when you said do it at scale, what you mean by that? What types of things would be effective at scaling and what types of things wouldn't?

Amanda: Yeah, for sure. So, if you are a fundraising consultant, you sell coaching services and maybe you have a conference every year, and you are teaching fundraisers at universities and across nonprofits, how to fundraise better. So, you probably have system framework methodology for how you take one client from again, where they are right now, to where they want to be. And if you can take that process, if you have it written down, it's almost like standard operating procedures. So, if you've hired another coach or a consultant to work under you and help your clients, you've probably had to train and onboard them. And maybe through that process is born your standard operating procedures. The questions that you ask, the things that you do for a client from A to Z.

So, if you have that documentation or if you can come up with that documentation, you have a process. You have a repeatable process. And on that one to one model, you are again, spending a lot of time with that individual fundraiser say that you are helping. And so, the one to many model or taking that high touch model and scaling it, you want to be able to turn that process that you use on a one to one basis into sort of a formulaic system almost for how you can take someone from beginning to end in a more generic way than your one on one process provides.

But is there a way that you can take the service that you're doing everyday with people one on one, and making it scalable? So what parts of that process are generic and not molded up tightly for your one individual client, but how much of that information can a number of people benefit from? How can you take this that you're doing one to one, and make it generic so that if any of your ideal customers reading this and going through this process, they're going to be able to achieve desired results through that more generic content?

Eric: Yup. Makes sense. So basically, what you're talking about is there's somebody who is spending their time with a client on a one on one basis. And maybe that process takes let's say four hours. So naturally, if you continue in that way, you're capped in terms of your scalability, in terms of however many hours that person has a day to be able to work with clients. So, you're going to break down what they do, and see if you can make it accessible to a larger group of people. And that's going to come out in the form after this brainstorming process, the form of an outline or something like that.

When you get that, are there ways that you then start thinking about how do we actually implement this? What does this look like? Is this a quiz? Is this a course? Is this a set of questionnaires?

Amanda: Yeah, I think that's a good question. So first we've got to figure out what kind of content you can deliver. So maybe you have an evergreen base of content, and maybe that's all you have. So, you have this one system methodology. You don't want to provide support to community on an ongoing basis. You don't want to develop new content, you don't want to manage that ongoing overhead. But you want to have this packaged up evergreen content that you can sell over and over again to say your email list.

So, I'm going to say, "Hey, sounds like a course, or paid workshop, or paid evergreen webinars, or something like that. That's going to be the way to go if you want a one and done thing, we'll put the automated infrastructure in place with your marketing and lead nurture and help people decide if they want to go the one on one high touch coaching consulting route with you, or if they want to try out or instead do this paid one off course webinar series or workshop."

So that's the next question is helping people understand what their inputs are going to be on an ongoing basis with each type of digital product, and then going from there. So paid workshop or paid course, those are really great ways to start. And a lot of the times, I feel like I have a number of clients who said, "Hey, I've developed six courses in the last 24 months. I'm totally burnt out. Can you help me package this up into a membership?" So, they have this great library of content from which to start the membership. So, a lot of the times that's the journey, right? Maybe the consultant has a paid workshop on a one topic or on six different topics. Then once they've validated that those are good things to sell because people are buying them, they may take that information and package it up into a course. And that could be a no touch or a mid-level touch where you're working with a small group or a cohort, and you're taking them through this course and there's some coaching element to it.

Then from there, maybe they want to go more the recurring revenue model, or more predictable recurring revenue model where you're wrapping that content up into a subscription or a membership. But if you want to do that, you have to understand the implications of what is required of you and a recurring revenue model.

So, for memberships, there's some additional elements in there, right? You've got to have your marketing flywheel working, right? You've got to figure out how can I bring in leads on a consistent ... or qualified leads consistently, right? So what channels do I use? How much does that cost? How am I going to nurture those leads and convert them into paying customers? How do I onboard them so they recognize value most quickly on my site, and don't churn sub 30 days or something like that?

How do I track engagement? How do I create content on an ongoing basis? What kind of content does my audience want? Do I want to manage a community? How am I going to manage customer service? How am I going to manage my finances, and KPIs, my entire reporting suite?

