

SUBSCRIPTION ENTREPRENEUR



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

Ep 131: How To Start, Grow, And Sell A Membership Site with Luke Ward

"I got introduced to someone else that was doing a membership site. We were having dinner together with some other friends and my wife. He told me that he had met someone that was very successful online, and he asked that guy what is the one thing that you would recommend to do today for me getting started? And he said, "You should just start a membership site from day one." That was like a light bulb moment for me, and immediately the next day I started implementing that."

INTRO:

You're listening to Luke Ward, our special guest on today's episode of the podcast.

Luke is an online entrepreneur and long-term MemberMouse customer who conceived of and built a successful membership site called BassGorilla over the past 7 years.

What's so unique about this episode is that Luke actually just **sold** his membership site - a huge achievement for anyone building a profitable online business.

In our conversation, Luke tells you the entire story of...

- How he first started BassGorilla
- Why he quickly transitioned from a course model to a membership site model
- The strategies and ideas he discovered that helped grow his business
- And ultimately, how he sold it for a tidy profit

After you listen to this episode, you'll have some insights into what it takes to design and build an online business that is attractive to potential buyers and how to avoid many of the pitfalls that might prevent you from ever successfully selling it.

As someone who's been in the trenches of the online business world for the past 7 years, Luke has a lot of valuable information to share with you in this episode. Regardless of where you are in your own entrepreneurial journey, I hope you will walk away from our conversation with a much more expansive understanding of what it takes to succeed online.

So let's get to it!

I'm your host Eric Turnnessen, and this is episode 131 of the Subscription Entrepreneur Podcast.

Eric: Hey, Luke. Welcome to the show.

Luke: Hey, Eric. Thanks so much for having me. Excited to be here.

Eric: It's my pleasure. So, happy to have you here. We've actually spoken before, which I can't say for every of my podcast guests. In fact, we've actually met in person before, which not only can I not say for my podcast guests but I can't say for some of the people I've been working with in my company, which is very one of those unique things about the virtual world we live in today.

Luke: Yeah, it's great, but at the same time it's kind of isolating at sometimes, isn't it?

Eric: For sure. So, what we're going to talk about today mainly is congratulations are in order for you. I think the ink is pretty much just drying off on your deal for selling your company which was a seven-year journey, so congratulations on that.

Luke: Yeah, thank you.

Eric: So, what I'd like to really do with you is go back to the beginning and understand what happened, how it started, how you built it, how you grew it, and then ultimately how you sold it, and just talk a little bit about these different stages of the business, lessons learned, and some of the memories that you have from these things.

Luke: Right, sure.

Eric: So, to get started let's just give people a little bit of level set about the overview of what your business is, BassGorilla.

Luke: Sure. So, BassGorilla is a membership website that people can join if they want to learn about electronic music production. So, it's a membership site where they pay a monthly fee and that gives them unlimited access to all of the video courses that we have on the website.

Eric: Cool. And that's kind of where it is now at the point of selling and after the seven years. Now, when you first started BassGorilla, how did you decide to go ahead and do that?

Luke: I was very passionate about creating music and I had had a bit of success with it and had a couple of EPs released on record labels, and I was at a point in life where I had just quit a job in the corporate world, I was very tired of that industry. It was basically the recruitment industry. So, I was helping people to find jobs in companies, and I just felt like I wasn't really learning anything new. So, I was trying to find something new and moved to Canada and had to take a year off in order for my visa to come through, and during that time I was just making loads of music. BassGorilla was really a side project and my initial goal for it was just to try and make something like \$15,000 in the first year. So, basically what I started doing was creating courses based on my knowledge of music production and building up my email list, and then doing launches and trying to sell this course as one by one, and it ended up doing a lot better in that first year than I ever expected. So, that's kind of how it started.

Eric: Did you have any experience with any of those things when you decided to start BassGorilla? Did you know about list building, email providers? Did you know about the tools you ended up using for building your courses?

Luke: Not at all. I had a lot of days of pulling my hair out, trying to figure out WordPress and all kinds of stuff like that, and just following people online who were teaching marketing, podcasts. I think everyone when they're quite new listens to things like Pat Flynn's Smart Passive Income and things like that. I started my own podcast, that was one of the most effective ways to grow it, and just sort of build an audience and a community around it, and also sort of align myself or position myself with very well-known producers and network with those well-known producers, but it was definitely a challenge in that first year of trying to figure out all of the tech stuff.

Eric: And how long did it actually take you when you decided to start BassGorilla that you actually got something live and online that people could interact with? What was the learning curve in terms of time?

