The Secret to Predictable Business Growth (Most Entrepreneurs Miss This!) | Phil Sitter | Ep. 97 Transcript

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Podcast Introduction and Guest Overview

A patient or a consumer that comes in three times a year is not as valuable as a patient, or consumer, that come in six, eight or 10 times year. Members spend 44% more on average.

If you think about your business and say, hey, I want to grow next year, do you really need more patients all the time? Or do need need to more memberships?

How did Repeat MD start and what is it doing today? So I can guarantee you that you've seen this guy all over social media. We have Phil Sitter. What's up, brother?

All right. from serving tables to turning wellness practices into digital powerhouses. This week, we sit down with Phil Sitter, the visionary founder and CEO of RepeatMD.

If you believe that your mission is to transform patients' lives, then you should never let money be the reason why a patient can't get the transformation.

So I'm not saying lower your cost to the point you're not making money. What I am saying is, if a patients wants to come in and that treatment plan is $4,000, Not everyone has four grand.

You find a great financing option. So that $4,000 treatment is only a few hundred dollars a month for them across 24 months or 36 months. When it comes to the different membership models, how does that actually reshape the patient's loyalty towards the business and then also their purchasing behavior?

It depends on the membership model itself. Let's talk about a Few Membership Models. Welcome to another episode of a Healthy Point of View podcast. I'm your host, Sam Tahata.

And as usual, we're bringing experts from all over the world to talk about health, wellness, beauty, and mindset. Today we bring our guest. He flies in all the way from Connecticut, New York area in the Northeast, but you see him all of the place, especially if you are in wellness or aesthetic medicine business.

I can guarantee you that you've seen this guy all over social media. His content is unbelievable. I don't even know how he does that type of production, but we're gonna find out a lot of great stuff.

But today's podcast is gonna be primarily about memberships and subscriptions. Guys, we always hear all this stuff about membership with Amazon, Netflix, Hulu, all the different apps.

How does relate in todays world specifically for your business? we have the code crack over here and we're gonna go deep into talking about how to elevate your business with memberships and subscriptions.

Today we had the CEO and founder of RepeatMD. We have Phil Sitter. What's up brother, all right. Brother, welcome to Healthy Point of View podcast. Thank you, thank you.

Glad to be here. Awesome, man. So, you know, first, I usually like to start off for the viewers and listeners to really understand who Phil Sitter is, right?

Yeah. But not the Phil sitter of today. The Phil sitters today, we see him on social media and we want to know who was Phil growing up and how the heck did he get to where you're at today?

Yes, so I'll start with where we're at today and then I will kind of rewind back. So today RepeatMD is one of the fastest growing software companies in the health tech space.

We have 4,000 practices, we do a little over $2 billion in revenue. we have clients in all 50 states, clients from Canada, about 150 employees and we've raised a bunch of capital to expand.

Being in health tech today, you know, like you said, the aesthetic and wellness industry had no idea that I would ever end up in this space. Right. Because, going all the way back, I'm an immigrant from Vienna, Austria.

My dad and I moved from Austria, not Australia. right? So no kangaroos. This is Austria next to Germany. And we moved here and I'm a fifth generation restaurateur.

So you know, my family has been the restaurant business for five generations. Because no one knew where Austria was, so we called it a German restaurant.

So this was right during like the craft beer boom. I don't know if that was big down here, but like everybody was in craft beers, So I brought in a bunch of German beers and monastery brewed beers.

Like beers brewn by monks, oldest monasteries in the world. Beer was actually invented by Monks, by the way. I did not know that. Yeah, so it was invented by monks.

But anyways, and so we did, you know, schnitzels and sausages and we had people in Lederhosen and like, it looked like Oktoberfest if you get that visual.

Phil Sitter's Background and RepeatMD Origin

And so that's where I started in business really, where, I start with a small restaurant, that restaurant got really famous, we expanded 13 times. We won the number one German restaurant in America award like four years in a row.

We expanded to multi concepts, multi unit. I've started getting the franchise business, so I understand that business. So at the heart of it, I'm a small business owner, 1200 employees during my restaurant chain days.

And during that time I really like learned a ton about leadership and marketing, event production, all of those things that would eventually serve me well and how I got in software is as I started the Franchise, I need to create something for my franchisees to help with retention, getting their customers to come in more often.

So what we did is we built an app that was like Starbucks rewards, but alcohol. And so I went to all the alcohol commissions and got approved to have rewards that were alcohol based, which was really hard to do.

It took me like 16 months of like legal battles to get that because, you know, as you can imagine, over drinking, ID verification, all of that. Right.

When I cracked that code, it was so like it's so hard I was like, OK, well, why don't I just license this out to other people? Right. And so I built something for my franchise.

But then I said, Well, this was so hard. Let's see if other People would want it. You know, in our first year in that business, we expand into five hundred different restaurant groups.

Oh, wow. So as that was happening and my daughter was born. I just realized like, you know what, maybe six generations of restaurants is too much, right?

I'm five. I've just had my daughter. She'd be the sixth generation restaurateur. So I was like what if I'd just sell everything and go all in on software?

And so that's what I did. You know, I sold everything. And I went all into software and I felt, as though that I had to own cap my own capital to really expand.

It was really like an incredible story until COVID happened. And then all of a sudden I had no restaurants, which I was lucky for that. But I have no more paying customers.

Right. All my restaurant couldn't pay me anything. No one knew what was going to happen. So we gave away our software for free and started doing all those print QR codes.

OK, we did like 10,000 print. QR Codes. We did it all for a ring. Fifty thousand a month in Google ads. And we were thinking one day when things would bounce back.

Maybe they would become paying. Customers of ours. And during that time, I was looking for other industries that are loyalty software at the heart of it.

That's what it was. Would it be applicable to anything else? So we talked to school districts about getting kids, you know, rewards for their attendance because attendance drives behavior and behavior drives test scores.

And that's how they get their funding. We talked two country clubs, auto mechanics, car dealerships, a med spa. And a few others, and that was the idea of, like, how did the ID of repeat and degenerate is like through the.

Whole cobit situation finding another industry that I was looking for retention using rewards as a way to introduce our services and all the stuff that we did today repeat empty.

Wow, amazing man. Yeah. Talk about, you know, Steve Jobs always had a quote. His quote was you can only connect the dots looking backwards, not forward.

And what you just did and the way you opened up, You connected those dots from exactly where you're at today all the Which is amazing. You know, God works in a certain way to make those things happen.

So, you know you come from the restaurant business, which I've never been besides working as a dishwasher and a cook in restaurant when I was a teenager.

Which I hated. Which motivated me to do what I do today But the the restaurant business from what? I hear on a business perspective. It's not an easy business.

Is it very tough business, right? Yeah, it's you're working off like 10% net margins You know sometimes less maybe sometimes a little bit more, but it''s like a high-volume Very competitive 80% 90% go out of business within You know, the first couple of years and the next cohort, 80 percent and a decade.

So, you know. And it's also one of those things that I'm sure you've been to a restaurant that was super hot, like everybody wanted to go there and then one day just faded away because new restaurants opened.

Right. So talk to me a little bit about the hard part of that mindset shift of going from the restaurant business to then today where you're in the SaaS business because now you are in technology.

Number one, most people don't really envision them being where they're at today versus where were at before. So what was that mind set shift that you had to do?

I think any time that you try something new and you've done this so many times is like, you have to have a beginner's mindset, right? Like you, have the lessons, like the, lessons I took from my, my restaurant days, there's a lot of leadership lessons.

Right. I had 1200 employees. A lot, of them were not destined to be in the restaurant business. Just like you know, when you were a teenager, You kind of go there for a little while and then you go somewhere different.

So like. You have, to learn a, lot about people, how to get them to show up, How to, get, them play full out, the how, represent your brand, your standards, all of that.

But then you're also getting into a new industry. Like for me, restaurants and software is a very different industry, right? And so you have to really come into that to be okay to being an amateur at something.

It's like I was a veteran, I mean, five generations in the restaurant industry right. So it's, like, a was veteran in restaurants as an absolute amateur in software, but I had to understand that.