So, if you can get past that hurdle and come up with a plan for the ongoing inputs, then a membership or subscription product might be great for you.

Eric: Yeah. And just, can you define what you mean when you say input?

Amanda: Yeah. So, things that are required of a human person, right? The resources that are required of you, the business owner on an ongoing basis to make the membership product actually succeed.

Eric: Right. Now everything that you just went through, you're talking about your marketing flywheel, onboard and recognize value, tracking engagement, content creation, customer service, the list goes on and on.

When I set out to do MemberMouse early on, I knew absolutely none of these things, that they will be coming down the pipe. And in some ways, I think that that was a benefit. Because if somebody's listening to you say all these things and they're just looking to get started, I imagine them sitting in a lecture hall in a college and like taking notes and be like, "Oh my God, oh my God, how am I going to, I have no idea. I thought I was just going to create a membership site, and now I'll, what is all this stuff?" And that's good. I think that's good because I think when people think about starting these membership or subscription businesses, some people may feel like it's a get it up and then forget about it type of situation.

And like you were talking about, there are some strategies you can do to kind of get there. I mean, I don't think you can ever fully get there and not do anything after the fact. But there are different models where if you're just selling a onetime purchase course and everything, you automate your funnels, your email marketing, your onboarding sequences, etc. It can be a very light to low touch situation for you. Then as you're ramping things up, if you truly want that recurring revenue, there has to be an exchange.

And people talk a lot about subscription and recurring revenue as something they want. But I don't think on the other hand, they see what it actually takes to maintain and sustain a recurring revenue business. Because if you just say here's something that I produce and then

don't do anything with, people are going to be dropping off after they've consumed your content. And therefore, it's not really a recurring revenue business. It's basically if your average retention is three months, it's basically onetime purchase projects, products spread over three months.

So, of these areas, the marketing flywheel, onboarding, tracking engagement, which one are you most interested in right now in terms of going into and exploring?

Amanda: I think the revenue funnels probably, the marketing sales and retention funnels, but they all really work together, right? So, this is the eight-system framework from which I consult, right? So, I've after doing this for years realized this is what I'm doing. And I finally put it to paper. These are the systems, this is the process that I'm taking people through. And all of what you just said in the last couple of minutes lines up perfectly with this. So, the retention funnel success is largely dependent upon your ability to accurately set expectations and then deliver on said expectations, and then occasionally delight your customers. So, I'm really big on the concept of under promise, over deliver. But obviously you have to promise enough to get someone to trust you enough to hand over their credit card information.

Eric: Right. And this promise and the expectation setting is happening in the sales materials, in the email lists and stuff like that.

Amanda: Yeah, that's right. Usually the membership site owner, entrepreneur, is the subject matter expert on whatever they are teaching. So again, we'll use the example of the fundraising coach. They're the subject matter expert on how to bring money in the door for nonprofits and universities, and the like. What they are not experts on is the revenue funnel part of it, and the other little bits and pieces that you have to marry with the subject matter expertise. So, the marketing piece is typically a really, really big one. The marketing and the sales piece, and a lot of people are very uncomfortable in those roles and find themselves as an accidental sales person or marketer. It's not something that most people set out to do, especially those who are starting membership sites.

So, I try and help people, start again at the very beginning. What problems can you solve? What problems do your customers need solved? Where's the overlap? What outcomes can you provide to your customers? And then we reverse engineer their revenue funnels from there. So, starting with marketing, make your best, most educated guess on where your ideal customer profile or target market lives? And then start running a series of tests, defined timeframe, spend, and all that. And see what actually converts well, right?

So, with your marketing for membership sites, I typically encourage people to just try and get people on their email list. That's what the marketing piece is. So, define your ideal customer profile, find out where they live, and then figure out what it takes to get them. When I say where they live, I don't mean their house. I mean online. So, their online community forums blogs, and who are other influencers that your target market listens to. And figure out what it takes to get them from there to your email list. Then once they're on your email list, you need

to do some automated nurturing. So, nobody has time to call all of their entire email list and their leads and stuff. So, we use ConvertKit for instance, and it's great. I can get somebody on my email list from a Facebook ad, and they download my membership marketing eBook, and then they're automatically in my nurture funnel.