Luke: Okay, so it was literally January 1st, 2013 when I started it, and I was working really hard for 10 weeks, and so in the middle of March that's when I finally had four basic courses, a website, some blog posts, and five podcast episodes recorded, and that's when I started just promoting it as much as I could, mostly through YouTube.

Eric: Nice. Well that's pretty quick, I mean, generally speaking. I know when I first started my thing before MemberMouse, I launched an e-product thing and it took me like a year to go to market, but I think that's just a personality thing. I procrastinate a lot, but I guess it helps I guess if you don't have a job and you need to make money, right?

Luke: Definitely, you have all the time in the world and no money.

Eric: Yeah, and it's motivating.

Luke: Yeah.

Eric: Now, you mentioned that when you started, you were doing a lot of courses, but then now at this point, it's a membership model. So, you didn't start with the membership model. Now that you've experienced both, what was your experience of you doing the one-off courses as opposed to the membership model, pros and cons with that?

Luke: So, the problem with doing one-off courses is that you're constantly in a feast or famine mode. You're launching a course, you're building up hype for it, and then when it finally comes out you'll get sales coming in hopefully by the boatload if people want your course, but then once that fizzles out or once there's a deadline that you've put on it to create urgency, you're back to that famine mode where sales are very scarce, especially if you're in the first year of starting a business.

I remember just feeling desperation in those first six months. I remember the first sale coming through was a \$7 sale, and that made me happier than some of the deals I did in the recruitment world that were like 40 or \$50,000, that \$7 sale. So, that was a key moment, just realizing that someone would actually enter their credit card details and buy something from me, but those first three months were really tough.

I remember doing like \$300, and then \$400, and it wasn't until July when I had built up, I think I had a list of about a 1,000 people, and it was a style of music production that was really popular at the time in 2013 called Neurohop, which is basically a style of music but it sounds like hip-hop but with really weird morphing moving baseline sounds. So, I created a course that teaches how to make those kind of sounds, and sort of deconstruct how well-known producers are making those sounds. I had interviewed quite a few of those producers on the podcast, and to my list of a 1,000 people I think I made 60 sales of a \$50 product, and that month I think I made \$6,000, which was a massive leap. Then after that it was back to less than a \$1,000 a month. So, that was tough.

Eric: So, what was the point at which you decided to make a change and a switch to something else?

Luke: I got introduced to someone else that was doing a membership site. He was kind of just starting off his membership site, and we were having dinner together with some other friends and my wife, and he told me that he had met someone that was very successful online, and he asked that guy what is the one thing that you would recommend to do today for me getting started? And he said, "You should just start a membership site from day one." So, that was like a light bulb moment for me, and immediately the next day I started implementing that. I had a good amount of courses, and I had a very responsive email list. So, I basically put together my first membership site just using not a very good membership plugin at all, and launched it, told my list about it, thought that I'd get loads of members sign up immediately, and it was not the case at all. It was like trickles. I think I got two or three people sign up at first, but I just kept pursuing it and I kept pushing it, and kept working on the offer, and making it more appealing. You've got to have a very solid reason why someone would want to pay you a recurring subscription every month. So, we just worked on the aspects of the offer, the community aspect, and eventually it started working really well.

Eric: So, when you say you worked on the aspects of the offer, what were some of the knobs you were playing with there?

Luke: Okay, so what they have access to. If they have access to just courses that's one thing, but if they have access to a community where they can get to know like-minded people, ask questions, things like that, that's one thing. Another thing we introduced was a music feedback section of the community where people could post their tracks or works in progress and get feedback on those to help them improve, and another thing that we did to improve the offer was I reached out to a lot of music software companies and asked them if they'd be willing to

offer some kind of discount or coupon code for our community of members, and I got about 15 of them agree to that, and that's just another part of the offer that makes it more appealing, because if you can save money on music plugins, then that would end up more than covering the cost of your membership in many cases.

Eric: Yeah, and it's a win-win for both you, your members, and those companies.

Luke: Yeah, definitely.

Eric: So, I want to go back a little bit to that dinner that you had where the guy told you, "Do the membership site." Were there any particular reasons that he gave you at that time to back up his statement?

Luke: Definitely, it was the whole concept of having consistency with your income and stability in your business, and that was one thing that my business was really suffering from. So, that was just clearly the solution to fix that problem.

Eric: Great, and now that you've gone through the process, in addition to that quality of a membership site, are there other ones that you find have been beneficial?

Luke: Well, I would say that fostering a really solid community is a great thing to do, because once you have that community in place, you're able to get feedback from them on what's not so good about your site, what is great about your site, but also what kind of content they want. So, when you're making content based on what your members are asking for, then it's going to appeal to more and more similar people who are in that niche. So, I think that the community aspect of having a membership site is a really solid one and it really helped to create a very, very solid community for us.