And when you're successful one category, it's really interesting to be an amateur at a total other because you are not used to not knowing. And if you come into it thinking that you do, you just going to get your ass handed to you.

a part-time job of just learning and taking it in because money doesn't solve problems when it comes to you being a beginner at something if anything it actually makes it worse because if you try to fix your problems because you have a little bit of money right try take a shortcut you actually don't learn And then you're just reliant on everyone.

And so you have to, you know, I was doing crazy hours, right? I Was running my restaurant group and then I would come home and I Would work and they would wake about four and from four to eight I, would like learn and you, know I wanted to really be involved because I.

Was taking it very seriously but I think the beginner's mindset of trying something new is like it's very humbling and it'S the only way to jump into something, new Yeah, but that learning never stops either.

No, it can't. I mean, think about today's world. AI is talked about all the time. Like, if you're not spending the Time to even understand it or how to play with it and how it's going to change the future, You know passive in it then it's gonna like things are gonna get a lot tougher for you or you can just say hey let me just play with this a few hours a week or an hour a day or just begin to learn it.

But you know even with AI I find even myself like it like that jump off point where you're like. Another thing to learn another thing. To do, you know, like, even if I think about you, doing this podcast, there had to be that moment for you where you were like.

OK, what kind of camera do I need? What do. I. Need to do? Oh, yeah. How do you people like how do even download it? Like, well, and that just takes so much activation energy, especially when you're like you are already busy.

Yeah. You know I get it a hundred percent because you know even myself going from a fireman to then you Know getting into the IV hydration space right five hundred bucks in my back pocket And then eventually growing it into a friend.

I never this was supposed to be a side house. Yeah So then being on the pharmacy side over four thousand doctors to exactly how you said to podcasting You go back to about three, four years ago, dude, I was never even on camera.

I had to get on the camera to continue to grow my brand, the company's brand et cetera. But I enjoy it, it's a beautiful thing. You gotta make the best out of it.

Learning is the most important part. Really collaborating with others, picking their brain, figuring out how it works. So, all right, so let's talk about repeat MD, right?

Because I see you at some of these conferences, man. And the one that always rings a bell is the AMP Spa. Myself and the team, Los was there, and you get this, you're doing the Louis Vuitton giveaways, You bring in the crowd, it's not, listen, exactly, It's just about the software that you have.

I mean, you go into the marketing and you connect with the people to then get on your platform. Right. But I want to

really understand why repeat MD. What is how did we PMD start and what is it doing today?

Yeah, so the way that it started was from this concept. When we're looking to create rewards in another industry, what industry needed more awareness for other treatment services offerings that they had?

Building Loyalty Through Rewards and Financing

And if you think about aesthetics and wellness, one of the biggest problems within the space today is you'll have a person that comes in for something almost prescriptive.

they'll come in and they're like, I want this. That could be, i want an IV or I Want Cryo or i Want Botox, whatever it is, right? They're coming in for something.

And the problem is the industry itself, like does not do a great job introducing that patient or that consumer to all the services that that practice has to offer.

Right? Right. It's like no, we do 20 things, but they typically just come for a thing, and that practise doesn't introduce them to the other things. And that patient could spend so much more.

Right. And so when we came up with this, we said, well, hey, what if what, if we just get rid of points like points suck? We never use it at the restaurants because what is what are points?

Well, number one, as a consumer, you don't even know what points are. I hate points. A hundred points for equals 50 cents, a hundred point equals a dollar.

Like you know how to do point conversion. It's like you. Don't know. What it is and at best what it. Is is like a discount program. Right? It's like you're just giving people money back, right?

Okay. Well, then just getting people, money, back. You know what I mean? But in this industry and aesthetics and wellness and longevity, you can actually use rewards as a way to introduce and educate and incentivize patients with all the other services that you have to offer.

I love that. Right. So if I'm coming in for a thing, well, why not give a Myers IV or why, not, give, a free B12 shot or, XYZ, right? 20% towards this service here, because at the minimum the patient earns it and they're like, hey, what is this?

And that's a conversation people are really like willing to have, practice and practitioner, everyone is willing have the conversation of like oh, this is, and their excited about it.

But this industry itself, we don't like to go out and sell the patients or sell to consumer anything. But it's like this really weird paradox of most people that are in in the space, like have this incredible heart of service where they want to transform patients lives, but they don't want If you really want to transform people's lives and you need to learn sales because that helps people right because it helps People to like motivate them to take action, right?

Right. And so I noticed that there was this wedge and if in where repeat md really started was rewards Introducing educating incentivizing patients with services treatments and offers within that and since you know now three years later does way more than that But at the heart of it, it was rewards out.

Right. And now you can, you know, sell your memberships through it. We have embedded patient financing. So it's not a four thousand dollar treatment. One hundred thirty dollars a month.

Which converts way more patients. You guys have like a finance company you partnered up with a firm. Yeah. Oh, yeah. so we're a firms largest partner in the space.

Nice. Again, why? Why did I choose a Firm? Well, Care Credit obviously is in this space, there's a lot of others. I

just wanted one practice fee. Like one simple fee for any credit score that gets approved, right?

Because if you think about small business owner, I don't know what this person's credit is. And so if a person comes in with a 650 in 24 months, which is not a bad credit, but it's like 24 for 650, you're paying 14 to 20 percent.

It's like well sometimes you pay 3% sometimes. You pay 14% Sometimes 12 and so people will don't feel comfortable about even presenting financing right and So with a firm I said hey one consistent fee for any square that gets approved So ours is three point nine nine and then on top of that it's done right there on the patient on their phone and Which is intimate, right?

It's like it's my own experience. Where they get their approval process right there. And you don't feel weird as a patient, whatever your level of affluence is, like using a firm versus like, hey, can I get a loan application?

But loan applications sit on this computer where you're isolated. Right. So it is like all of those things. Now what we're obsessive with, started with rewards, we are obsessing with the patient experience, How do we bring a modern experience that they would get at Ecom or like the biggest brands in the world in local practices so patients can discover treatments, they can buy them from anywhere?

Our number one purchasing hour is 9 p.m. at night. So it's like 9 p.m. at night, well, why? Well, because the kids are asleep and I'm thinking about the wedding that I've attending and what treatment, or you know what, I got this thing going, in my case, going to the US Open and gonna have a hangover the next day, so let me go ahead and get an IV scheduled.

You just pull out your phone and you buy, you book, and do all that. It's a beautiful experience, it not some dated experience that represents the brand well.

I love that, I loved that. So let's talk about memberships in general. I mean, we live in a world of subscriptions. Tell the listeners and viewers what's happening in today's world when it comes to memberships and subscriptions.

Because I go on social media, man, I forget the name of the app, but there's the man on the street that goes and walks up to people and says, hey, do you know how many subscriptions you have?

And most people are like scratching their head, eh, don't know. And then they say, well, download this app. Then all of a sudden, all these different subscriptions come up, and they're like, oh wow, didn't I know I had 55 subscriptions I'm paying on a monthly basis.

You know, on a business standpoint, some people look at memberships as like, oh, well, people sign up and then, you know they don't even show up, and you're just making money.

But there's a heck of a lot more when it comes to memberships. I want you to go into the details of like what's happening in today's world when comes membership versus the other typical business models that are out there.

So I think that it's well said and well understood that members are everywhere, right? That's how a lot of millennials do shopping. That how they do budgeting, especially budgeting.

They think about, lifetime is this. My practice or IV clinic I go to is my patches. I do the NAD patches, and that's like $300 a month. So that that, that is taken care of.

And then I have my skin care or my pill. So we think about all these things as subscription models. And then we have our membership models, you know, in entertainment, etc.

and that's just how we buy today, right? We buy through convenience, we by through loyalty, and most importantly, for the practice and this is like the real part of memberships, it's creating predictable, recurring revenue, monthly recurring Revenue, write MRR.

Why is that important? Well, do you want to start at zero every month? Right? You're you're here in South Florida. I used to be in Houston. What happens if a hurricane comes?

Right. Business out of business. You out a business for how long? Two weeks, three weeks? Four weeks. Six weeks right. Right and so that that's an example.