The nurture funnel, which I actually explain in detail on one of my podcasts and also on one of the articles I wrote for you guys. I'm sure you guys will link to those but you can find out more in depth how to put together a nurture sequence. But basically, you want to explain the features inside your membership. So, behind the paywall as benefits to your prospective customer. And you want to take the most popular features that your best users identify their favorite things inside of your membership site. Turn that language around into the benefits received if you use this feature, and put together nurture email sequences that feature one feature per email. And then you want to include things like social proof in those nurture emails. And hopefully, you've got a sequence of five to seven nurture emails that somebody gets after they download your lead magnet. Then convert to a paying customer. And then you switch from lead nurture to onboarding.

Onboarding is so pivotal. So now that somebody is inside, you want to get them to value recognition as fast as possible. So now that they know the benefits they can receive from the features inside your membership, the onboarding is teaching them how to actually recognize and achieve those promised benefits. Does that make sense?

Eric: Yes. And I want to ask a couple of questions about these things. So, with regards to the first one, the strategy of getting them on your email list. So, your marketing activities is basically in the beginning anyway, to focus getting people to subscribe to something that's a small ask of them. They're not paying you anything. So, you identify at that step, part of it is having a lead magnet. Do you have a bullet point set of things that you like to see included in lead magnets to make it more likely that people are going to jump on your list?

Amanda: I don't have a bullet pointed list, but the way I try and help clients formulate these things is what's the top problem you can help your customers solve? And can you distill that into something that is small, digestible, attractive, and enticing, and call that your lead magnet? So, whether that's a top 10 list, or something more in depth like a white paper. Or it's a webinar. Webinars convert amazingly. Those are really, really great right now. And so, figuring out how to package up the solution without giving away the whole farm, right? You want something, there are lots of amazing things left in your digital product that people get after they give you their hard-earned money. But you have to definitely give away a lot of the goods in the lead magnet. You want to establish trust, and you want to make it clear that you've got the goods. You are solving the problem that they have, you understand their problem, you understand them. And whatever your lead magnet says, the person reading it should feel like, "Oh my gosh, they're talking to me." So, no, I don't have a checklist like that, but just try and distill that down.

Eric: Got it. But basically, there's something that you're offering to them as a result of signing up for your list, which could be some sort of digital download, a webinar, some other form. But generally speaking, it sounds like this would be an evergreen asset.

Amanda: Yes, evergreen is important for sure.

Eric: Okay. Then as far as onboarding, you talk about how it's super important that they get to value recognition very quickly. This is something that we at MemberMouse are very familiar with because basically if somebody says they are interested in using the software, there's a big difference between someone being even if they're willing to take out their card and sign up for the free trial. There's a big difference between that and people who are actually going to end up using it. Basically, the way that we look at it is the sooner the we could get someone to the point where they feel like they've accomplished something with the software, the more likely they are going to be sticking with us. Because basically if somebody paid you or they are basically committing to pay you in one form or another, they need to understand close to immediately that they made the right decision. Otherwise, at some point, they're going to just have buyer's remorse and just cancel or do something like that. So, do you have probably some generic tips in terms of value recognition, in terms of how to present that to people and get it in front of them?

Amanda: Sure. Yeah. That all goes back to understanding in great detail, the problem that you solve for people. Or problems. Hopefully if you're running a membership or a subscription, it's going to be multifaceted problem solving.

So, understanding your customers, understanding exactly who they are. Being able to speak almost in their voice. So, mastering your customer's voice is super important. And again, going back to knowing the problem that you solve. And then in the marketing, you've said, "Here's how we solve those inside the membership," or again explaining those features as the outcomes that your member will receive once they're on the inside. And then I also want to take that email nurture sequence and flip it over, look at it in the mirror. So, one side of the mirror you've got the marketing, on the other side is onboarding.