Eric: Yeah, and that's great for retention, it's great for word of mouth dissemination of your site and other things like that. In terms of growing your site outside of that benefit of having the community and those people sharing with like-minded people, were there any other marketing tools or marketing efforts that you found to be very successful for you when you were running the business?

Luke: Yeah, there are a couple of things. So, when you look at the lifetime customer value, I think we worked out that ours was, for a monthly members it was somewhere between a 120 to a \$150. So, looking at ways to increase that when you have a community of proven customers, you're thinking about what else you could sell them that would be worthwhile to them. So, one of the things that we started offering were webinar-based courses that would be four weeks or six weeks long where basically we'd team up with another very well-known and well-respected music producer and we would get him to basically teach live online through webinars in an interactive environment with a group of students that had paid to be on that webinar course. So, he'd teach for two or three hours on a Sunday, and then he'd do that every Sunday for the next four to six Sundays. After each live session where people get to ask him

questions directly, he would send out the work that he had made, the music that he had made during that week so people can sort of reverse engineer it and play around with it. We would sell those for anywhere from 200 to \$300 each, and so we would offer discounts to the members, and give them first opportunity to join any of those courses and put a cap on it, and then we'd open it up to the email list.

So, that really helped to grow the lifetime value. I have a lot of, there are a lot of members on our site now whose lifetime customer value is well over a \$1,000 thanks to that one thing.

Eric: So, you have a catalog basically that when people join the site, they get access to this let's say default catalog of content plus the community, and then you were producing one-off courses or webinars with producers who had a name, and then you would sell them as separate items.

Luke: Yeah, exactly.

Eric: Okay. How did you organize those deals with the producers? What was their take on it?

Luke: So, I would for those particular types of courses, the webinar courses, I would give them a revenue share, so a percentage of the total sales, but when I'm paying producers to create video based courses that all the members have access to, I would just pay them a one-time fee because in my opinion, you don't really want to get into a revenue share situation with them on that because it just gets so difficult and complicated to calculate how much they're owed every single month. It's more of an admin burden and it will just absolutely kill your profit. So, just pay them a one-time fee and get them to sign a contract that gives a company all the rights to the material, and then we're free to do whatever we want with it.

Eric: And with the webinar content where you do the rev share, do you then do an evergreen situation with that and allow people to purchase it after the fact or you only allow access when it's live?

Luke: We have only allowed access when it's live.

Eric: Okay.

Luke: But occasionally you will get people emailing you and saying, "Hey, that course you did with that guy nine months ago. Can I buy the videos to that?" And so yeah, maybe I should in hindsight have done it that way.

Eric: Who knows? I mean, it seems to have worked, because the thing is if then you do it, if you make it such that they can buy it, well now you're back in that situation you just said it's hard to administer, right? Because now you need to have something that can be bought by everybody with the rev share, with the producer.

Luke: Yeah.

Eric: And also, I would say for people who are used to being a part of your community, the scarcity aspect of a webinar that they know from past experience is not going to be around may end up with more sales, right?

Luke: Yeah.

Eric: Just logically, who knows? You would have to test it, but I would think if people know okay, well I can do this whenever, maybe I'll just do it in three months or something and then they just don't end up doing it.

Luke: Definitely. Yeah, the urgency aspect is huge.

Eric: Yeah. Did you ever get into any marketing automation, or Facebook advertising, or doing any of that stuff with your business?

Luke: Yeah, marketing automation was one of the first things that I got into, and the way that I got into it was I made an explainer video for my website, and I sent it to a guy, a Canadian guy that had a lot of podcast episodes at the time and he was sort of a respected guy in the marketing community. So, I sent him my explainer video and asked him what he thought about it, and he absolutely ripped it apart, but he said to me, "Oh, you should check out this guy called Jermaine Griggs who runs a website called Hear and Play, where he teaches people how to play a piano just by listening and they don't need to be able to read sheet music." The reason why he recommended me to check out Jermaine Griggs was that Jermaine Griggs was heavily into marketing automation and segmenting his email lists using Infusionsoft. So, that made total sense to me when I thought about all the different people that are into music production and the different software they use, work stations, but also the different styles of music that they make, and also what they perceive to be their weakness, whether that's sound design or mixing and mastering, or composition, so on and so on.

So, I dived into that, I didn't go with Infusionsoft because they had a massive fee to start using their software, I think it's like \$2,000 upfront, or it was at the time, to have someone basically implement it for you. So, I went with Ontraport, which is a very similar solution, and got really into that, and I think segmenting my lists was just a huge plus that really enabled me to grow the business. So, yeah, definitely glad that I discovered that early on.