But the reality is having predictable revenue is absolute key. It's having the revenue come in every single month. but also having a membership that's valuable.

So when I first started doing my membership talks, and this was maybe three years ago, about 20, 30% of the room had memberships. Now I do the same talk about 70 and 80% percent of room does membership.

The only difference is everyone's doing them, but they're not really creating valuable memberships, so they struggle with people buying them. And it's like, no, members are not this weird, like gotcha, right?

Like you mentioned, people buy members and people don't come in and use them and now we've made money. That's not the point, right? The point is a patient or a consumer that comes in three times a year is not as valuable as a patients or consumer who comes six, eight, or ten times per year.

Members spend 44% more on average in a given year, And so if you think about your business and say, hey, I'm gonna grow next year. Well, if I know this group spends 44% more than this other group, do you really need more patients all the time?

Or do need need memberships? Do you need to more members? Right? Because when they do come in, you can do things like membership based pricing, which is discount other services for your VIPs for members.

And now you're upselling and cross selling other sides of your And so there's a lot of different ways, a lotta tactics to sell more memberships. There's tactics that structure the proper membership programs.

And in this space, especially if you're talking about wellness, the number one best-selling membership right now, and it's like, if they're not doing this, you are crazy, are GLP-1 members, weight loss members and now peptide members.

Right? And it is like if your in weight-loss and your not in a weight lost membership, your insane. Because it like In terms of revenue, so we do 200 million a year in memberships in terms.

Of revenue. It's by far the highest in revenue So what would you say is like? And I know you can be a little bit biased because you're in the industry, but what company would be like the godfather of members in your opinion?

any company, you know, The Godfather, and I'm not saying they do this well, I am just saying that they started with membership. They built a thousand locations out of this.

And this is more in the aesthetic space was Ideal Image. So, Ideale Image, largest chain ever exists in this space over a 1000 locations very quickly.

and they had a yearly membership and what their yearly membershp was, was $200 for the year. Right. And that gave you 20, 40, 60 percent off of everything.

Right? It's like if you buy this two hundred dollar a year membership, you get access to better pricing. So they were printing money with this 200 dollar membership.

They got you really got nothing for but access the better price. But the amount of loyalty and retention that created was insane. Wow. Because they got all this money up front.

locked in the membership, but from there, you don't think about going to any other business because why? Well,

I'm getting 40% off of laser hair removal, or I've getting 60% of IV therapy or whatever.

You don' even think of going another place because you're like, already paid. Like, American Express Platinum Card, right? You pay $500 for the year, Well, now like you're going to go get your benefits.

You've committed. you've made a commitment that you are going be shopping with them because you want your value. And so they're really like, I mean, why even consider them Godfather?

They were doing this 10 years ago when no one was even thinking about this. When you look at the membership model, there's a lot that goes into it when you start wanting to launch that in your business, which consists of things like, for example, how are you going to market that?

How are going get your team members to actually properly sell the value of the members? You know, when you talk about the aesthetics industry, the ascetics is kind of, I would say it's divided into two different parts.

You got like the med spas and then you got the plastic surgeons. Do you see a significant difference between both of those when it comes to memberships?

So plastic surgeons will do memberships if they have like a med spa or wellness clinic attached. And it's brilliant for them because you don't want to come see your plastic surgeon again, unless you're getting another surgery.

If I go get a nose job, it is not good news if I'm coming back. You don't want to pull the Michael Jackson stuff. So that's not good news, but it's great where if you come in and you can introduce your patient to like, hey, we have this VIP membership.

Membership Models and Patient Retention

This includes these services XYZ. That's what I see with plastics. With med spas, I've seen a ton. Wellness clinics, a see the ton and like I said, there's a lot of different tactics and we can get into a of tactics on why to sell memberships or how to But again, it's really that recurring model of just every month the money coming in, the guarantee of loyalty.

These members are about 80% more loyal than non-members, which is kind of obvious. Why would you buy a membership to a place that you're not gonna be loyal to?

But I've seen it as just the greatest predictor of growth. So let's talk about that loyalty side of it. When it comes to the different membership models, How does that actually reshape the patient's loyalty towards the business and then also their purchasing behavior of how, you know, they actively purchase things inside of your business?

So it depends on the membership model itself. So let's talk about a few membership models. And when I tell you about the models, we'll talk how to make them effective at the same time.

It just adds some value. For example, tier-based memberships. Tier- based membership, it might be like a bronze, silver, gold. it comes with a choice of these three or four treatments per month.

Or sometimes you see in this space an IV membership. Okay, but a lot of times what happens with these memberships, like a single treatment membership, is the turn rate or the cancel rates really high.

Well, why is that? If I would got an IV membership. What happens if I go on vacation for three months? Then I've got three IVs. And I'm like, I don't need three IVs.

So what do I do? I cancel. I try to use them. And then maybe or maybe not, you sell me again. That's a problem. A better model for that specific one is the tier, but you can choose different treatments.

It's an IV. or red light therapy or a B12 shot, or you get the point. So if I stack something three, four months go by,

then I can say, oh, you know what?

Let me get these two, three things. And it's kind of fun, right? Because it like you saw girl math where it was like, I already paid for it type of thing.

It's like oh. Well, now it is kind fun. Guess what. You need to be super loose with your terms. This is like a hot take for people. People are like no rollovers.

Okay, why would you want to screw over your customer? Hey, I was gone for three months and no treatment rollovers, so I just gave you money for no reason?

You know what? Let me give you a different take. Yes, rolovers. Bring a friend with you. Yeah, hey guess what bring a family member with you because sometimes people do these terms of like hey Not like rollovers or not, but they're like only for you Well, what do you mean only from me?

Why why not bring? A friend right because now a new person is coming into that practice with You and now you can sell them on something absolutely and so you want to be loose and you?

Want to do things that are like? A VIP experience you do events and parties and soirees all these sorts of things so that's tier based memberships right one of the one the most important tactics of any membership.

Is not only the things you're going to get but the perks and benefits and I see this missing a lot. You have a tier-based program or an IV membership, but you forget the perks.

Every month, every quarter, right? Every time they come in, something, that could be 20% off of all of the other treatments because you're a member. That could every 90 days you get a body scan.

You know, that can be a nutrition plan, right? What are the perks of being a member other than the thing that I'm paying for? And it's a really interesting opportunity, especially like milestone loyalty bonuses.

For example, if you're a number for 60 days, you earn this new reward. So that's baked into our system. But just in general, generally speaking. Well, why?

Because these are your best customers. And if I introduce them to this knew thing, they'll likely buy that too. Right. And so that's one membership program called tier based.

There's others. I don't know if you want to get into those. Yeah, let's get in. So I'll just go with three. That's tier-based. Another one, weight loss.

OK, so weight, loss and peptides. You're not going to compete against hims and hers and the online pharmacies. Right? Like that race to the bottom, that customer is not your customer.

Like so like where people get it wrong is like they start discounting that membership to try to complete with that. It's like, no, That game is not winnable.

OK, the game that is winable are for the people that want a complete experience. And why that's important is because you can charge a lot more anywhere between three hundred dollars.

Talk about like semi-glutite, three dollars to five hundred a month. Right. So that can be all the way to seven fifty a. Well, what are people paying for?

they're paying for that personal experience. They're playing for coming in and not just getting the medication, but also the body scan, the nutrition plan, all the other layers that you can add to it.

The B12 shot, right? What are the things that can you add, to make it not a competitor of like, do you want online

pharmacy or not? But it's a complete weight loss journey, and what I see with weight-loss is like that's what people want, if they are coming to you in person, they want a completely weight lost journey.

Can you partner with a fitness trainer, create a nutrition plan? Can your partner, with the fitness, trainer to create, a workout program at the same time?

What can you do to add so much more value that people would be stupid to just, you know, get the shot at home? Yeah, right. And so that, that's really important.

In a sense of community is important a lot. I mentioned this already, but a, lot of times people don't think about doing member events. Members should be something right.

We talked about AMEX, right? They have the Centurion Lounge or platinum, you know, platinum member, black card member. Why not for you? Why? Not have something once a quarter that it's like like minded individuals, a sense of community coming together.

