



Everything You Need to Know about Membership Websites with Stu McLaren

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Pat Flynn: We have a lot of fun things going down in this episode. Number one, I'm interviewing one of my favorites. Number two, this is about a topic that I haven't gotten into on the podcast yet—interestingly enough—and I brought the expert on to talk about this topic. And number three, this podcast episode interview was actually recorded on the beach in Hawaii. This was during my July 4th vacation in Hawaii, and this was the only time I was able to find with our guest today. I wanted to also run an experiment with my podcasting equipment. I've been talking a lot about podcasting and gear and equipment on my YouTube channel at smartpassiveincome.com/youtube, and one of the things I wanted to test was a high-quality audio travel podcasting setup.

So I'm interested to hear your thoughts on this. If you could let me know after the episode @patflynn on [Instagram](#) or [Twitter](#), what you think of the audio quality. It was outside, and it was also—just to kind of fill you in—it was using an iPad Pro, it was using a mixer, and it was using a microphone, just right in my bag. No heavy equipment, no crazy things going on. I don't know if by the time this episode comes out I'll have that available as a video on YouTube or not, but it's coming, if it hasn't been there already. So make sure you subscribe to my YouTube channel.

But more importantly, make sure you [subscribe](#) to this podcast and listen in because we got a great guest today talking about membership sites. Often spoken about as the holy grail of passive income, but how passive is it? How do you get started? What qualifies you to create a membership website? How does that differ from creating online courses? Can you do both—create an online course and create a membership site? Which one do you do first? We're going to tackle all these questions today with our special guest, Stu McLaren, right after this.

Announcer: *Welcome to the Smart Passive Income Podcast, where it's all about working hard now, so you can sit back and reap the benefits later. And now, your host, he wants the rest of his biography to be about how he changes education, Pat Flynn.*

Pat: What's up, everybody? Welcome to Session 392 of the Smart Passive Income Podcast. My name is Pat Flynn, here to help you make more money, save more time, and help more people too. And one of the best ways you can help people is to build a community of people who not only are coming back to get more advice from you, to get support and accountability from you and other community members, but the reason why they call this the “holy grail” of income or passive income, and we'll get into how passive is this really, how much upkeep is required and all that kind of stuff. But the reason is because a person will be paying you monthly and/or annually to be a part of this community, and therefore, you can make better forecasting adjustments with your income. You can plan a little bit better, you can do a lot more with money that you know is going to be coming in.

Now, there's also the idea of people not sticking around forever, which is called churn in the membership website space or the recurring income space, but how do we reduce churn? So to answer all these questions, I wanted to bring on my great friend Stu McLaren. For those of you who were at FlynnCon, you would know that he was our surprise guest, our closing keynote, and he had a great presentation, and I'm super stoked to have him on the show today. And again when we recorded this, I was on the beach, so if you hear waves, if you hear birds or whatever, now you know why.

But also, I checked with Stu afterwards, he said that the audio quality was great, and he didn't even hear any of those things. So listen in, let me know what you think. This was an experiment, but I think it turned out really well. Let me know what you think. But most importantly, learn, because this guy is the man. He's so inspiring. Love him to death, even though his Raptors beat my Warriors in the finals, but that's okay. That's okay, because he's awesome. So here he is, Stu McLaren, from stu.me, and known as the founder of Tribe, which is an amazing community of people all building membership websites, led by this guy. Here he is, Stu McLaren.

Stu, welcome to the Smart Passive Income Podcast. Thank you so much for being here my man.

Stu McLaren: Awesome. Well, listen, I'm super stoked to have made it on the Smart Passive Income Podcast. This is like when you know you've hit the pinnacle.

Pat: Oh, no. Your name has been brought up a lot in previous conversations with people we've interviewed here, and it's just such a pleasure to have you on. You and I have been friends for quite a while. I saw you back in 2013 at the Platform Conference speak on stage, and that talk blew me away. And just, I'm so excited to have you on here, and I know a lot of people who follow me also follow you and can't stop raving about you as well. And today, we're going to be talking about membership websites, something that you've been involved with for so long. When did you start getting involved with memberships? And what were the first things that you've created related to this space?

Stu: Well, for me, it really started because in 2008 I had a business—and I don't know if any of your listeners can relate to this—but I had a business that was largely dependent on me and my time. It was a consulting-based business, and it was doing really well, but the problem with it was that the only way to grow that business was to give more time, and I didn't have any more time to give. I had just gotten married to my lovely wife, Amy, and we were talking about starting a family, and the writing was just on the wall. This business was not going to provide me the life that I wanted to lead. It was going to essentially suck all my time dry. I wouldn't have time for my wife, wouldn't have time for my kids, so I knew something had to change.

So I started exploring other ways to be able to build a business that wasn't so dependent on me, and this is where a good friend of mine and mentor who said to me, “Stu, you should think about starting a membership site.” And I said, “Well, what do you mean?” And he said, “Well, basically share what you are sharing with your clients, but

instead of doing it one on one, you provide teaching materials to teach more people, and you've got a whole lot more leverage because a lot more people can learn from you.” So this is where my path kind of began, was reconfiguring my business, trying to get away from working one on one, and instead, being able to work one-to-many inside of a membership site.

Pat: And then I know that you also founded or co-founded a plugin that was very popular in the membership website space, which is still around, but you've since exited that. What was that plugin? And why did you create it?

Stu: Well, this is kind of where I came to a problem because in 2008, the membership solutions were not what they are today. I remember I was fiddling around with an old piece of software called aMember, and back in the day, I was having to change .htaccess files and server settings, and it was way over my pay grade, Pat. And I was just moaning and groaning to a friend of mine whose name was Tracy, and I said, “Man, I just wish there was something easy that I could just quickly set up, that I could just put my content in and focus on the experience I'm creating, versus all this tech stuff.”