Eric: Can you talk a little bit more about that in terms of how you actually implemented the segmentation in your list and how you leveraged that segmentation once you had it in place?

Luke: Yeah, for sure. Okay, so when you have free downloads or free things for people to opt into, most of the time, most marketers will just ask for an email address, or they might ask for first name and email address, and that's fine, but you could create a multistep survey that runs people through a series of questions, as long as you don't run them through too many, but the

more info you collect on people, the easier it is to segment them. So, we would say if people land on the landing page to download some resource for music production, we would ask them, what's your biggest challenge right now? Is it mixing and mastering, sound design, composition and arrangement, or something else, I can't remember, and then the next question would be, which work station do you use? That's really important because people that use Ableton Live are not going to be interested in courses that are taught in Logic Pro for example, most of the time. Then the third question we would ask is what style of music do you mostly make? So, so many different genres and subgenres of electronic music.

So, that segmentation alone would allow us to put people into different email sequences to send them content that was highly relevant to them. It would also allow us to see what's the most common workstation used, what's the most common challenge people have, and what's the most common style or styles of music that people are making, and that was useful intel to be able to create courses that were likely to sell more. So, that was a massive plus.

Eric: That sounds like a super valuable exercise, and one of the parts of that, coming to the point where you started to talk about that, implied in your response is that you need to actually go and understand what the appropriate segmentation would be strategically so that you can speak to people, right? You have to understand okay, in my business and basically my market, what are the ways that I can break this down, so that in a useful way, so that I can speak to them more directly?

Luke: Yeah, definitely.

Eric: And in your case, you listed the examples of the type of DAW they're using, the software, the types of music they're producing, but this is going to be an exercise that each individual business would have to go through and understand, but super useful and beneficial to do that.

Luke: Yeah. One thing that you could do is send out a survey to your existing email list and maybe offer them some kind of incentive to complete that, or not, it's up to you, but just survey them, get a load of information and then analyze their answers to decide how you might want to segment them. That could be useful.

Eric: Right. Kind of taking a step back a little bit. So, we're kind of going along the journey of this arch of you starting the business, building it and growing it, some of the things that you've done to actually accomplish that. But one of the things that I know is a part of this journey innately is that sometimes there are things that happen that make you not want to do it. Are there things that you can recall from the journey where, obstacles you ran into that really required you to take a step back and assess the situation and then move in maybe a different direction?

Luke: Definitely. I think one of the dangers with running a membership site is letting yourself get overwhelmed and overcomplicating everything. So, that's just my way with nature I would say. I tend to look at something, especially when you've got extremely powerful software like WordPress and other tools, and you would start thinking about things you can do with it and

get ideas, and if you're not careful you'll run down a rabbit hole and find yourself building something that's extremely complicated, and then it's just a headache to manage it, it breaks often, things like that. System issues can be something to avoid. So, one of my biggest pieces of advice for anyone listening is just try and keep your whole business model and your system as simple as possible so that you can focus your energy and efforts on more important stuff, so that's the first thing.

Secondly, when you're teaching something that was a passion or is a passion for you, especially if it's a creative pursuit like making music, it can really affect your own creativity and your passion for it. So, what used to be a passion became basically a job, and if you think about creating music, it's a very creative process. A lot of things that you, when you're making a piece of music, you tend to just have a lot of what they might call happy accidents, and you might just discover wow, that sounds good, I didn't expect that to come out but it sounds better than I even planned it to sound. That kind of creativity can get killed when you're having to methodically teach how to do a process in music production, and that's one of the things that happened to me, and my passion for making music really died, especially in the last two years, and just I wasn't making any music at all, which was a real shame because it's my real hobby and my real outlet for creativity. It's how I take my mind off my work. So, just from selling this site recently, that passion has started to come back and I've been spending time making music again, which is great.

Eric: What was a breaking point for that? I mean, because I imagine that that, it didn't, it happened a little bit while before you actually maybe even considered selling the business. Maybe even early, and you said the last two years, but I'm sure it happened in some form earlier than that.

Luke: Yeah, definitely. I think it's been the whole time really. The whole seven years that I've been doing this. Whenever I was making some music just for my own enjoyment, I would be thinking, "Is this good enough for me to teach it and turn it into a course?" And in many times, I did actually do that. I turned a piece of music that I had made into a course, and that was not really what I would like to do with it. I would like to keep on making music as an artist, and that would affect my creativity as well, because I'm making something that I'm planning to release as a course, I would try and simplify it and make it in a methodical way rather than just going with the flow.

Eric: Do you think that outsourcing could've helped? If you outsource the dissection and production aspects of turning something into a course, would that have helped at all in terms of distancing yourself from it feeling like the writing and the music was the job?