They can bring a friend and you do something. It could be, oh, one thing I've seen really successful is even a virtual webinar once in a month or every two months with all your members.

And you bring in the speaker on a topic. Okay, what can you do to make it feel like you're a part of something not just a monthly charge, right? right and the final one that I think is really interesting and you might like this one is a is like a wellness bank or Beauty Bank and These memberships are a certain dollar amount per month that just gets deposited like into a bank account Right and that you know in on our program like actually is the savings account So they actually deposit money into that?

Yeah, every every month. It's like anywhere between 100 to 300 dollars a month that gets withdrawn from their bank account and put onto their account.

So there's saving up for a big purchase. And because they're doing that, they also get all these other perks. And that's one of our most popular ones.

So, you know, GLP-1 programs, weight loss programs are number one in terms of revenue, in term of retention and success. It's all beauty banks and wellness banks.

they do okay, but the Beauty Bank one, like you're withdrawing $200 a month from me and I'm getting these larger wellness plans or treatment plans, et cetera, that I am saving up towards, and because of that loyalty, you are giving me better pricing and perks.

And so that's a really interesting question. That's very cool, man. Especially when you look at it from the business side, it's like that money's coming in.

Yeah, so it is a liability to sit in your liability account. But it like someone buying a gift card every month. As a business owner, you can use that money, right?

To do some bigger marketing or whatever it is that you have to do to grow your business. I like that. It's even like, I heard like Starbucks, their app, for you to actually put money on it.

And I don't know what it was because I didn't use it, but it's like $20. Minimum $25 upload, and now they're one of the largest banks in the world. They have $3 billion in cash.

It's crazy. Just from everyone's money that is guaranteed to spend. Right. Or guaranteed the sit there. And guess what they do? Because it's three billion.

They make an interest rate off that and they float it. So they're playing the game at a different level. It is amazing. When I heard about that, I said, wow, genius.

Think about this now. Starbucks itself, it is about 58% of all transactions are done through the app. More than in store. For me like I use a Starbucks Apple.

Why do I used it? Well, because I don't want to stand in the light I go to airport a lot. I just grab it and go right, right? So it's a convenience thing, but they're there I'm already they already guaranteeing my spin because after upload $25 for $4 coffee, my right so There's lot of really interesting ways to financially engineer things and in this space like the Wellness Bank and Beauty Bank it like You see it a lot in the aesthetic side of things.

You don't see so much in wellness side. I guarantee you it's going to be coming because it just makes sense. The thing is, when you think about business, especially being in a wellness space and the aesthetics space, You can't just think about what you're doing on a medical standpoint.

Like you gotta get creative with the things that you are talking about right now. This is what will either make or break your business in a lot of cases.

Of course, yeah. So let me ask you this. What are some surprising consumer behaviors that have you noticed when rolling out memberships? Yeah, I mean they spend a lot more, right?

So 44% more spend on average, so if we look at a practice that has memberships in the cohort of patients that do, they're spending a little more. The referral side is also insane, about 4x the amount of referrals, and think about that alone, on the referral Memberships buying a membership to a practice is a sign of loyalty is like the highest sign Of loyalty you could imagine right and so by the way that makes your business so much more valuable in terms of a multiple level We can get into that but it's a huge sign.

Of Loyalty lifetime value explodes about 96% increase of lifetime. Value but also four times the amount of referrals. Well, why? Well if I'm a member, it's a sign of loyalty and we are communal beings.

We like to bring our friends into the ship that we like, right? So if i'm buying a membership to this place, I tend to want to brings in my friend or at least show my friends the place that I go to.

So we make that really easy. Right? So we make it easy by being a member, but then doing the events as a compounding effect, because all you need to do is give them an excuse now to actually come.

So you can do, hey, you bring, bring a friend and that friend gets their first treatment for free. Why do you think lifetime gives out passes? Right right lifetime fitness.

What do you think right because I got a workout, buddy I'm going to show my facility and now they go what happens they sign up they signed up. Yeah. Well hey guys lifetime is an incredible business It's a multi-billion dollar enterprise.

Let's start doing things that the billion dollar enterprises do right And so those are a few. On a consumer standpoint as well, it's interesting. Once they buy a membership and once they start referring, then also the buy now, pay later financing piece, right?

We have members coming in more often. So instead of three times a year, six to eight times year they're bringing friends, et cetera. But now they are making bigger purchases as well, right?

Because when, you know, for example, why you don't buy an event ticket at the gate anymore. You know how you used to be able to buy a concert ticket. Because if you buy it in advance, the consumer psychology is you've already paid for that in months in advanced.

And so what they saw is this dramatic lift in spend on concessions if you don't have to buy the ticket in advance. Or if don' buy ticket the day of. Because if buy a ticket day off, your likelihood of buying concession goes down dramatically.

And in their space, about 60% increase. So it's like, if I get you to by tickets months in advanced, and you come into the gate, where do they make most of their money?

Concession. Right. You spend so much more in concesions, you'll have buy that ticket at the same time. And so if you're buying memberships and you are coming in with no payment, you come in, your ability to upsell or cross sell that patient goes up a lot.

Man, I did not know that about the stadiums and the concerts. That's actually pretty cool. Now you got my wheels turning. It's dangerous hearing a guy like you say that information to me, who's an entrepreneur at heart, because my wheels just start hurting.

I'm literally creating a business plan in my head while we're talking. A lot of life, a lot businesses saying, well, why do other businesses operate the way they do?

And if they do it successfully or anything that I can model, we talked about Starbucks. We talked. About lifetime, right? We're talking about live nation.

Yeah. we're. Talking about businesses that have been around for a while or booming right now. Right. And most small businesses aren't right. Eighty seven percent of small.

Businesses don't sell when they put a for sale sign up. Well, why is that? Because I can't buy a business that's not predictable. I cannot buy business doesn't have increasing cash flow or doesn' grow or expenses aren't managed.

So we have to borrow some of the tactics the big players are using. That's important. One of things that you mentioned, you brought up lifetime value, the LTV, which I think it's important for the business owners that are tuning into the podcast to really understand the importance of understanding that data.

We all do all kinds of different types of marketing. Some people utilize Groupon, some people do ad campaigns on social media. But for me, one of the things that are extremely important is understanding, number one, what is your new customer acquisition price, right?

Where is that customer coming from? And then tracking that customers, from wherever they came from, for three months, six months? Nine months. A year, two years.

And really understand what the lifetime value is. In part of that, I want you to chime in on the importance of lifetime values, because one thing that we do at Liquid Vita is, At the end of the year, I want to see that person who has that 12-month lifetime value, right?

Because what I wanna do is whoever has the highest lifetime values, i wanna go ahead and take the top 20 to 30% of that highest life time value and figure out where those people came from, create look-alike audience, and target people that look like that top twenty to thirty percent of top lifetime.

Dive a little bit deeper into the importance of lifetime value and people understanding that data for their business. And that's why you've been so successful, right?

As a small business owner, you might not even know what lifetime values is. The fact that you're doing cohort data and lookalike audiences for that is no secret why like you have been as successful as you are.

You know, it's like the saying success leaves clues. Right. So lifetime, value, software companies, all the most profitable, the biggest companies all.

Obsessed over customer acquisition costs cack how much does it cost to acquire a single customer and the lifetime value of that customer? And so if you don't know what lifetime.

Value is it's like a cohort of how. Much does a person spend per year extrapolated to how many years they'll do do

business with you so. If a patient, for example, spends $2,000 with you in a given year, and you have that patient for 12 years, 2000 times 12, it's 24, 000. That patient's worth 24 000, so one major unlock on lifetime value, you can look online for lifetime-value calculators.

One major lock is how much am I willing to spend to acquire that? Well, if I know an average patient is worth 5 000 then I might not be able to spend $5,000 to acquire them, right?

Because you're not making any money. But if a patient's worth $20,00 and you are spending $500 to require them. Well, how many times would you make the trade in business that I pay $ 500 and I get $25, or $ 20, 000 back?