So, the onboarding has to mimic the marketing. The onboarding stuff should not be a surprise, because your new member or customer should know exactly what to expect because you've done your due diligence and proper expectations setting within the marketing. Again, selling features as benefits, and then now they're over here in the onboarding and you're telling them probably in order of importance, how to start solving the problems you told them that they could solve and the outcomes that they could receive in your marketing.

So, if you know that the most important thing a new member can do or the biggest indicator of retention is participating in your discussion forum. Really early on in your onboarding, you're going to want to make it super easy for someone to jump in and introduce themselves, and start talking to other members. And that goes to another system like community management.

This is an aside, but you want to make sure that your community is really welcoming, open, doesn't use words like noob for people who are just joining. But you have a community of adults are invested in each other's success, have each other's backs. And then of course you want to have moderators and things like that.

But okay, so if you know that starting a specific course is a key retention behavior, you want to point people towards starting that course very early on or consuming XYZ pieces of content. So, you have to know how your current members are using and getting the most benefit from your site, then turn that around and use that information and social proof in your marketing and then onboarding.

Eric: And it sounds like they're very action oriented.

Amanda: Yes. Definitely. You've got to get people to get invested and spend time with you.

Eric: This makes me think of gamification. Because I see in a lot of onboarding things people have like setup wizards or other things where it's like you get back these badges or these points if you do things. Have you used that for clients of yours or seen it used? And do you think that the effect of just having action-based guidance where you, "Go do this, here's the benefit." If you couple that with gamification, do you think that it actually improves people's interaction?

Amanda: I feel like the answer is it completely depends on who you're teaching and what you're teaching them. Some people are going to think that's overdone, hokey, icky feeling. Think about how adults learn if you are targeting adults for your membership site, which probably most of you are. If we are intrinsically motivated to try and achieve these outcomes that we came to your membership subscription course provider to solve, we're going to go and do the work as long as you tell us how to do it.

And the community component I think is pretty big there too. So, if you have a community, you're probably less ... maybe the need for gamification is less. However, the way I've seen gamification really successfully implemented is on music instruction, membership sites. If you're learning piano, or guitar, or violin, whatever, gamification does tend to be really effective in that area. I have not seen it wildly successfully implemented in any other industry, at least that comes to the top of my head.

Eric: Yeah, that makes sense. So, one pattern through what we're talking about here is that there's a lot more planning and forethought that happens prior to implementation in all of these stages, which I think often can be overlooked. And people just want to just start implementing right away. And then maybe too late, they realize that that was a bad decision. And one of these areas is you're talking about the importance of learning the customer's voice. And I know for me personally, this was a challenge. You talk about subject experts. I wasn't necessarily teaching something, but there was a piece of software. So, the focus was writing the software, and not marketing the software.

And it's interesting to me to reflect on it because I could get on the phone call with somebody one on one all day long, and it would always be a good conversation, and it would always convert quote unquote in the way that I would anticipate it would.

But then if you ask me to basically chunk that down and break it up into a system, something within my mind just doesn't know what to do with that. I can have a conversation with somebody. But if you ask me how do I make this into a process that can be implemented through technology, it's like smoke starts coming out of my ears. I have no idea how to approach that. How do you break down specifically the sales conversation, and turn that into your onboarding sequences, and the email list opt-ins, and stuff like that?

Amanda: Talking to current members all the time. So important. So, having a feedback loop basically so you have current customer surveys, exit surveys, your discussion forum. You need to know who your most engaged members are and be talking to them frequently and putting the most stock in what they are saying as far as the value that they are recognizing. So, you have to understand what they're saying and who they are exactly. If you have not come up with that ideal customer profile and you can just Google how to put together an ideal customer profile and you'll get tons of great results on how to do that.

You want to be able to speak in their voice. And if you're just starting this process, one great thing that you can do is called review mining. And that's where you would go maybe to Amazon and look at books who have been written on your industry topic, whatever it is or whatever your membership is going to focus on or subscription product. And go in and just read reviews.