And he said to me, I'll never forget, he's like, “Well Stu, why don't you just create your own solution?” And I said, “Dude, I am sitting here telling you I'm having technical challenges, and you're suggesting that I create my own software.” I'm like, “I'm not a programmer.” And he said, “Stu, look,” he's like, “I've got a programmer that I work with really closely, why don't we just team up and we can create a solution?” We did and ultimately, that was what was called WishList Member, which went on to become the world's number one membership platform for WordPress. And in a very short period of time, we were powering tens of thousands of membership sites in all kinds of different markets.

It was a phenomenal experience for me because as I was wanting to move away from a business that had me trading my time for money, I immediately, when we started this, saw that this was a tremendous

opportunity. I let go of all of my one on one clients, and I just poured all of my intention into growing this. And in a six-year period, I exited my partnership six years later, but in a six-year period, we grew up from zero to powering over seventy thousand online communities and membership sites. And that's really where I started to see behind the scenes and learn what works when it comes to growing a successful membership site and what doesn't.

Pat: Right. You had access to all this data from your customers and all those kinds of things. I'm curious, when you were creating that software and you made that commitment to let go of your existing clients, were there any signs that you had that this was going to work? Because that's a big ask for you and for your wife to just go, "Hey, I'm going to commit to this new thing, software. I'm not a developer, but I'm going to go this direction, even though my clients are paying me right now." What was going through your head? And what made you actually do that?

Stu: Well, I was definitely scared, Pat. I mean, there's no beating around the bush on this one, but it was one of those things, I did see early signs. We—by most standards—did very, very little marketing. It was almost like, right product, right time. And in that first month, we launched October 22nd, 2008, I remember the date specifically, and so it wasn't even like we had a full month. But by the end of the month, we had done just over six thousand dollars in sales, and I was like, "Man, this has got a little bit of legs." So then the next month, I think it was just over thirteen thousand dollars in sales.

And that was at the point where I could start to feel the momentum of that business, and so I was like, "I'm going all in." So then the next month after that, we did over twenty thousand dollars in sales and it just kept growing from that point. And so for me, it was about feeling that momentum of that business, and recognizing that this was the right product, right time, and that if we were going to grow it to the level where it could reach its potential, I needed to focus full time on it, and so I did. I let go of my clients. It wasn't like one fell swoop, it was little by little, so it was kind of like weaning off. I still actually held

on to one client for a full year and a half after, just to have a little bit of base. But Amy and I talked about it, and worst-case scenario, she had a stable job as a grade one, two teacher, and so we were comfortable taking a risk at that point in our lives to be able to see the potential that this could blossom into.

Pat:

That's really amazing. And if you're listening and you're hearing random sounds in the background, I'm actually on the big island of Hawaii right now recording on a beachfront, and I'm testing out a new travel podcasting kit. I'll have a video up on YouTube about that a little bit later. But you're getting the real-life sounds of the ocean and some birds cooing and stuff like that. But I'm getting even more inspired by this story because Stu, what you've done in the membership space has been world-changing, quite honestly.

The amount of people that you are now able to serve through the people who have got WishList Member, and now the people who you are serving through your new business, which is helping people build and start and grow their membership sites and such—and we'll get into that in just a minute—is just huge. And you're doing the same for me as well. We're going to be exploring this solution in the future because we've had a lot of people in Team Flynn ask for a more sort of formal community with more formal training and those kinds of things. So I'm just so excited about this, and I know a lot of people listening are excited too.

I'm curious, before we get into Tribe and what you do there, and how you've served others, and some of the biggest mistakes people make, some of the biggest things to look out for, what would qualify a person to actually start a membership site? Can you start one from scratch or do you need to build an audience first and then get people in there? How do you even begin?

Stu:

Well, I used to think that, Pat. I used to think that you'd have to have an audience of thousands or tens of thousands to be able to successfully launch a membership site, but that's just not true. There are so many examples of people in our Tribe who have demonstrated

—you don't need audiences of tens of thousands or even thousands, just a few hundred people. Nowadays, that's all it takes.

Wendy Batten is a great example. She serves a really small niche. It is paint store retailers, so these are like bricks and mortar stores that sell paint, and that's her market. When she launched her membership site, she didn't have a big audience. She had an audience of 453 people, but when she launched, she ended up welcoming fifty-two members generating twenty-eight hundred dollars a month in month number one. Now, she's since grown that. She has over a hundred plus members, but again, she didn't have tens of thousands or thousands, just 453 people. There's Anna Saucier, who didn't have a big audience, 326 fertility practitioners, and when she launched her membership site, it generated over five thousand dollars in the first twenty-four hours and has used that momentum to continue to grow her membership.

Again, there are many, many examples of people who have launched membership sites in all kinds of different markets, not having huge audiences but instead, just a few hundred people and then building from there. And the reality is, Pat, oftentimes, we think that we've got to be the only person, we got to be the source of all information for our membership sites, but that's not true either.

There are many examples of people who have launched membership sites where they were not the expert. I think of John Gallagher, who launched a membership site called herbmentor.com. And in his case, he wasn't the expert when he launched his membership site. What he did was he curated the expertise. He went out and he found out like, what is the problems and challenges that his market is facing, and then he went out and found the people to help speak to those particular problems and challenges, and he brought all that information and centralized it inside of his members' area. Andrew Warner, we know Andrew Warner, our mutual friend, from mixergy.com, same thing. Andrew's not the expert, but what does he do? He identifies the problem and he goes out and he finds the people who can speak to that problem and provide solutions inside

of his membership site. So whether you have the expertise or not, you can do this. Whether you have an audience or not, you can do this, because it doesn't take much to be able to build an audience to do a founding member launch.