Consumer Behavior, LTV, and Business Valuation

Yeah, all day. All day, but you have to know your numbers. And I'll say this about lifetime value just in general is a patient that's on a membership is worth more because lifetime.

Value is all driven by getting new customers, getting them to spend money. How much are they spending? And at the frequency that they're spending it out.

So it's even okay that a patients spends less. But if they come in more often, then you'll make more. So frequency of visit and the purchase size of transaction are the greatest drivers.

And so memberships really increases the frequency, which increases lifetime value. One of the secrets in this space for lifetime values that I think people really don't look at is the age of their consumer.

because one of the greatest predictors of lifetime value is the age of your demographic. What do you mean by age? How old are they? They're not like how how long they've been with.

Yeah. So how? Long they be with you is is one the most important because, you know, that's what like is driving your life. My value. Do you? You know.

And just for the audience at home on that is like if a patient only comes once and never comes back again, your lifetime values one. Right. It's like one month, one visit.

If they come in often, then you can say, well, if they're coming in this often for this long, this is how many years. Also, age is really important. What do I mean by age?

If your average demographic is 45, 50, or 60, your lifetime value is going to be a lot less than if you're attracting someone in their early 20s, mid-20s or early 30s because they can do business with you at a longer time horizon.

And so I would say one of the strategies on lifetime value as well is to make sure that you're marketing, that your also bring in the youngest demographic you can, whatever makes sense to your business.

Because if you could get their loyalty early and they can do business with you, especially wellness and longevity, it's a lifetime commitment. If you if can be that brand that's hot and modern and gets like Younger people to come into it.

Well, then your business even in terms of evaluation perspective like you're gonna sell your Business is worth a lot more if you can showcase that you have a wide range of consumers from wide Range of ages, right?

Because if everyone's a certain age group, you like, okay, well You know, what happens when they age out, right? If you can have a wide range. So I would just say, like, make sure when you're marketing, you are focusing not just on one core, it's ICP and marketing terms, not one ICPs, but it is better to create personas.

How do I how do i influence and attract these 20 year olds? How Do I influence an attract? These 30 year old and 40 year-olds and 50 year Olds and have marketing based off of those personas more than my customer is a 45

year.

Old housewife, right? Right or whatever it is Yeah, yeah. And you know, the bigger companies in the aesthetics industry, they have a whole division that's focused on the younger generation.

You know I know Allergan, you're working with the corporate team members and whatnot. They had a hole thing, I believe it was called Future Core, right?

They're marketing to like high school kids, right? The high-school kids are not getting the services, but they're already programming them. So by the time they hit 18, 21, they get into Lipstone, the baby Botox.

As a business, it's always important to kind of understand. Hey, where's the next wave of customers? Where's it going to come from? Yeah. And right now, It's obviously peptides in the wellness industry.

Right. It is like that is the thing. If you're not promoting it, actively engaging with it understanding that community, educating it on it through social, you are going miss that wave.

Again, we talked about another major brand, Allergan. They have the Alli app. But and to your point, they're ready marketing that younger consumer. Why?

Well, I don't know. Allergan's a 50 billion dollar company. Again, we're looking at successful companies are reverse engineering what they're doing. The lesson, okay, I need to have something modern and I to be engaging younger consumers so I can get them attracted to my business so my businesses stands not only of extreme value but the test of time.

Right, because things change. Yep, yep. So you mentioned two different things in earlier conversations. You talked about memberships and you also talk about financing.

So which one is more important? So, I think it really depends on your practice. You know, one of my core beliefs, if you believe that your mission is to transform patients' lives, and you identify with the mission of, like, the reason why I'm here and the why do what I do is transform patient's lives.

Right? Then you should never let money be the reasons why a patient can't get the transformation. So I am not saying lower your cost to the point you are not making money.

What I'm saying is if a patient wants to come in and that treatment plan, you know Maybe it's stem cells or something like that. Treatment plan is $4,000 Okay, not everyone has four grand to just spend but right and even worse a lot of people they feel guilty about spending that money on themselves Okay.

Well, so what can I do offer all the tools and strategies that I could possibly have for that patient to make it affordable and So in my view, the affordability is in two ways.

You can do the beauty bank or wellness bank, like I said, where they're saving $200 a month. Right. And there's no financing there. There's not interest rate.

It's all good. They're doing that. Or you find a great financing option. So that $4,000 treatment is only a few hundred dollars a months for them across 24 months or 36 months, whatever is affordable for I believe that it's your responsibility to give your patients that level of affordability and access, not only as a business person, because it is good for business because absolutely is, but also because a patient like if they are if their need of a service, you need to help them.

Yeah. Right. And so I think it s a responsibility thing and the tools are out there to do it. So it' like do. Yeah, I agree with that. So what is the secret sauce?

Let's say I'm a brand new business, right? And I want to launch memberships. What's the secrets sauce to really

get this thing to scale? That's a great question.

So I would say a few things are secret sauce. Number one, simplicity, right? It's like choose one to maybe three memberships, but don't go hog wild and have four or six and make them confusing and all these things like better start with one or two and start without the next thing is they have to be valuable.

They can't be this weird like we're going to screw my consumer over a consumer, over psychology. They have to be like, people would be crazy not to do this membership.

It's incredibly valuable. Right. So it's like. We we make it simple. we. Make it valuable, right? We make perks and benefits. so people are like man, this is awesome.

Like I'm really a VIP. You do a membership launch party, launch the damn thing, like make. it awesome, make, it exciting, and make VIP have some Dom Perry on have the red carpet.

make it something special, right? Because if no one's excited about it, like, why would like if you're not excited, they're going to be excited. No one is going be exciting about incentivize your staff to sell it.

Right. Talk about all the time. Here's how to incentivise your stuff really easily. Do a raffle once a month. OK, we sell 20 memberships. We do a Raffle every month that we do it the Raffles price gets bigger.

Okay, you can start with $100 gift card. We sell 20 this month, we'll wrap $1,000 gift cards so everyone's involved. And it's a team thing, or it is not Samantha sold 20, it was we sold $20, right?

Okay we unlock that prize, let's unlock the next prize. At the end of the year, might be given a cruise trip away, whatever. But like, its important to incentivize your staff.

In the final pieces is exactly that, is like you have to market it, You have talk about it. You're not gonna have people fall out of sky that buy a membership to your business.

you have to make it a core part of your business. Your business has to be a membership model-based business, not where all you do is sell memberships, but it's very clear and apparent.

And the final hack, and I think this is one of the most important hacks in memberships, is before someone checks out, right? Right before somebody checks, show them what they could have paid if they sign up for a Right there make them feel it.

Yeah, it's like hey this thing $2,000 $200, whatever it is if you you know, you enjoyed your service. Yes. Yo, I loved it blah blah, especially if they're complimenting how great everything was like Hey, if join this membership, You'd actually be saving 20% will take off this And for you, extrapolated, coming three, four, five times a year, this is what you'd be saving.

And not only that, you could invite it to our parties, or not, only you get all these other perks. You get better pricing. Right at point of checkout, just add a little bit of friction and let people visually, that's the key, not words, but visually see what they're gonna save.

That can help right there. Wow, wow. What about with staffing? Do you feel like a new business is launching memberships? They need like, a director of membership or someone who's like responsible for the memberships?

I think it's a more staff buy-in thing that you have to get everyone involved, right? So it not on relying on one single solo person. But I thing it an interesting idea for sure to have someone, key responsibility.

but again, like your staff should be really excited about the membership program because like this thing is awesome, it valuable and it fun. and they should be rewarded for it in any way that you can.

Absolutely. All right, so AI in business. Is it a hype, or is it real edge for like consumer retention? So, yeah. Because I know you like AI. Yeah. You've already talked about it.

I'm in tech. Is that you're going to be left behind. Right. So, you know, I use it in my everyday life for the things that I used it for. But in terms of your question, like consumer.

I call it the billionaire framework. OK, so here's the billionaires framework, the Billionaire framework is simple. If you were, you know, this billionaire, You would have unlimited access and you would Have extreme personalization.