Luke: Well, I did outsource a lot of course creation and it still didn't help because I would still look at music that I was making and think if, "Could I release this?" Because if you release a course by yourself as a business owner, then you save the money that you would otherwise be paying to producers. So, that was an issue for me personally.

Eric: Okay. So, given that this was basically a challenge that you couldn't escape from, you started thinking about selling the business. Now, how did you, from turning that from just an idea and a thought, how did you take that into the real world that start actually searching and looking to make it a reality?

Luke: So, the first time I spoke with somebody from a website brokerage was back in 2016, and that guy was with Empire Flippers. He gave me a lot of great advice, and one of the things that he told me is that you really need to have somebody that can manage the day-to-day running of the business. So, whether that's a project manager or a customer support person, or both of those pieces in place, you need that, and at the time I had both of those people in place, but what was missing was I didn't have really solid standard operating procedures. So, over the next couple of years I really worked on that and created a lot of checklists, and step-by-step video tutorials to teach every aspect of configuring courses on the membership site, how to handle every single possible support issue that could be, and all of that stuff, and getting a project manager in place to manage the promotion of courses, and the recruitment of courses, and a social media person. There's so much to be done, right? With a membership site of this nature.

So, got all of that in place and then I would say probably four months ago I started reaching out to brokerages. I would do Google searches, find website brokerages that looked reputable, send in my information to them, have phone calls with them, and eventually settled on a brokerage that I was happy with, and just when through the process with them and-

Eric: Can I interrupt for a second?

Luke: Yeah, sure.

Eric: So, when you were interviewing these different brokerages and they were interviewing you, what were the kinds of pieces of information that they were interested in in order for even to have a more in-depth conversation?

Luke: Okay, so one of the things that really stood out to me was that they are selling businesses to people who are investing in a business. So, these potential buyers of your business are usually people that want to buy the business with the idea of growing it and then flipping it. Growing it and then selling it again in a year or two. So, if you look at it from their perspective, they want to buy a business that is firstly easy to manage. So, having the SOPs and the people in place for it to be maintained and ran is very important. Secondly, they don't want to see what they would call a distressed business, where the revenue is decreasing every single month. So, if you've been neglecting your business, then chances are the revenue has probably been decreasing, and that can be a hurdle and that could be a reason why some brokerages might not want to do business with you.

Eric: That makes sense. So, there weren't any other things besides the revenue perspective, the standard and operating procedures, getting a sense of the kind of hand-off ability of the business?

Luke: Those things are huge, but there are a couple of other things. So, firstly, membership sites are a very attractive proposition for a potential investor or a buyer because of the recurring revenue. So, that implies that there's a lot of stability in the business, and it's true. A lot of these potential buyers are looking at SaaS companies that they could buy, and I think one of the challenges with buying a SaaS is if you don't come from a tech background, then it might turn out to be extremely challenging trying to add new features to that software and just maintain or grow that business. So, membership sites are more appealing I would say in many cases because they don't require all of that technical know-how.

So, that is definitely one thing, but with membership sites, so with subscription-based businesses there is a massive challenge, which is how do you hand off, how do you transfer ownership of your payment gateway provider? So, in my case, we were using PayPal and Stripe on the website, and almost 50% of our members subscriptions were on PayPal, and PayPal does not allow you to transfer ownership of a PayPal account to another business. It's extremely, I think in some cases it can be done if the buyer set up a shell company in the same country that you're from, they might be able to do it that way. But anyway, I decided to offer my PayPal subscribers an incentive to move over to credit card.

Eric: Right.

Luke: And basically, had to kill off all of the PayPal subscriptions which was a massive hurdle that I needed to get done before I could approach website brokerages and get it listed. With Stripe, which I guess many of your listeners are probably using as well, you can transfer ownership of a Stripe account to a new owner, anywhere in the world and they're a lot more flexible, but if that owner, if that new owner is in a different country to you, then you might not be able to transfer the subscriptions, the tokens, over to that new owner's account. So, that's another massive hurdle. I mean, let's say if you're in the US or Canada, say for me, my business is based in Canada because that's where I was living, I could transfer the subscriptions for my Stripe account to a US based Stripe account, that's no issue, and vice versa, a US seller could transfer to a Canadian buyer if needed, but in my case the buyer was from a different country completely, and so that was a massive challenge. It can be done with a lot of custom coding, but you don't probably want to go down that rabbit hole. So, unless you find a buyer who's extremely flexible and open-minded about how they can obtain the money that's going to accrue in that Stripe account, then that's another massive challenge for you.

Eric: Yeah. So, from the transaction standpoint, once you actually went through the process of working with a brokerage and finding a buyer, what steps unfold at that point?