Pat: Well, how is this different than creating a course and having a website and having podcasts? You can curate information and have it all available for people there, what's the difference between that and a membership site?

Stu: Well, I think the main difference between a course and a membership site is that a course goes deep with people in a short period of time. A membership site is like a longstanding relationship. And the reality is when somebody goes through a course, that doesn't necessarily mean that they have mastered all the concepts of the course. I think about like playing a guitar, I can go to a course over the weekend, and I can learn strumming patterns, I could learn different chords, but I'm not going to come out of that course being the next Eric Clapton. In order to get really, really good at playing guitar, I'm going to need to continuously hone my skills and master those skills, and that's really where a membership fills that gap. So whereas a course is great to get people started and to teach people what to do and how to do, a membership site is really the thing that helps them in terms of mastering that and making progress with that particular skill.

Pat: Thank you for that clarification. Does that mean that you can have both courses and a membership? Or does the membership replace the course?

Stu: No, buddy, they go together like peanut butter and chocolate. They are the perfect yin and yang, because the course works as a great way to get people up to speed, and then the membership kind of takes over from that point in helping people implement. But it can also work in the reverse, where a membership is a great way to introduce people to certain topics, and a course can help them go deeper in learning any particular area. So they go together really,

really well, and we see a lot of our clients and customers who have both and use them to feed each other.

Pat: That's really interesting, because I think, at least in my world, and what I hear from my audience, it's sort of one or the other. And it sounds that you can have both, but could a membership include the content that you would include in a course? I think just defining what a membership site and a membership solution is for an audience would be really helpful coming from you, Stu. So how would you recommend us think about this? And the truth is I know that you can sort of do it in all the different ways, but coming from you, what would you recommend in terms of how we think about this? And how we serve our audience?

Stu: Well, okay, so at the end of the day, both a course and a membership site is striving to help people make some kind of progress in their life. So they're looking to try to go from not knowing how to play the guitar all the way to mastering the guitar, or they may be looking to go from a nonprofit that isn't doing well raising money to a nonprofit that has lots of money being raised for it on a regular basis, or they want to go from a dog that is not well behaved whatsoever, to a dog that is perfectly behaved. But either way, both in a course and a membership site, there's what we call a success path, and that is going from where they are to where they want to be.

And in both scenarios, the success path serves as the backbone to both a course and a membership site. In the course, it serves as the backbone in terms of what you're going to be teaching people, because you're teaching people what to do and how to do it in a course. In a membership site, it's all about filling in the gap and supporting people in the implementation of that material, because there's a big difference between knowing it and actually doing it. So in a membership site, you're doing a lot more supportive, you're helping people by providing resources and templates and examples, showing people and helping them and supporting them in the implementation of what they have learned. But at the end of the day, it's about progress. It's about taking people from where they are to

where they want to be. That happens in both a course and a membership. That stays consistent. Just the only difference is the modality and the way that you deliver that material to support people over time.

Pat: Wow, thank you for that, Stu. I want to go into people, and when you were mentioning examples, what really stood out to me is you know the names of people who are in your membership community. And I think that's one of the things that we often miss out when we create just courses alone. It's hard to get that connection with our members. And when you have a membership, not only are you connecting with your members, but they're connecting with each other as well. When it comes to community and conversation and connection in memberships, how vital is that? And how is that managed within a membership website?

Stu: Well, listen, Pat, I think this is the future. I think this is one of the distinguishing factors that's going to separate a lot of our businesses between now and the next five years. Because the reality of it is, one of the unique advantages that we can create is our communities. And the reality of it is I do know the names, because I live and thrive on the success and the progress that our people make. In fact, that's the measuring stick that we use in our company as our measure of success, like, how many new stories have been produced of our students who are launching successful membership sites?

And the reality of it is that I believe that your success, my success, and everybody's success that's listening right now is dependent on the results that we are able to get people. If we're not able to get people results, then why would people continue to buy from us? And so the track record is the most important ingredient. And a lot of that means that you are there with people over time helping them get results. This is why a membership site is so vital. If any of your listeners are teaching anybody anything, whether it be on a podcast, whether it be on a YouTube channel, whether it be in a course, it doesn't matter, if you're teaching anybody anything, and you're not there after the fact, after you've taught that material, then you're

missing a huge opportunity to celebrate in the progress that people make.

Because the reality of it is that people aren't going to make massive progress from a course one time, or from a podcast episode, or from a YouTube video. They may get some tips and tricks, they may make a little progress, but you rarely ever hear about it. The joy that comes from being part of a community is watching people not only learn it, but then implement it and begin to make that forward progress. And the bottom line is that the unique advantage, the most powerful marketing asset that you have, that I have, are the stories of our people who are making progress.

In my case, it's stories of people who have no audience that have launched membership sites, or have tiny audiences like we've already talked about—Anna, and we've already talked about Wendy, and I can talk about Maryanne Kane, who has a membership site for women providing kettlebell workouts. She didn't have a big audience, she had two hundred fifty people, and when she launched she welcomed just over fifty members into her membership site. There's stories of people who did have audiences, who were already established, like Marilyn Alauria, who is a psychic medium. She already had an audience, but when she launched her membership site, she created so much more leverage in her audience, because she was working with clients one on one, and now she could work one to many. Freed up a ton of time in her business.