So, for example, anything that you wanted, especially on the health side, would you have a concierge team and they would've already like found the right people, found The right services, know all your preferences and it would be completely customized to you.

Right. To you specifically, not you walk into a practice and like you have an appointment and no one really knows who you are. It would feel like, wow, this thing is highly concierge.

Wow. And so that is what I will be able to do for people on a consumer perspective is you don't have to be a billionaire. Everything is going to hyper personalized to you.

Your purchases, your preferences, Your ideas, what you've clicked on. But like to the point of everything. Right? And so that that's what I can do on a consumer perspective is when you walk into a practice individualized to the point that they already know and they're educated and a lot of people have been here long enough in the space to understand what WebMD did, which is like everyone started diagnosing themselves and it became a real problem for people.

What the hell do you think is going to happen with AI? They're gonna have all the access, all of the pricing, they're going to believe it. With WebMD, at the end of day, the result was always you had cancer, you were going die.

Anytime you looked at Webmd, with AI, their going think with their plan that this thing is smarter than you. Right. They're going to be like, no, this is what it says.

And A. I. is all knowing like you're wrong and that's going be a real problem. So the question is more along the lines of how do you make it a beautiful, friendly experience for your patient to lean into that versus what's gonna come, which is everyone's to diagnose themselves and like tell you like that they know more when you are the one who is the practitioner.

So for example, for a PDMD, what we have is we AI treatment advisors. So right when the patient goes on the app, they put on their preferences, the things that they like, we track what they buy, and you can choose between Adonis or ARIA.

You know, Adonis, the male version, Aria, a female version and Adanis for example, will actually put things like a cart for you or not a car, but like, you know how Netflix, it's like movies that we think you'll like.

You watch a war movie. So Adana's will pull things that like Phil might like right based off of my feedback. And then I can chat with them and say, hey, for I only want to do something natural, you know, I've got this I got the shoulder injury.

What could we do? And Adonis is completely trained on your catalog to find the treatment, ask questions and recommend a treatment. Oh, wow. Right. And I would say a lot of it's discovery where it helps the patient like understand your services more.

But when am I doing this at 10 p.m. at night? Right? I'm talking to Adonis because I am thinking about, oh, hey, what about this? And it's like, Oh, yeah, this is the treatment that could help you with that.

I like. Oh OK. Well, based on this, like how does that match with? That and it is like Oh well, Based on what you're

doing and based off the service. Yeah, you would love this or no, maybe something different.

So a real example for me, Adanis actually sold me on my practice that I go to. There's a repeat MD client, Dr. Groban, a Uthology in New York, and I've never gotten Botox before.

and I still haven't, but I did end up buying it because I said like, hey, I want a natural treatment, ironically, i don't know much about it. Like a neurotoxin in my body, how am I going to react?

And Adonis is like training me on it, like teaching me about what it is and where it comes from. Okay, that's not that bad. And so I'm talking to Adontis, etc.

and then about a week later, you know, Uthology does a Labor Day sale. And so I was like, hey, how many units should I get? And, so it tells me how may units that like is safe to get.

That's like a conservative amount, but like you know, roughly. So what happens? I end up buying it. Right. I end up buying it because he educated me on it.

And I was like, OK, my guard was down. It's not as bad as I thought that it was. Like, okay, I understand that because I. Was like what are the long term benefits of this now?

So I'm having this conversation two weeks later. He does a sale. By the Botox and now in about two. Weeks I am going to see him. Right? But think about this.

How many how much time did that save that team? Oh, yeah. Tremendous. But that's the beauty of it I got the information that I wanted and was good information.

Adonis is trained on the catalog. They saved a lot of time, right? Especially you launch a peptide program, you're gonna get a lotta questions. All the time.

So why don't you give out your phone number so everyone can text you? That's what happens every day. You give our your number and you have 200 patients or 20 patients, or two patients texting you.

Exactly. That what it can save. It can give you a better patient experience and it save you lot time and yes, it also make you money. Guys, guys, listen to what Phil is saying here.

You have to get yourself the Adonis, the adoniss midnight third shift sales rep. I'm telling you that is like, who doesn't want that? If you're a business owner.

Yeah. Get yourself dead honest. You know, it's like he's working for you at night. That's amazing, man. And that that, that. Is the power of AI that people have to really start looking into and utilizing it.

Let it be, let it, be your greatest ally, not like the greatest villain you've had. I agree. Phil. Black Friday is going to be coming up. Black friday.

Yeah. Everybody wants to sell. Everyone wants the compete, right? We're spending money day after Thanksgiving. People are in that holiday spirit. what do you do for Black Friday?

What do businesses, med spas, wellness centers need to do to for black Friday, because most people don't think about like, oh, people are not gonna go ahead and put a tent and camped out in front of my med spot.

Well, those days are long over, yeah. It's like people aren't looking more at Cyber Monday and stuff, but that weekend, what have we got? So Black Friday, Cyber Monday, obviously, I'm super biased because we all of our practices run promotions during that time.

And so you really need to lean into it. But I think I. Think one of the biggest points of confusion is like, when should

I start? Right. Because Black Frida used to be Black friday.

Right now, is it like black frida month is a black Friday year? Like, you don't know what it is anymore. It's like. So what we found from our data is if you start from the Monday of Black Fridays, a pre-Black Friday sale into Black Then you have, you know, that Sunday where you take off the cyber Monday and then last chance.

That is the right window. So it's about a nine day window, so you should start on that Monday as you to warm it up pre Black Friday sale.

AI, Personalization, and Black Friday Strategy

You're going to get some sales there. Getting a lot of sales actually lead into Black friday. Then take that sunday and I'm talking about like on a promotional calendar.

Take that sun day a little bit off. And then Cyber Monday hard. And the biggest sales day is the Tuesday after Cyber Mondays. Really? And. The reason why that is is because it's a last chance sale because you have this huge cohort of patients.

So you're like, I'll get to I will get I get. To it. But you want to play that Monday's ends at midnight, ends up midnight and then on Tuesday. OK. Last chance Tuesday, boom.

and that on in our data has always been the number one day. It's Black Friday in the third spot, Cyber Monday in second spot and the day after Cyber on the first.

Wow. So I guess your marketing has to be on point with the messaging. You've got to do an omni-channel approach. Omni channel means social, email, text.

Got to make it a big deal. Yeah, it's like we as consumers expect it. If you're not doing it, you are completely irrelevant. No one is going to… You got be to the point where it feels…

It feels like a lot to you. You have to ask yourself the question of like, are we doing too much? Like, Are we texting too? Much? We emailing too. Much are.

We are, we posting on Instagram too, much about this. If you feel that, then you're just barely doing enough. That's interesting. So I really don't want to harass people.

I don' want people to opt out. Right. So like, how do you what would you tell these individuals, these business owners on how to overcome that type of mindset?

How many emails can you remember from yesterday? Not much. Yeah. That's the point. We're not nearly as relevant or noisy as we think. And I guarantee you've got a hundred plus emails, probably half of them worth a shit and the other half promotional, right?

And it's like, that's the thing. If you just like take it like on a perspective of news cycles, like you remember that plane that disappeared over Malaysia?

Remember that crazy thing yeah after three weeks like it's like. It didn't exist right right so it like there's so much volume that your little pipsqueak volume like the little things that you do are not nearly as noisy as you think you're only conscious of them but you are conscious because you doing the action you not on the receiving end and so I think the sobering thing is like listen like business is a game of attention Right.

Why is Kylie Jenner a billionaire? Because she owns the most amount of attention. Right? She's not what what are her cosmetics? You know what I mean? Like, is it do we think Kylie?

Jener is like, like got all of the answers figured out cosmetics like no, she just has most attention, right? And so

business, you're fighting for attention all the time.

And it's like listen, get the attention I rather have an opt out than no one ever seeing the thing. And so pump up the volume so you can get the attention.

Absolutely. Yeah, no, I see that. Phil, from an investor's lenses, right? When we start talking about the memberships, the subscriptions, and you're growing your business and one day, As I always say, you know, my business mentor would always tell me, it's like, hey, a business plan without an exit strategy is an incomplete business.