What are your customers saying about what they learned from this resource? What was missing, what did they enjoy the most? What criticism do they have? So, hearing those things and forming your marketing and lead nurture toward those things. So, if you know that your ideal customer profile has this one specific problem and nobody else is solving that problem, nobody is scratching that itch for them. You can take that customer voice and work that into your marketing and lead nurture messaging in a way that says, "Hey, I understand who you are. I understand the problem that you have, and I've solved that problem for however many people are within your membership site. So, I've got a tried and true method for figuring this out, and I've got a community of people over here for you who are in the same boat. And here's how they are solving this problem. Here are the resources and assets that I have behind the paywall that are going to benefit you tremendously."

Eric: Yes, that makes sense. Yeah. Thank you. You talked about tracking engagement. The value of tracking engagement is of course that with that data and analytics, you can then make strategic decisions to address some of the things that you don't want to have happen, like people canceling or increasing your lifetime customer value, selling different products. Are there techniques that you have, specific techniques you have for how you track engagement and what specifically you're looking at?

Amanda: Yeah, definitely. So, I think what it really comes down to is are people logging into your membership site or not? That is the biggest indicator of whether or not someone is going to churn. Do they need some TLC? And do you need to send this group a re-engagement sequence to try and bring them back into the fold of value recognition in your membership site? Or do you also have a group of people that I call power users who have been with you the longest, are spending the most money with you, most active on your discussion forums. They send referrals to your site. And what else can you sell to them?

So, if you know who are the most and least engaged people on your site. So, starting with your membership plugin on top of your WordPress site for instance, I know MemberMouse has some capabilities that can track things like that. So, starting there and see what your membership plugin provides for you.

But knowing how often people should be logging into your site. And that varies across the board. There's not any sort of cut and dry. If people aren't logging in every 72 hours, they're going to cancel. That's just not true. That doesn't translate.

So, you need to know how often your power users are logging in, and how they're engaging with your site. Again, by looking at login data specifically and then also surveying people and then segmenting them based on survey results is really, really pivotal. We all know it costs exponentially more to acquire a new customer than it does to retain an old one. And you have to keep your ear to the ground, keep tight pulse on your site, who's doing what, who needs what on an ongoing basis in order to achieve that predictable recurring revenue model.

Eric: Right. And I imagine that tracking your engagement can also inform, you mentioned you may end up sending out different sequences to people who are your least and most active. But I imagine it could also inform your content strategy because you may see month two, people start dropping off. Why is that? What's my content look like at that point? Is there enough for them to engage with? Are they losing interest?

Amanda: Or on the flip side of that, are they completely overwhelmed? Again, that goes back to knowing your audience, talking to people, surveying people, being active in your discussion forum community. One great a retention tactic that I've seen employed on multiple membership sites seems to be really good is sending out a weekly or twice monthly or once a month email that says, "Hey, here's what's going on in the discussion forum. Here's what content we put out. Here's the results some of our members are getting." Tease what's coming up next. And especially in your onboarding sequence, I think it's really important to tease future, yeah onboarding. To tease future content especially if people, there's an exit ramp at the end of the 30-day trial. A lot of people jump off there. So, you've got to tease future content to keep them, or to get that first payment recognized, and then you go from there obviously.

Eric: Yeah. So, in your space, because you obviously have a lot of experience in this, and you've been doing it a while. So, I'm always interested in when people have been doing things for a

while. I end up asking you basic questions because I'm new to certain things. From your perspective where you're at, what are the things that you're excited about getting into more, and the things that really excite you in projects?

Amanda: That's a good question. So, I am a maximizer on the Strengths Finder 2.0 profile. I think that thing came out maybe 10 or 12 years ago or something. My number one thing on there as a maximizer. So, I love to help people maximize their, I mean lives honestly. So, I'm working with people who are lifestyle entrepreneurs and people who are building big businesses and have exit strategy plan that they would love to carry out, and cash out, and retire. Have those all sorts of different types of people.

So, anybody comes to me, whatever their situation, whatever their long-term goals are, I want to help them maximize whatever they can do. So typically, with these online or digital products, that is maximizing revenue, right? Obviously. So, I really love the puzzle of marketing, sales, and retention. I love looking at the bird's eye view and again, that current state versus desired future state. Breaking that down into pieces, and talking to their customers. Learning more about them, understanding what they get the most from whatever this digital product is. And then helping them reverse engineer the lead generation, the marketing piece, and then the lead nurture to try and get the sales conversion to a sale. And then the onboarding to get people to value recognition and a retention long term.