Or then there's people who already have established membership sites, like Levi Kujala, for example. He already had a very successful guitar membership site that was generating thirty thousand dollars a month, but it had plateaued, and he didn't know what he needed to do to really get that to the next level. Well, turns out, it was really a simple marketing switch for him, and after coming through the program, as an example, he went from thirty thousand to fifty-two to seventy-four to over a hundred thousand. Now he's got more than six thousand plus members in that membership.

And this is what happens, Pat, oftentimes, it's just little tweaks that make a big difference for people who have already got established membership sites. Now I share this with you because every story that I share is a real person with a real membership, and every time that you and I share stories, somebody somewhere is connecting to those stories, and that is our most powerful marketing asset. So at the end of the day, this is why I love memberships for us—selfishly as business owners—because we get to experience the joy and the thrill of helping our people make progress. And at the end of the day, their progress, their results, is our most powerful marketing asset. And that's why I believe that any business who do not have community around their products and services is massively missing out on their most powerful marketing asset.

Pat: Huge marketing lesson there, everybody. I think no matter what kind of solution you have, you should be trying to find those stories of success to use in your marketing and to inspire others and to connect with your potential customers. But I can imagine, definitely, when you have a membership, and you get to know the people there and you get to see where they came from, you aren't just getting a snapshot of their success, you're getting the full range and the full story which would be more meaningful to you as a creator and a membership site owner, but also the other people who are following that story, and who are connecting with each other in the community as well.

Stu: Totally. And Pat, can I make a distinction for everybody that I think is really, really important?

Pat: Please.

Stu: There's a difference between a testimonial and a case study story. Testimonial is, “Stu is amazing. Tribe is incredible.” That's a testimonial, and testimonials have their purpose. But a case study story has nothing to do with you or me, it has everything to do with the person who we are featuring. And what we're looking to do is think of that person that we are featuring in the case study as a

representative of our greater community, and people see themselves in those case study stories. So it is about their story. It is about their challenges and their problems and their struggles, and how what we are talking about, the solution—essentially membership sites, in my case—has helped people overcome that.

In your case, it would be about podcasting or starting an online business. Whatever the solution is that we're ultimately trying to sell, that is what we want to focus on, and people find inspiration in that. And then the next logical question that people ask is, “Well, how do I go and create a membership site?” Or, “How do I launch my podcast?” And that's where people naturally then come to us. It's not about pushing our stuff on other people, it's about creating an environment of people being inspired by the results that others are getting, and then they naturally are coming to you because they want to get the same results.

Pat: And that's why I'm coming to you right now, Stu, and why we're bringing you on the show for those exact reasons. I'm magnetically drawn to you as somebody who's helping people in this space. WishList Member, is that still something you recommend? I don't know if it might be an interesting question, but I know there's a lot of solutions out there for creating membership websites now. What's out there? What do you recommend?

Stu: Well, literally, it kind of falls into two buckets, Pat. Bucket number one is like the do-it-yourself bucket, and WishList Member would absolutely fall into that bucket. It is absolutely still a very viable solution that I recommend for sure. The downside to it is that it is going to take a little bit of tinkering, you got to figure some things out. You're going to have to play with settings, you're going to have to play with the design, the layout, the structure, how you want to set things up, but it's a do-it-yourself solution that is absolutely very affordable. Then the other bucket, it would be like a hosted solution.

This is where platforms like Teachable and Kajabi, and we're coming out with membership.io, and those would fall under the hosted

solution, where a lot more of the thinking and structure is already done for you. You don't have to worry about the tech setup, a lot of that is already done. And so it really kind of falls down into your own personal preferences, whether you want a do-it-yourself option, where you're going to be in there tinkering and setting things up, or you want that done for you, and that would be more of a hosted solution like the Teachables, the Kajabis or the Membership.io's.

Pat: Awesome. Thank you. When it comes to price point, we've had people come on this show before to talk about online courses and playing in the premium game. Ramit Sethi came on, who I know you know, and he speaks very highly of creating the best of everything, right? And you want to charge for that. You want to have this perceived value within the course so that people can already kind of get an idea of what they're going to get into. When it comes to membership websites where people are paying monthly or quarterly or annually, what's the right price range? I know it obviously varies depending on what it is that you're offering and the topic that you're in, but generally speaking, are we charging people nine dollars a month? Or are we charging them ninety-nine dollars a month or more?

Stu: This question really boils down to a higher level strategy question, and the strategy question is, is the membership site going to be a front-end or a back-end? Now, let me give you two examples. We talked about having a course as part of our product portfolio. Now, a great example of a back-end membership would be somebody coming through a course, and then you offering a membership site that they could join after the fact. So a good example would be Nicholas Wilton.

Nicholas Wilton, he has a course where he teaches people how to paint fine art, and it's a twelve-week course. When he called, I'll never forget when he called me, it was about week number ten as he was completing this course, and he said, "Stu, I don't know what to do." And I said, "Well, what do you mean?" He said, "Well, people are coming to the end of the course, and they're asking what's going to

happen when the course finishes?” And he said, “I know I should do a membership site, but I don't have time to do a membership site.” And I said, “Okay, well, first off, let's just take a deep breath.” And then I said, “Second off, you could absolutely do a founding member launch.” And this is, by the way, a big important lesson for everybody, because oftentimes, we think that we have to have everything all set up before we launch a membership site, and that's just not true. So in his case, I walked him through doing a founding member launch.

And essentially, here's the offer: he went to his audience, he invited all of his people going through the course to a webinar. On the webinar, he talked about all the progress that they have made, and then he showed screenshots of where people were asking like, “What's going to happen after the course is finished?” And as he was explaining to people, he said, “As we came into the course, I had no intention whatsoever of creating anything after, but because there were so many requests like this coming through, where people were asking what's going to happen, it got my wheels turning. It got me thinking about creating a community whereby . . .” And then boom, he went into casting the vision for what that community would look like.