So you as a businessman should have a plan to exit. What does subscriptions, memberships, how does that feed into that potential exit of the business?

So I love the question because I think about it often. I Think one of the most important things you can do as a business owner is step outside of yourself and put on the investor frame, the Investor hat.

Okay, so if you can take yourself outside of your business and put the investor hat on, you have to ask yourself, what would make me want to buy this business?

Or better yet, this Business Practice A, Business A versus Business B or for sale, which one do I want? Well, would you want one that has predictable revenue?

Yes or no? Yeah. Right. So you would want one that has income coming in every single month. Absolutely. You want that. Would you want 1 where you knew that a percent of their base comes in 8 to 10 times per year?

Yeah. Right, so you you. Want that right? You would. People to come in eight to ten times a year, not two, three times. A year right. And would you? Want to see that cohort or just that general cohort have lookalike audiences of bringing their friends, family, etc.

Yeah, Right. And the reality of that is a predictable business is, a viable business. Yeah. Right? And sometimes people really get it wrong where they're like, you know, I have to be a celebrity of my local business or in my town and etc.

etc.. And it's like well, here's the thing about that. Do you come with the business? At some point, you have to ask yourself, what is the most important thing?

Well, the important is that I have a business that can actually do the work without me. And I'm not saying memberships does that completely, but what I am saying is membership starts giving you the leverage where that's possible.

And I can see that. And as you're talking, I'm over here thinking like, you know, some of the different businesses in the IV hydration space. You know you get some the ones like in Las Vegas where all they do is focus on hangovers.

Right. Then you got the other ones that focus more on wellness where people are coming in on a consistent basis. They're getting memberships. The hangover ones, like Vegas, When is the next time that customer's coming in?

Maybe never. Right. If Vegas has a bad quarter, they're going to have a back quarter. So, you know, for me, it's just like you start thinking about it.

Some of these businesses like in Vegas, that make a lot of money. But is that a business that's easy to sell to somebody else to take over it? And, um, even like thinking of my buddies that are in real estate, do a real-estate stuff.

the guys that are buying houses, fixing them up and then selling them and making 30, 40 grand versus the real

estate investors that buy multi-family unit real-estate properties and they have it all fully rented out.

Or the ones that have the commercial properties that people locked in with personal guarantees and 10-year lease agreements and everything else. Those things have tremendous value.

If you think about that as a subscription within itself. That's actually a great point. Yeah. So, so from an investor lenses, do you think the business has a higher multiple?

Oh, yeah. You're on the subscription side. Yeah, So the multiple, the, multiple side is the most exciting part. Your business is valued, you know, when you're selling your business, it's valued on a Ford multiple.

Right. And so typical businesses are valued off of EBITDA, which call it like net profit times for six times, right? So for example, if you net $200,000 a year and you get four times earnings, you have an $800,00 business, where someone will buy $80,0000. And when it comes to small business it's really hard to sell for multiple more than four time.

Sometimes people do six. If it is a bigger business sometimes they do eight or more. But like if your one location you got four and you're leasing your business, like, that's a good deal for you.

And so that just like a regular business. Now, if your businesses has a brand, your busines has memberships, you get a whole different valuation pool.

Right. So you your regular one time sale business? You know, just the transactions like the Vegas store. It's like four times or six times of that. But then on the membership side, You get afford multiple on top line revenue, not on bottom revenue.

200,000 right of EBITDA times four is 800, 000. But if I do a hundred thousand dollars in membership sales or 500,00 membership, sales, I don't take the profit of that.

I multiply the top line by a number. So 6 times 8 times 10 times and so ultimately what it means is a business with memberships, especially like, you know, 20,000 or more month and members ships is not only more valuable, not.

Only more more profitable, Not only all of those things, but it's a viable and be worth. Most of the time at least you know double at, least two times right and so the business that i'm in i mean the software business We only trade off of ford multiples right so an ai software, business You'll you'll shit yourself like actually anywhere between 50 to a hundred times for multiple So if you're doing 2 million, right, in top line, your business is worth 200 million.

So it's like, like. Sign me up. Yeah, so, but yeah, subscription models, you know, if ever wonder like why is Netflix worth so much? I mean, all these things, they're trading off Ford multiples off their top-line, not their profitability, and so in small business world, I would just say, Not only are you viable, like someone could buy your business, but number two, you'd be worth twice as much.

And you don't at the end of the game where you're like, hey, I'm retiring. You don' want to be sitting on nothing. Right. Because then all you did is basically have the most stressful job there is, which is be a business owner.

Yeah. When it comes to loyalty programs, what type of connection do you see when it come to the customer having that emotional connection to that brand when comes loyalty program?

Loyalty programs and referral programs are often really overlooked by small businesses because you just do whatever your EMR has or whatever Square has, or what ever you're using.

and it's like, that's nothing. Just think about it like this. Have you ever purchased from Square or an EMR or whatever, and you're like oh my God, what an incredible loyalty experience.

It said I get 20 points back. Do you even care about the 20 point? You ever bought something, they're you get 15

points, you don't give a shit. I don' even know what it equates to.

Like I dont care, I got 15 point, who gives a sht? And so it is like okay, Well, don't do that, because every biggest brand you've ever considered has a robust loyalty program.

United Airlines, the loyalty, and you can Google this, The loyalty programming of United airlines or Delta is worth more than the entire airline. Okay, so like when it comes in terms of, you know, brand equity value.

And so it's like, okay, loyalty programs work at a super high level. You have all of the biggest brands in the world that have infinite money that they all go all in on their loyalty program, not partially in, but all-in.

If you walk into Starbucks, there's 18 signs talking about Starbucks rewards, Starbucks Rewards. So you can't just be given like the crumbs of loyalty, which is, here's 10 points back.

Instead, on the consumer behavior part, you want to make them feel something. So, come to like RepeatMD to services, treatments and offer, but you don't have to do that.

What you can do is you could do your own loyalty program if that's what you wanted. But I would just say it needs to be immediately valuable, right? Because there's this chasm, and you look it up on consumer behaviour, that after the third term, after third visit, You get what's called a lifetime patient.

Okay, so if you see a patient, think about from your operating experience. If you saw a patients three times in six months, what's the chance you'll see them a fourth time?

Yeah. What's a chance? So how do we guarantee from the first visit, how we do guarantee you come back the second time. Right. And when you back second how to guarantee come the third time Right?

How odd is it that if someone comes three times, that they just fall off the face of the map, right? Like, how often does it happen where a person comes in, tries your service, and then you don't really know, like, what happened?

Where are they? You just don' know. And a lot of people don''t even track that. So you actually don ''t know and you just remember the 10 faces you see all over again.

But from the first visit to the third visit is where all the juice is. How do we guarantee the second visit? Well, if I give you an offer, That's compelling.

Probably will see you second time, right? And when you come the second. Time, what can I do to get you the third time? and then after the 3rd time. They're pretty much on the hook.

Yeah, and so it's just systematically growing your business. How does company culture? Have an impact with all of this stuff we've been talking about today.

What do you mean by a company culture in what way that a lot of takes on company here? So I'm like here's what you know, well, I guess first is You know it depends what do think?

company cultures, you don't and I used to actually think this is an interesting topic and i wasn't planning on going here, but I I used to think company culture was developed from the owners itself, which I actually learned from a book that I read.

It's called For the Culture by Marcus Collins. He's a PhD in marketing. And he was actually a Jay-Z's and Beyonce's digital strategist for over a decade.

And, you know, he worked a big project. So, Peloton, when they had their issues, Sprite, with the Kardashians, all kinds of stuff. And he talks about how to create true company culture and what the company cultures should be.

So in my opinion, based off of what I've learned from Marcus Collins, the culture of the company is not developed by the owners of a company. It's actually developed but the customers.

The customers create what the cultural of company it is. So if I'm selling a service or a product to nothing but let's say military or first responders, The culture has to fit that.

I can't have a culture of pre-Madonnas and serving the military. So for me, my question to you is talking about the culture that your company has and that develops.

How does it feed into the loyalty programs and memberships and everything else? Is that something that people need to make part of that process? You know, is that an important part Yeah, you know, it's so interesting that that was a great take, by the way, was so.