Luke: Okay, so once there's a buyer, you've probably spoken with that buyer through Skype or something a couple of times by that point, and what will happen is they will make an offer to you and they'll communicate that offer to you. Hopefully they'll send you an actual sale and purchase agreement or some kind of offer letter that details exactly what they want to offer you, and if you agree to that, then you would sign that and then what needs to happen is the

buyer would transfer the amount of money that they're paying to you to an escrow account, and the escrow account is usually associated with the brokerage, so the brokerage manages that escrow. So, the money sits in there and the next step is to sign an official sale and purchase agreement, and then from there, also as part of this sale and purchase agreement you would list out all of the assets that are going to be transferred from you to the buyer. So, there's all kinds of software tools that you use, there's all kinds of social media assets that you might have, the hosting, so much stuff, more stuff than you realize.

So, to transfer all those things over to that buyer I used LastPass, and so I changed all of the login credentials to the buyer's email address and then updated the passwords, and then shared all of those with him through LastPass. Once he confirmed that he had received all of those assets and everything was in order, then he would inform the brokerage and the brokerage would release the funds from escrow, which would arrive in your bank account.

Eric: Minus something?

Luke: Yeah, minus the brokerage fee. So, it can be anywhere from 10 to 15% of the sale price.

Eric: I see. And is there any agreement in terms of your availability to answer questions for a certain period of time for the new buyer, or is it just like you're completely done?

Luke: Yeah, that is something that you definitely want to get worked out, because as you can imagine, it would be a massive headache if you sell the website to someone that doesn't have any knowledge, and then they need to constantly ask you questions, and that could go on for years potentially.

Eric: Yeah.

Luke: So, you want to have that established in the contract. How is the knowledge transfer going to be done? What is your commitment? And that kind of stuff.

Eric: Right, which then goes back to what you said, the process you went through from 2016 to now, basically putting together all those video trainings, those tutorials so that pretty much anybody can go and look and see those guided tutorials on how to do things on your site.

Luke: Yeah.

Eric: Now, after going through this whole experience, is there any particular advice that you would have for somebody who's interested in potentially selling an online business?

Luke: Definitely. So, firstly keep your business model and your systems as simple as possible. If you're building a membership site, you may have a model like mine where you have tons and tons of courses on that website, and so as a result of that you may have tons of different membership levels or bundles and things like that, and it's very easy to let your site get really

out of control. One of the best things I would say that I did was start using subdomains for everything. So, we have a couple of subdomains on the website. One is for the members area specifically, and then there's the main site which is not a subdomain, it's just the main domain, and then we have another subdomain just for the library of sales pages, the sort of sales page catalog I guess of courses, and the reason why that was a huge advantage is that it meant that you could simplify each subdomains' WordPress environments and have less plugins on it, which meant less plugin conflicts, faster page load time, just a whole simpler thing, whole simpler setup. So, I really recommend doing that if people haven't done that yet, although if you already have a membership site running it's very hard to do that.

So, that's one thing I would do, and just always focus on simplicity. That's one of the best pieces of advice I could give to anyone.

Eric: And the areas where you see that there's a danger of complication is in the technical areas. Are there any other areas where people can complicate things?

Luke: Yeah. How complex your offer is or what are you offering as your membership? So, there's a few, if you're doing video courses or video-based tutorials, there's a few different ways that you can do that. Obviously with my site, the obvious way is you have a lot of different courses on there, ranging from one video up to like 50 videos per course. A lot of them are around 10 or 20 videos. One of my friends Jesse Jaekwong who runs Neiru.me, that's another membership website that teaches nail art and they use MemberMouse. What they do is they just release a single video tutorial once a week. So, that's a much simpler way to do it. Every single week a member will get a new piece of content and it's just one fairly in-depth tutorial that teaches them how to create the latest style of nail art, and I think that's a really good way to run a membership site because it's so much simpler. You've got to really research what plugins work well and play well with whatever other plugins you're using.

So, for example if you're going to use a learning management system, you're going to research things like LearnDash LMS and other ones out there, and I would recommend having a testing site where you can test these different plugins and make sure that they work well together. One way to do that is you could clone your existing site onto a new subdomain and then you've got to be really careful if you do that though, because there will be existing subscriptions and you don't want to have duplicate subscriptions getting processed so.

Eric: Well that's actually, if you're using MemberMouse that's not going to be an issue anymore.

Luke: Okay.

Eric: Because we actually have our staging licenses, don't have the capability to rebuild subscriptions because yeah, we were having situations where people were doing that, but people were copying over live subscriptions and activating the live payment provider on the staging site, and they were emailing our support like, "Why are people getting billed twice?"