So, I love helping people really lay the foundation for a new digital product or optimize an existing product to help people reach their goals. That's really what keeps me going is I love, love helping people who want to help other people.

Eric: That's really awesome. So, you're basically, you're keeping the end goal in mind. At the same time, you're looking at the current state of things through whatever's available to you. Engagement stats, analytics, other things, talking to customers. So, you have your inputs. Then you ask yourself okay, how do we get from here to there? Are we on track? If so, okay fine. If not, what can we change?

And it seems like there's a lot of different names that you give to it. There's onboarding, there's the marketing flywheel, there's the nurture sequence. But it seems like the thing that relates all these things together, and there's all these different tools that you can use. But it seems like you're trying to communicate with people effectively.

Amanda: Yeah, I feel that people treat you the way that you teach them to treat you. So, everything comes back to proper expectations setting. And then that under promise over deliver model. And then aiming to delight your customers on top of that.

Eric: And it simplifies it to say we're just trying to communicate with people. And I think it, it's helpful to keep that in mind. But then as soon as you start to ask, well how do I communicate with people effectively? That's where I think your experience really comes in. Because how you communicate about what type of thing through what channel, and at what time. That's where

the experience really comes into play. And I think when you're just fiddling around at the beginning, you're trying to get answers to those questions. And the only real way to do it is to trial and error. It takes a long time to get it feel for that.

Amanda: Yeah, I like that summary.

Eric: So recently, you did a series of articles on membermouse.com relating to revenue generating activities. So, this gets into, again, talking about what your main interest is. Current state of things, future goal. So, if we're trying to get to a future revenue goal, the revenue generating activities become key levers that you want to play with and make sure you understand what they're doing. Right? So, can we talk about a few of these? And it seems like at the top of the list, if you want to increase profit, you're looking at decreasing churn, increasing lifetime customer value, and then getting more members in general. How do you approach decreasing churn?

Amanda: Yeah. So first you have to I think, understand the different types of churn. And we can break those down into two big buckets. It's voluntary and involuntary churn. So involuntary churn is when someone's credit card payment fails, they accidentally cancel that way. So, having systems in place, like a dunning service. I know MemberMouse has some built in capabilities here to help with failed payment recovery. Churn Buster and ProfitWell's retain product are the ones that I really like to recommend. But if your membership plugin has that built in, by all means use that because you're already paying for it.

So, understanding what involuntary churn is and that that accounts for a significant percentage of churn on all recurring revenue sites, right? SaaS, subscriptions, and memberships without question. And then the other piece of that is the voluntary churn. So that's after you bring on hopefully a qualified member who is ripe for achieving that power user status, but they become unengaged over time and then eventually cancel. So, you've got to go back to the engagement tracking piece of that and nip that in the bud before it happens. So, you have to preempt the voluntary churn, or at least attempt to by knowing who your most and least engaged members are and then having that a re-engagement email sequence that you can kick off to those least engaged members to again, try and bring them back into the fold of value recognition on your site. So that is super key.

And then also sending out that regular email where you're telling people what's going on, what you've missed, successful members, and then what's coming up around the bend. I think that's super, super important. So that's the two sides of churn, and generally broad overview, what to do about them.

Eric: Awesome. And what about increasing lifetime customer value?

Amanda: Yeah. So obviously churn reduction goes right in line with that, right? So, if people are churning and leaving your site before best case scenario, lifetime value, obviously. Everybody cancels at some point. Nobody's actually going to stay on forever and ever, but understanding

what's ideal or optimal there and shooting for that by setting those expectations from the very beginning, that first marketing interaction that a prospective member has with you, and then setting proper expectations through your sales efforts and lead nurture sequence and onboarding.

So that's the idea is beginning with the end in mind, getting the right people on the bus. So, you want to get the people whose problem you can solve on your site in the first place, and then under promise, over deliver, and delight those customers so that naturally they are less inclined to churn and therefore more inclined to provide referrals, and testimonials, and all those great things.