And so as he was casting the vision, he was explaining to people, “None of this is created. We do not have a membership site yet, but if you would like to join me as a founding member, two months from now, we will open doors. But as a founding member, you'll get the rock-bottom price, and you'll be grandfathered in at that price for as long as you remain a member in good standing. So when we open it to the public, the price will be going up, but your price will stay the same. And plus, as a founding member, you get to help shape the future of what this community will become.” Well, long story short, he had a hundred and eighty of the two hundred people who were part of his course join.

And in his case, he offered the founding member price at thirty dollars a month, which was a steal of a deal. Because most back-end membership sites, and this is a general rule of thumb, most back-end

membership sites are going to be roughly ten to fifteen percent of what the course price would be. So if you have a course that's selling at a thousand dollars, your monthly price for a back-end membership would be in the neighborhood of a hundred to a hundred and fifty a month. Does that make sense? In terms of that math?

Pat: Makes sense, mm-hmm.

Stu: Okay, so that's a back-end membership. And so back-end membership sites tend to be at much higher price points because people have already experienced all the good that you provided inside of a course. They already know, like, and trust you, and now they also, this is—most importantly, they see the value in being able to implement what they have learned in the course with you. And so they already know the value that comes from a membership that is focused on supporting people in the implementation. That's a back-end membership. A front-end membership, the price points are generally much lower. The price points are generally anywhere between five dollars a month up to roughly a hundred dollars a month. But the front-end membership price points are lower, and it's used as a way to get people into your world and to be able to deepen that relationship with people. Yes, you're going to be teaching, but it's not like a course where you're going super deep, super fast. The depth of that relationship happens over time. So generally, a front-end membership, lower price points. Back-end membership, much higher price points.

Pat: But in the end, you could ultimately generate the same amount of income, right? Because people are coming in on the front-end, for example, at a lower price, and they see the community and then they want to learn more from the courses, for example, and then they would pay the higher price versus back-end offers, the membership comes on the other end of it. I'm curious, when it comes to front-end versus back-end, are there any differences in terms of what's inside the membership? Like, for example, this offer that you mentioned that this person did for his a hundred and eighty students. What is in there when people get . . . I mean, obviously, you said that it wasn't ready

yet, or it wasn't created yet—it would be created—but what is all in there? What is the promise there besides, “Hey, we're going to help you?”

Stu: Yeah, well, it is different. On a back-end membership site, it's more community, more coaching, more support, more templates and resources. It's far less teaching new materials and more referencing people back to the materials that they've already learned in your course.

Pat: Got you.

Stu: So a back-end membership is a lot different just through the nature of it, because it's about supporting people in implementing what they've already learned. A front-end membership site, you are teaching new material to people. Now, the key though . . . I know you mentioned earlier that we might talk about some of the mistakes that people make, but this is one of them, where a lot of times people, as creators, our natural instincts are to think that the more I create, the more value I provide, but that is just not true in a membership site. In fact, it's the kiss of death, because the number one reason that people cancel from a membership site is not because the content isn't good, it's not because they don't like you, it's because they are overwhelmed.

And so what we want to do on a front-end membership site is we want to scale back the volume of content that we're providing. And so we want to provide—I recommend one primary piece of content per week, and I would not exceed more than sixty to ninety minutes per week of content. If you get beyond sixty to ninety minutes, you're going to overwhelm people, and they just cannot consume it and then implement it to be able to get results. We got to remember as creators, it's less about volume of content, and it's about speed of implementation. It's about giving people bite-sized chunks that they can implement and make progress, baby steps, one step after the other, but it's not about loading them up. So with a front-end membership site, you are teaching new materials. With a back-end

membership, you're not necessarily teaching new stuff, you're really just supporting people in implementing what they've already learned.

Pat: I've been in membership websites before where I didn't come in in the beginning, and it was sort of dripped out over time, one piece of content per week—which is great—but then the membership site owners, what they did was they recorded everything, and they would put it in an archive or a library that I could get access to. I came in a couple of years after, and I went, “Holy crap, there's a hundred and four pieces of content that are each an hour to two hours long. This is overwhelming. I feel like I'm behind.” How do you remove that overwhelm from archived content? Would you actually remove content and say, “Hey, you only get what you get, and it's only available for four weeks and then it goes away?” How do you deal with that?

Stu: You help people find their own path. One of the things that we recommend is that you create a success path, and we kind of talked about that briefly. A success path is basically the journey of helping them go from where they are to where they want to be, and it's broken down into multiple stages. So one of the things that we recommend is that everybody create their own success path, and then as part of that experience, you want to be able to describe what this journey of progress is going to look like for people. And then you want to give them the ability to be able to identify where they are on this journey. Are they in the earlier stages, like stage one or stage two? Or are they in the later stages like stage three, four, or five?

Either way, once people know what stage they are at, then we can help them focus on what's the next right step for them. So rather than coming into that membership that you just spoke of, where it's this huge library of materials, and you're there like a deer in headlights, like, “What do I do?” What we're able to do, if you ask a few simple questions during the onboarding process, we can help identify, “Okay, Pat, you're at stage three. And based on somebody who's at stage three, here's where we suggest you focus your attention. To be able to make progress, these are the areas that are most important to

you right now. And based on that, here's links to some content in the members' area that specifically speaks to the areas that you should be putting focus on.” And so now it takes you, Pat, from this huge, overwhelm, big, old library, then it focuses you in on a few key resources that are going to help you make progress right here right now. And so, Pat, this is more about understanding your members, serving them when they're coming in, and then being able to direct them accordingly, based on the results that they give you, to content that is most relevant to them.