And we're like, "Oh, well you copied the database and turned on the plugin." So, yeah. So, we've added an extra level of protection because we can't always expect people to know that.

Luke: Yeah.

Eric: But yeah, certainly a good thing to remember.

Luke: Yeah. So, always simplify. If you're the type of person that enjoys playing around with tech like I do, then you've really got to watch that you don't overcomplicate things. If you're focused on that, then you're not going to be focused on what really matters, which is the marketing aspect of it.

Eric: Right. I give people similar advice from a different perspective in saying when your business needs to become "more complicated" it will let you know on its own. It's very seductive in the beginning to think you need more than you do, because you use models, other people's sites, other people's experience to guide yourself when you're doing something new, and a lot of times you may think, "Oh, I need all the things that this person is doing." But really you just need to get the ball rolling, and when you need to increase your situation, get more tools, get more complicated, either the customers or the community will tell you directly that that needs to happen, or some other aspect of your business will tell you like, "Oh, we don't have the capacity to deal with the amount of money we're making right now." Naturally we need to find a solution for that, and that becomes another tool or service, or something like that.

Luke: Yeah. That makes sense.

Eric: So, during your time running BassGorilla as we covered earlier, you were producing a number of different courses, you were producing webinars. So, I imagine you got very good at releasing these to your list and through other means launching these things and getting a good response to it. So, I was wondering if we could dive into some of the specifics of the successful launches that you ran for BassGorilla and how you actually executed them?

Luke: Okay, sure. So, one of the most successful ways that we found to launch is firstly know your lifetime customer value because you want to be able to do a launch that's going to increase that lifetime customer value. So, for us if it was say around \$120 to \$150 for monthly members, then we would look at what we could offer to get them to buy more stuff. So, one of the things that we offered was a lifetime membership, and we would price that at first at \$250, but then we increased that to around \$300, and to make it an easier sell or an easier purchase for somebody, we would offer that as a payment plan, which is very easy to do in MemberMouse. So, one of the things we did was a lifetime membership for six monthly payments of \$49. So, it ends up being like \$294, and one of the most successful ways of launching that was basically before you announce that you're doing a launch or that this thing is available, it's going to be available soon, you want to be able to build up a lot of goodwill with your community, with your email lists, with your Facebook groups if you have them.

So, you also want to be able to build up a lot of attention on you and sort of get everyone paying attention to what it is you're doing. So, one of the most effective ways to do that was to hold some sort of contest for your community and get everybody that's interested in taking part in that contest to opt in specifically for that contest. So, you might do something like a music production challenge, in my case. It might be a sound design challenge or something like that, and you would announce that you're going to do this, and then you would tell people that you're going to give them some kind of prize. You're going to decide on a winner and maybe a runner-up as well, two runners-up, and that they could win some piece of music equipment in my case. Obviously if your niche it's going to be different, but yeah, you would tell them that there's some kind of prize at the end, and so you would invest in that prize and send it to the winner's house, but basically what I would do is announce this and then promote it, and get everyone to sign in and sign up for that contest over maybe a two week period, and then from there, there'll be a start day where the challenge, where it actually starts.

So, when it starts you might release a video tutorial once a week or twice a week that teaches them some new technique and tells them to follow along with that technique and create their own piece of work with it. Then you do a second video a few days later, and then maybe a third and final video so that by the end of the three videos that have been release, they have followed along and they've created something that is hopefully really good, and then you would get them to submit their work to you, you could create a new email address just to receive all the submissions that you get, and you'll probably get hundreds of submissions, and then you would take however long you need, probably announce a week is needed to review everyone's submissions and decide on the winner with your team and the runners-up.

So, that whole process might take a month, but you've created a lot of anticipation and hopefully you've created a really fun experience for your community, and of course at the final step, once they've all sent in their work, they're in a real state of anticipation because they're really eager to find out if they have won the contest or if they've won the prize or one of the runners-up prizes, and so when you announce the winner and the prizes that they're going to get, that's a perfect way to transition into a sale of your membership, whether that's a lifetime membership or some other special offer, and again, you announce a deadline for that. It might be a one week stretch, and I think that it works well in two ways. One is you have lots of attention on you, secondly because you've put in all these goodwill, you're not going to annoy your lists by seeming like a person that does nothing but sell to them. You've created a really fun experience for them, you've given them some value and they've learned hopefully new techniques, strategies, tactics from you along the way. So, they're going to be more forgiving if you start aggressively launching some new product or service and emailing their inboxes and posting in the Facebook groups that you have every day for the next week.