So yeah, churn reduction, huge piece of maximizing customer lifetime value. But then the other piece of that pretty simply put is making sure that you are offering appropriate upsell opportunities to your most engaged power users. So, whether that be private coaching or a higher membership tier with whatever additional benefits you can provide, just making sure that you have those offers available and are making the offer to the right person at the right time.

Eric: Awesome. And the third one, getting more members. And of course, all of these lead into each other, right? So, decreasing churn increases LCV, which in turn gets you more members. But I imagine there's another side of getting more members where it's just purely new members.

Amanda: Yeah. This is a hard, hard thing, right? So, for recurring revenue product or predictable online revenue product, you've got to have a marketing flywheel that keeps spinning and keeps working, right? If you're doing a course launch, then you've got to do smart marketing spend that gets one end result. And that's great. And people buy your course at the launch. Awesome, perfect. Well done. But for something like a membership site or a subscription product, you need more people coming on board at any given time than are leaving your site or churning. Otherwise, you have a really big problem. That's the beginning of the end is when that churn number overtakes new member percentage.

So yeah, so I'll offer this. If you guys want to put a link in the show notes to my, I just released a book in the beginning of 2019. It's just a 12,000-word eBook. It's not something too difficult to digest. I try and break down like the top marketing channels for anybody looking to start a recurring revenue business online. And then the idea here is we go back to middle school science or elementary science, and we're doing a scientific test just like at the science fair. You have a hypothesis, and parameters, then you assess your results.

So, what I encourage people to do is run however many tests it takes on any or all of these top 21 channels, and figure out after running test, after test, after test, two to four viable channels. So maybe that is Facebook, evergreen webinars, and you speak at a conference once a year. And that's the marketing mix that you need to keep that marketing flywheel running and new leads coming in the door to take your lead magnet and receive your lead nurture sequence. But

it's really just about taking that scientific method and applying it in a really simple way. I don't want to intimidate anyone, but you do have to be willing to look at the numbers and try different things to get that continuous lead flow essentially.

Eric: Yeah, it makes sense. Yeah, we'll definitely share that URL for people in the show notes so they can grab that eBook. Thanks for offering that. So, we've gone through a lot of things. And I think if somebody is just getting started, it's possible that they might feel a little overwhelmed by all this stuff that goes into running these types of businesses. And for those types of people who may be at the beginning, what are the best things to focus on when just getting started in your opinion?

Amanda: I think looking where you have a head start. So what content do you have? Have you turned your process or subject matter expertise into, have you put it to paper? Basically. Have you typed it up? Have you spoken at conferences? Have you held workshops? What existing assets do you have? What problem do you solve for people? That's step one, where's my head start?

And number two, where's my head start with an audience. Does my audience exist in one particular place? Do I have an existing email list that centers around one particular topic?

So, figuring out where you can get a step ahead and you're not starting from ground zero, where can you get just a little bit ahead so this is a less daunting task. And then from there, thinking about again, going back to choosing which type of digital product you might start with creating. What's your MVP of that, the minimum viable product? Is that a two-hour workshop that you charge your audience \$97 to attend, and that leads into maybe a webinar series, or a course, or your membership? And understanding what is required to run each of those types of businesses and have those kinds of digital products, and know what you are willing to do on an ongoing basis, or not.

So yeah, I think just having a gut check with yourself. Where do I have a head start? What can I do? Do I want to do a one-off thing? What's the least I can put into this to start out to validate my idea? And what am I willing to do moving forward?

Eric: Yeah, that's great. And then I don't know if this is something to be recommended, but it was certainly what happened in my situation. I think when I started MemberMouse, it was pretty much following that, what you just outlined. And then of course all those other things, when it was time for them, they pretty much let me know that it was time for them. It's like we're having an issue with this. So, it was a little bit more reactive probably than it should have been. But organic growth can get you there. It's obviously if somebody has the benefit of knowing somebody like you and can work with you, hey, that's great. I would have loved to have had somebody like you around in the beginning.