Pat: Wow. I mean, that's a totally different experience than what I experienced. I think this is where it differs a lot versus a course, which is, you get the solution to the course, and you know that by the end of the course you'll have the skills or whatnot to implement whatever it is that you just learned. Versus you're coming in, and you're almost getting directed immediately—once you're in there—on where you are and where you need to go next. I mean, that's how I feel school should be. You go into a school, and based on your skill levels, you can pick up where you need to go versus starting in the beginning where everybody else did and then they get overwhelmed. I really love that.

You had mentioned earlier that we want to discuss mistakes, which I'd like to get into right now. There's a lot of things that happen in membership sites that are very different than other types of solutions, especially with the ongoing recurring nature of that monthly or annual payment, there's churn that we have to worry about. Churn is when people are like, “Oh, I'm done with this.” Number one, how do we reduce churn? And what are some mistakes around that? And then let's just fire off a bunch of big mistakes that you know, based on your experience that people have. Let's start with churn.

Stu: Okay, so churn: it is kind of the underbelly of membership sites, where people don't really talk about it, but it's the reality of running any type of recurring-based business. And that is that a percentage of the people that belong to your membership or subscription are not going to renew the next month. It's just a fact. It's just part of the

business. Now, there are a lot of myths, and I think, bad advice, that is being provided and given when it comes to churn.

The common myth is that you'll hear people say, "Oh, a member only stays part of a membership site for three to four months." The reality of it is, that is true if you don't have a proper retention plan, because our Tribers don't see their members staying for a few months. They see their members staying for years, which dramatically changes the numbers and the dynamics and profitability of a membership site. And so what are some of the things that we need to be thinking about? Well, number one is one of the big mistakes, Pat, is that people don't think about how to keep their members happy. They just think about and focus entirely on just getting new members in, but the reality of it is, the money is really made in a membership site in keeping people happy. Isn't that an amazing measuring stick, by the way? If people are happy, they're going to stay, and that just keeps us accountable to really serving our people.

- Pat: It's so great. I mean, this is what I talk about in my book, Superfans. It's not just about bringing people in, it's the experiences that they have. And I think a membership website is a beautiful solution for continually offering more value, learning about your community and serving them even more, and having them help serve each other too, which is a big part of this. So reducing churn, having a plan in place, what are some common ways, really quickly, that we can make sure we keep people in? Is it delivering new content every single month? Or is it something else? How do we keep them happy?
- Stu: There's a lot of little things that we can do, but some of my favorite ones . . . What's your favorite Netflix series, Pat?
- Pat: *Stranger Things*.
- Stu: Okay, I'm not familiar with *Stranger Things*, but my guess is that, basically, do they open a loop and close the loop in each episode?
- Pat: Yeah, absolutely.

Stu: Okay. So back in the day, I used to love the show *24* with Kiefer Sutherland. And every episode, it was amazing because Jack Bauer would save the day, and everybody would be feeling great, and then at the end of the episode, something catastrophic would happen, and you're like, "Ah, what's going to happen?" And so the only way you could think through what was going to happen or see what's going to happen was to watch the next episode. And so every episode, they would open a loop, close the loop, open a loop, close the loop. Same principles can be applied inside of a membership site by creating anticipation for the next month's episode or the next month's content.

But seldom do membership site owners do this, because number one, they're not organized, and so they don't even know what content is coming out next month. They're creating it in the month. But if you can get ahead of it—which we teach how to be able to do this, so that you can create a ton of content in a short period of time—then what you can do is you can create anticipation for that upcoming content. So now your members are looking forward to it. And so they want to see, they want to close that loop, and the only way to close that loop is to carry on into the next month. There's tons of ways to be able to do this, creating anticipation. You could have overlapping content, where you release part one in one month and part two in another month. You could have an overlapping contest where you start the contest in one month, and you announce the winners in another month. You could have an overlapping challenge. There's so many things that you could do to overlap or to create anticipation from one month into the next.

There's lots of little things in terms of retention strategies like this. One of the most important is your onboarding strategy because if people don't see the vision for where this is all going, you've almost always lost them right out of the gate. So your onboarding process is really important in terms of explaining what your success path is, explaining the vision, explaining how people fit, and helping them find content that is relevant for them, and then helping them get

integrated—if you've got a community—into the community. You want them not only connecting with you, but you want them connecting with other people, and there's strategies for being able to do this and to be able to spark that kind of discussion. But bottom line is that retention and keeping people happy is vital to the health of your membership, and if you're not focused on it, you've got a huge gaping problem that is going to continue to haunt you with the membership. But when you do have a plan, it is amazing the difference and the stress levels that it reduces, because the membership just continues to grow.

Pat: Such gold. I'm curious, this came to mind when you were speaking. How do you determine what goes in a membership website versus what you might put in a podcast? Or might put in a YouTube video? I mean, a lot of the stuff that I put on YouTube could very well live behind a paywall in a membership site, but then I'd feel bad because then I'd want to share that with everybody, too. So are there any tricks or mindset shifts that we can make when it comes to what goes into membership site versus what goes out there in the public?

Stu: I think that there's a couple of different frameworks, like one simple framework is you teach people what to do for free, and you show people how to do it inside of your membership site, that's one simple framework. Another framework is you teach people what to do and how to do it for free, and then you support them in the implementation of it inside of a membership site. So the reality of it is that a membership site just allows you to go deeper and build a more intimate relationship with your people, and people will generally pay for support, for access and for new information that they can't otherwise get anywhere else. And so as long as you think about the experience that you want to create for people. And for you, Pat, you deliver a ton of free content that's readily available for people.