Eric: Yeah, that makes a lot of sense. Sounds like a really cool idea and I could see how that would increase engagement a lot with people, which ultimately would be better for when you're going to tell them about something. Now, in this example you were using the situation of you were offering a certain pricing on your membership itself. Do you do, if you're ... You talked

earlier about how you released webinar from time to time or how you came out with something that maybe wasn't part of the membership. Do you use the same technique with those types of things?

Luke: No, I never did that, although it could be done, definitely.

Eric: Okay. So, with those, you just mailed the list and relied on the segmentation that you had for it to get in front of the right people.

Luke: Yeah, I would mail the list. Sometimes we would get the producer who's going to teach the webinar to create a couple of videos, short videos where he's teaching something valuable and announcing that he's going to be doing this webinar course, and then we would email those out to people as a way to not only announce the product offering but also to give people some value so that they want to watch these videos and get a taster for how this guy teaches and how much value they could get if they actually joined the webinar course.

Eric: Cool. So, we've covered a lot of ground naturally because we basically tried to have a conversation about something that unfolded over a period of seven years. So, we hit on a lot of things, and I just want to ask you generally, is there anything that comes to mind for you, some lessons that you learned, some things that, something from your experience that would be beneficial for people that comes to mind to add in addition to what we discussed?

Luke: I would say focus on growing your business, growing your membership more than reducing costs. Of course, you do need to keep an eye on costs, but if you obsess over that, then you're going to miss the opportunity to grow your business. I already mentioned keep things from a tech perspective and an offer perspective as simple as possible so that you can also focus on growth. So, those two things are important. If you're planning to sell your business in the future, then keep in mind that people who are going to buy it are looking at it as an investment opportunity, and so you want to make it as easy to manage as possible. Be careful if you're using PayPal or even if you're using any other payment provider, payment gateway. You want to probably contact them now, even if you're planning to sell it a few years down the road and just find out what can be transferred if anything. Can subscriptions be transferred to a buyer in another country?

Those are really important points to keep in mind, and also another point I would say is just try to figure out exactly where most of your customers are coming from. So, we did a similar thing to what MemberMouse does on the MemberMouse site, which is once somebody signs up as a customer, put them through a survey and ask them how they learned about you, where they discovered you. When we did this, we discovered that I think around 50% or slightly more of our members were first hearing about us or finding us on YouTube. So, obviously that gave us very useful information that we should invest more heavily in YouTube than SEO or other ways to get traffic to the site.

Eric: Yeah, that makes a lot of sense. Going back to the very beginning when you said you quit your corporate job. How did you end up starting a business? Did you have entrepreneurial aspects to yourself, or had you been wanting to do something like that, or was there something else that kind of pushed you in that direction?

Luke: There was something very specific that made me want to pursue the entrepreneurial path which was I was listening to Pat Flynn's podcast back in 2012, and one of the guests that he had on his show is the guy, I think his name is, I can't even remember his name right now, Dane something, but he runs The Foundation, and have you ever heard of The Foundation, Eric?

Eric: I haven't.

Luke: Okay. So, this is basically a guy who has launched a lot of SaaS products of his own and his pitch was very, very persuasive. He was saying, "I've launched five different SaaS products in my life with zero knowledge of coding, zero knowledge of this, zero knowledge of that." And he basically persuaded a lot of people to believe that it's possible to create your own SaaS product without needing to learn computer science and things like that, and I know that that is possible and a lot of people have done that. So, he had a six-month training program where if you joined, he would teach you how to do all of that, how to basically create your own SaaS, and that was my main goal back in 2013. That was what I wanted to achieve, and I started BassGorilla just as a side project to generate some income for myself while I focused on trying to build a SaaS, and good thing I did, because basically it all ended out working out very well, and the SaaS thing did not.

Eric: So, now that BassGorilla is kind of all tidied up, are you going to go build a SaaS?

Luke: No, I'm not, but what we ... So, my main thing is I've run an agency that does Facebook advertising mostly for e-commerce businesses and SaaS companies. So, that's the main thing that I do these days.

Eric: Awesome, and you're going to be writing music, right?

Luke: Yeah, definitely, as a way to take my mind off work.

Eric: Yes. Not something to make you money.

Luke: No.

Eric: That makes sense. Well, again, congratulations on the journey and appreciate you taking the time to chat and I wish you the best of luck with the new consulting situation, and just a final thing. Can you just tell people who may be interested in reaching out to you, learning more about you, some places that they can do that?

Luke: Yeah, so the name of our agency is BrightSplash.io So, BrightSplash.io is the website. They can also message, email us at hello@brightsplash.io or they can check us out on Facebook, Instagram, Twitter, with BrightSplash.io as well.

Eric: Awesome. Well thank you so much, Luke.

Luke: Yeah, thanks so much, Eric. It's been fun talking with you.