But yeah. But also, just taking one step at a time can get you there as well. It's just useful to know that all of these things are part of running a business and know that they're there. Keep

them in mind, make sure you stay on track and you're paying attention having those conversations with customers, your ear to the ground. Because from what I'm hearing you saying, those stats and that engagement with the community is essentially your indicator for what to do, for how to respond to keep on track with your goals. To know where things are working, where things aren't working. And then it's just how you implement that in execute to address those issues goes into all these different strategies that you mentioned throughout the call.

Amanda: Yeah, I think that's a great summary. I want to add really quickly that this is an overwhelming amount of ... it's a huge checklist of things to do to run a digital recurring revenue product. It's behemoth at times.

But, there are so many efficiencies to be implemented, right? Efficiency, automation, standard operating procedures, process documents. There're so many places where you can automate with technology, and you need a decision-making framework for how you're going to choose technology and stuff like that. Don't just buy things up willy nilly.

But again, if you have a goal in mind and you know where you're headed, then you can make a decision-making framework on how to employee technology when you need to hire a VA, or a bookkeeper, or community manager, or more people to help with content.

So, I did three articles for you guys, and the second and third ones are all about process documents, automations, how to run a more efficient membership site basically by implementing this methodology that I've developed. I'm sure you guys will link to that too if anyone listening is interested in going into that in more detail. But just know that there are lots of people thinking about how to do this recurring revenue thing better and more efficiently, and there's lots of great tools available to help make that a reality so you don't lose your mind trying to run one of these things.

Eric: Exactly. And that is certainly one of the benefits these days is there are so many tools available. When I do my books each month and I look at our operating costs, it's pretty ridiculous how little it takes to run a company. You have all these tools that you're using, and they have a cost associated with them. But in the days where we didn't have these things, it would have been much higher of a cost. Probably it would have taken a human resource to cover some of them, or multiple human resources.

Just look at a dunning alone, right? You didn't have an automated way to do that. You would have a two-person staff manually reaching out to customers. And the effectiveness of that is naturally going to be lower.

Amanda: Yeah.

Eric: So yeah, there are so many things available to help us. But yeah, it's definitely a journey. So, everybody should just like you say, know where you have your head start, start there, and one foot after the other. And just keep going.

As we're wrapping up here, is there anything that we haven't covered that you think would be valuable to mention?

Amanda: No, I think we've pretty well covered the gamut here on the revenue generating activities. Then I would definitely encourage anybody who is interested in learning more about efficiencies and process documents, and automations, and all that stuff to go read those articles I wrote for you guys where I explain my process. And how to do that, and when that's appropriate, and how to evaluate. Again, making that decision-making framework for adding automations and technology and things like that.

Eric: Yeah, of course. Highly recommend people go look at those, and we'll put those in the show notes. And where else can our listeners learn more about you?

Amanda: So, my consultancy is memberup.co, and you can grab again that marketing eBook on that site. And that'll lead you into a revenue generating and churn reduction course. Just a quick email course, and you can get in touch with me contact form there. But I'm also just amanda@memberup.co. Email is for sure the best way to get in touch.

Eric: Awesome. Well thank you so much Amanda, for joining us today. Really appreciate you taking the time.

Amanda: It was a pleasure. Thank you so much for having me Eric.

OUTRO:

Many thanks to Amanda for coming on the show and going into so much detail about the different strategies and approaches you can use to start, build, and grow a successful online membership business. I sincerely hope you enjoyed and benefited from our conversation.

For the complete show notes, a transcript, and links to all the resources we mentioned in today's episode, head on over to SubscriptionEntrepreneur.com/124. There you'll also find links to Amanda's 3-part guest post series on our blog and a downloadable companion guide.

If you enjoyed this episode and would like to hear more interviews with successful entrepreneurs, please subscribe to the show on iTunes, Google Play, Stitcher, or Spotify.

Coming up next on the Subscription Entrepreneur Podcast, we talk with an entrepreneur named Jordan Layman. Jordan started a really unique membership business a few years ago and in many ways is in uncharted territory. I don't want to spoil too much of the surprise... just know you won't want to miss our conversation. We'll see you next time!