To me, this is about an opportunity for you to go deeper with those people who do want more access to you and/or want to build a more deeper relationship with you, and/or want to be part of an ecosystem of people who are drawn to you. So often we forget that we attract

the kind of people that we want to do business with, and others are attracted to that, to be part of that environment. When it's out there for free anybody can be accessing it, it's a very vast community. It's not a tight-knit community, whereas when it's inside of a membership site, it's generally a lot more of a filtered group of people, who people really want to go deeper with.

Pat: I love that. We're closing in on the end here, and I feel like we could talk for hours about this. I want to talk for hours about this, we'll have to get you back on the show. I definitely want to talk about Tribe before we finish here, because that's your jam right now. But what are some other quick mistakes that people are making with membership websites to kind of prepare us as we move forward in this?

Stu: Well, definitely, as we talked about, like providing too much content and just overwhelming their people. You got to really scale back, and this is hard as content creators, because we naturally just want to give everybody everything all at once. But the reality of it is we're not actually doing them a service by providing it that way, so you really got to scale back the content. Number two is like we talked about, not focusing on retention, realizing that getting people in is only part of the relationship. The relationship really extends after somebody has joined, and to really focus on having a retention plan. And then the third one is just realizing that at the end of the day, the only thing that matters are the results that you're able to help people get.

I'm particularly talking about membership sites that are teaching people some kind of new skill, or teaching them how to improve their life in some capacity, but I'm also talking about even things like box subscriptions. We have a lot of people in our world, in Tribe, for an example, who have box subscriptions. And I'm thinking of Sarah Williams, she has a box subscription. There's a bunch of surprises inside of her box subscription, and she provides monogrammed items for women in particular. I remember when she came to me and we were talking about it, and she's like, "Yeah, but I'm not really teaching people anything. I don't really have a success path. I'm not

really helping them in any way.” And I said, “I beg to differ.” I’m like, “Why do you think people are buying your box subscription?” She took a step back, and after some deep thought and reflection on it, she realized that they’re buying the box because they want to be a lot like her, and they want to live a life similar to what she is living. It inspired her in terms of thinking more about her people, and how she can support her people and teach her people to use and consume what’s in the box. It’s amazing the difference that that has made for her in the growth and in the retention of her box subscription.

So at the end of the day, it’s about results, and we have to help people get results. And if you’re not obsessed about the results, then you ought to get obsessed about helping people get results as quickly as possible. Because at the end of the day, on my podcast, Marketing Your Business, my number one episode from last year was called “The Great Divide.” It talked about this, Pat, where right now we’re at a point in time where basically, there’s a big divide that’s happening in terms of those that are obsessed about helping their people get results are seeing phenomenal results in their business. Those who are just focused on the front-end sale are starting to see their sales flatline, if not start to decline and drop off. And they’re left wondering like, “What’s going on?” They’re still doing the same thing that they’ve always done, and they’re wondering, “Why am I not getting the same results?” And it’s because we’re at a point in time right now, where if you’re focused on helping people get results, you’re going to do fine and you’re going to accelerate. If you’re not, you’re going to see things flatline and drop off. And so for me, those are three big mistakes: overwhelming content, not having a plan for retention and not focusing on helping your people get results.

Pat: Wow. You help people all the time with Tribe, but what is Tribe? How might we get involved? Is this always open? Tell us more about it, because I think a lot of people are going to be interested.

Stu: Well, Tribe, we deliver the Tribe experience one time a year. So right now, at the time of this recording, it is closed. It will be opening April 23rd, 2020, so mark that date down. That’s an important date for

everybody to mark down, April 23rd, 2020. And essentially what we do is we help people launch, grow and scale a highly profitable membership site. We have now thousands and thousands of people in all kinds of different markets. But the reality of it is, and the reason why I'm so passionate about this, Pat, is because membership sites, they provide the business owner a level of stability and comfort in their business that they otherwise would never have.

I just think about, there is a carwash right across the road from us, I'll never forget when the guys came in . . . This was a new car wash that was being built about a year and a half ago, and guys in the office came in, they said, "Hey, have you gone to get your subscription?" I said, "My subscription?" I said, "What are you talking about?" And they said, "Well, the car wash, it's like a membership model." I'm like, "What!" I'm like, "Serious?" Being the membership guy, I go over and I check it out, and I talked to the girl behind the counter, and I asked how many people have they had sign up in the first month, and she said, "It's kind of crazy. We've been really busy. We've got over three thousand monthly members." I was like, "That's amazing."

They set this up perfectly. You can go through the carwash one time for ten dollars, or you can go through the car wash an unlimited number of times for twelve dollars. So for two bucks more, you can go through an unlimited number of times. And so they've got over three thousand monthly customers. So I get a membership for myself, and of course, Amy, my wife, is like, "Man, your car is looking sparkly clean." She's like, "Can you take mine through the carwash?" I was like, "Ah, baby, I'd love to, but the membership is just for my car." And she's like, "Well, can you just go get me one for mine?" And I'm like, "Sure." So I go back, I take Amy's car back, and I go back to the counter and I'm talking to the girl again, and I said, "So how many are you up to now?" She's like, "We're over forty-five hundred monthly customers."

Pat: Wow.

Stu: And I'm like, "This is amazing." Because if you compare this business, this carwash, to the other one that's literally thirty seconds down the

road, Pat, the one that's down the road is hoping that people are going to come back and wash their car with them every month. They're hoping that those customers are going to return, whereas the one right across the office, they know for certain, forty-five hundred people will be paying them next month. And that my friend, that kind of certainty is what I love bringing to business owners, because what it does is it creates freedom for us to focus on the few things that we do phenomenally well. I think about Mary, and she's helping families who have kids with autism, and I think about how she doesn't have to worry and have the same level of stress, and she has more financial resources to pour into helping more and more families. Her goal is to help a million families resolve autism in their families.

I think about Patty Palmer. Patty Palmer has been helping art teachers. She's, in two years, grown her membership site from zero to over six thousand plus members, helping art teachers. We may think like, "Okay, yeah, but what is providing lesson plans for art teachers, how is that really making this world a better place?" Well, let me tell you, if there are any teachers listening, you know that as a teacher, because my wife was a grade one, two teacher for ten years, your evenings are swallowed up, your weekends are swallowed up, and what are they swallowed up by? Lesson planning.

But here's where Patty Palmer and Anna DiGilio and so many others in our Tribe community have come into place, where now they provide lesson plans that free those teachers up. They free those weekends up. They free those evenings up for them to spend more time with their family, their kids, their spouses, to spend more time with their friends. But most importantly, now they can be more present in the classroom with their kids, and they could be more creative in their lessons, because they're not worried about lesson planning. And whether it's Mary with kids with autism, whether it's Patty and Anna for teachers, or whether it is Dayna Abraham, who is helping parents who have kids with challenging behaviors, I think about all the ways in which our Tribers are changing the world. Leslie Vernick, who is helping Christian women who are in troubled marriages. We are changing people's lives through membership sites.

And not only is the ripple effect empowering for the business owner for the stress that it reduces not having to worry about where the money is coming from, but the ripple effect extends much further with the people that we get to serve in our membership. Where we're able to be present and to serve them and to go deep and to help them get results. That, my friend, is how we begin to change the world, and that's why I'm so passionate about this stuff. So every year, we have a whole experience where we take people through the process of launching, growing and scaling membership sites. Whether you're starting with just an idea, or even if you don't have an idea, but you know that a membership model is something that you want to pursue with your business, we take you through that process, or if you've got a membership site, and now you want to take it to the next level, we take you through that process. So that happens one time a year. April 23rd, 2020 is the date to mark down.

Pat: Awesome. We'll definitely put that in our calendars, and we'll give everybody information a little bit further in the year about how to get involved once that all gets rolling, because I think a lot of people are going to be very interested. And you can feel the passion coming from your voice, Stu. Thank you so much for that. And I'm watching you on video right here, I can see it in your eyes and in your smile, too. So thank you for what you're offering the world, and thank you for coming onto the show today. I appreciate you so much. Where can people go to learn more about you right now?

Stu: I'm going to give you two podcasts to go listen to. So the first one is called itsatribething.com. The great news is that every single day, we have stories that are shared to us from our Tribers of people making massive progress. And during that podcast, every single week, we feature new stories of Tribers in all kinds of different markets who are launching, growing, and scaling membership sites, so go and subscribe and listen to that one. And the second podcast I want to give you is my personal podcast, it's called Marketing Your Business. Go and subscribe to that, it's where I take you behind the scenes in bite-sized episodes and share with you what we're doing in our business. I share with you my marketing insights as I'm going along

the way, as we continue to grow our company, and it's a great, great podcast as well. So Marketing Your Business and It's a TRIBE Thing.

Pat: We'll put those in the show notes for everybody. Stu, thank you so much for coming on. Thank you for your passion. We look forward to connecting with you again soon, and have an amazing day.

Stu: Thanks, buddy. I appreciate you.

Pat: Wow, just first of all, it was really cool to kind of re-edit this and listen to it again, and remember that, hey, this was recorded, literally, on some old dried lava in Hawaii, right? This was outside at the beach. What an amazing way to bring the interviewing process into travel, which is really cool. So I'll post a video about that, if I haven't already, about the equipment. But most importantly, I need you to check out Stu. First of all, he has an amazing podcast, which you need to check out. That podcast is called Marketing Your Business with Stu McLaren. You can find that on anywhere you're listening to this podcast, you can find him as well. Again, Marketing Your Business, and he'll keep you in check with how to do business the right way, and specifically the membership website stuff.

And obviously, you can also check out Tribes as well, but we'll be talking more about that later. I'd love to get involved with Tribe myself and learn about that, because we've discussed creating membership site, but we don't want to do it just because that's what everybody else is doing. We don't want to do it just because you can potentially make more money. We want to do it because it's the right thing to do. And so I'm going to be consulting with Stu and working together, and if you hear me talk about Tribe later on, you'll know why and exactly where this all stemmed from. Stu's awesome. Stu, thank you so much for coming on. You can also check out his personal site Stu, S-T-U.me, but most importantly, check out his podcast, Marketing Your Business.

Looking forward to having him back on the show and coaching me even more on this process, because man, such golden information. I love the way he does business, I hope you do too. If you don't know who he is, now you know who he is and you should follow him:

Marketing Your Business with Stu McLaren. So thank you so much. Hey, Team Flynn, you're amazing. Please subscribe to the show if you haven't already. Let me know what you thought about the audio quality. Again, this was recorded on the go, in Hawaii, at the beach, never done that before, but I'm experimenting with equipment and hopefully it sounded okay. And all the pricing and all the stuff that I'm talking about is going to be on videos on my YouTube channel, youtube.com/PatFlynn. Just come and find me, subscribe. We got some fun stuff headed your way.

Until the next episode, keep crushing it guys. Take care. Thanks so much, and Team Flynn for the win. Peace.

Announcer: *Thanks for listening to the Smart Passive Income Podcast at www.smartpassiveincome.com.*

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