Interesting as I was thinking about my hospitality days, I'll get back to our company today, but I'm back in my. Hospitality days. And when you're in the hospitality business, that's 100% right, is like what you.

Are looking to do is you are looking. To mirror your clients, right? So it is what they want, and so when. You think about that, That's a certain look or feel.

Right. So for example, the classic brand Hooters, for. Example, they had like an exact identity of the person that they wanted for Hooter's and then like, like agree with them or don't agree.

With them, I don.t care. But it's just like this is what they. Wanted. They did that. they produced that it produced a certain culture. It became super successful.

And now Hooders like completely lost their way in the last 10 years. In that company's gone bankrupt. You remember the Hoosers back in. The day was like one of.

the most iconic brands ever in hospitality. So they're a great representation of that and I think a lot of times brands like don't actually care about that.

They don' think about who the employees are and who that employee might be attracting or detracting. And so when you said that, that was like a light bulb for me because we were really conscious of when we were hiring our employees in hospitality.

And we're really conscious of that now. That's why I love the point at RepeatMD. So Repeat MD, we have three values. One of our values is get higher on your own supply.

What that means to us is you have to either be from a small business background or passionate about small businesses. and that's one of the things we interview on.

Not only small physically and actively be involved in med school, longevity, fitness, aesthetics, all of that wellness to be an employee of the company, whether you're an engineer, weather, your client success, with your salesperson.

So you have to. Be an active participant in aesthetics and wellness, and you. Have to genuinely care about small businesses. Right. Because when that person's on the phone and exactly to your point, they're not on.

The phone with me. They're like if you're a business owner unless you live in the damn place which some people do right like they feel like They live there then at the end of the day.

It's Sandra or Billy or whoever it is. That's really representing your culture Yeah, and I think that was a I was an excellent point and actually something for me to reflect on but The one of our values get higher your own supply is a big part of that.

Yeah And I love that too, man. Its you know I've always said it's like you got a weight loss business. You can't have fat Yeah Call it whatever it is.

Culture, Leadership, and Entrepreneurial Mindset

Looks like you're selling hair in your bald. It's like, hey, it don't work for you. I want the guy with hair down the shoulders. You know what I mean?

Exactly. So cool, man. What we're going to do now, we are going have a little fun. So one of my favorite podcasters is Stephen Barlett, the diary of a CEO.

And he actually, he came out with these conversation cards. So I want you to grab it. You can open it up, shuffle it, do whatever you want. I love diary as CEO as well.

Yeah, yeah, just grab a card. Just grab two cards and then you're gonna read it out loud and answer the question. Do I answer or you answer? No, you ask.

Okay, so the question is, when you're near the end of your life and looking back over it, what will you really what would you be proudest of? And what?

Will you regret the most? My god, these are these aren't some heavy questions. So um, you know, I was talking about I was talking about with a few team members and close friends about exceptionalism, what that means.

And so I think one of the things that I would want to be the most proud of is that, I lived a value of exceptionalist. I mean, and what means to me is, did I really go, there's a book that it's called Turning Pro.

and it talks about the difference of like amateurs and professionals. But like it really goes, it a whole book about it. It's like, Did I Really Go and just like Turn turn the butter to the point where it was just like man.

This guy really was Exceptional at what what he was about whether it's his business or being a father being husband You know being an athlete whatever it is, but like truly exceptional and most people aren't exceptional at anything They're just kind of okay at everything, right?

And it's like to be exceptional at something is like, it is an obsession of the art of it. The art, not the outcome of that. I think exceptionalism is all on the degree of like you, right?

It's like everyone has different levels of it. But for me, it's can I be at the end of my life and be like, man, I really, really did the most I could out of the gifts that I had.

So that's the thing that would want to be most proud of. On the regret side, I heard one of the people that I follow is Donald Miller, and he's a marketer.

And he said something that always stuck with me. He has a daughter, I have a young daughter. I don't know how young his daughter is, but my daughter's six.

and He said, i want to make sure that my Daughter doesn't ever think that i love the business more than her. And I thought about that. I was like, wow, this gives me goosebumps.

So I think about it. And one of the biggest regrets that I could have is because I'm building a business right now. There's a lot of times I came on the plane, I have an event, all these things, and she's six.

The reality of her being six is she is in this beautiful play state where it's just like I am her hero and all of these are amazing. She's not going to be six forever.

Right. She's my daughter's name, Zoe. she's going to be an adult and all those things. And it's like the one thing

that I think about often is like, am I going.

To regret the times that. I missed building my business that, I wasn't always there for Zoe and I. Think I, think that's OK, though, i think. That it.

OK. and i. think, that it makes me conscious of it and so I regret not being present at times when I am building the business. You know, that's a touchy subject, but as an entrepreneur, man, one thing I've learned early is there's certain things that you have to sacrifice.

Yeah, it does come with it. Unfortunately, you can't have both, right? And I learned that early on when I worked at the fire department. Me taking that job to be that quote unquote hero, I would work on Christmas days.

Someone has to available when they call 911. So, you know, it's tough. I missed a lot of different things. A lot holidays with family and my nieces and nephews.

But that's where you kind of look at it and say, this is a sacrifice I'm doing to be able to provide for those individuals or how you're doing growing the business.

Yeah, so she could go to the nice private school and have a college. You know paid for and everything else So but it's something that definitely could be a regret man.

Yeah. No, you know What else you got? What's that? All right the second that first one What are we doing here? How will you control your own greed? Mm hmm.

How will you control your own mind? What is this? The dyer is your conversation cards. So I have an interesting relationship with greed, because my dad was an entrepreneur for his whole life.

And my Dad was just given like, you know, my dads in his 70s, just giving the time that he grew up in, post World War Two, in Austria, which was like the part of the epicenter of World war two, there was You know, the generation before that they were burning the dollars because they weren't valueless like that, you know the currency like inflated to the point where it didn't.

So a lot of people had this really Important relationship with money that they would do whatever it takes to make money, right? And and you know, we've been fortunate as like this generation I talked to my team about this that the word mental health wasn't even popularized till the 70s, Right and like all the other like mental-health things now are like just brand new So a lot of generations never really cared about are you happy or any of those things right now?

Who gave a shit if you're happy do you have food on the table right and a lot of people still in the world today like they obviously that's a big part of their life long story short my dad was always after the dollar and he had all these businesses and all These things and He never like he never made it to the point that he thought he was going to make it right because he's always Chasing the Dollar wasn't about value wasn' about happiness.

It wasn''t about taking care of your employees like their family and It was about making money, making, money making. And it's like that old adage of like, people want what they can't have and they chase things that run away from them.

It always felt to me like. That thing of him making it, that number for him, was never, he never achieved it because it was always something he chased and he always ran away.

From him because the intention wasn't the right intention. And keep in mind, I think there's plenty of people who made a shitload of money who didn't have the right intention.

But just for him, in my experience, is like he always chased the money. I mean, he's always made it and lost it, made and loss it but never really made.

Closing Reflections and Final Advice

Right. And so for me, when I was a kid, and then I just started, for sure, immediately did the same thing. I went in and I had all these, especially an entrepreneur.

And I'm sure you relate to this. Had all of these businesses, like some of them were great. The other half were horrible. You know, anything that I could try to make money is like, what's the thing that can do?

Like the quick flip type of thing, right? The sort of the hustle culture of that. Then I started realizing, you know what? I've got all the wrong ideas.

How do I how do? I really create something that generates so much value for other people that they'll happily pay me like that. They'll. Happily, they're happily give me what I think I'm worth by helping them first.

And ever since I changed that, like my life has gotten dramatically better. That's amazing. Right. Because I like I went I wouldn't like, I would narrower.

I. Went much deeper on one single thing. II try to provide more value than I feel like. that someone would happily pay me for. And I think that's been helpful.

So I thing greed in that case, like the relationship of it is like is really elusive. It's like I first was very greedy and I wanted to do everything I could to make money.

Then I changed my approach and was like, you know what, and really Tony Robbins, going to so many damn Tony Robin's events that will help rewire my brain for this.

I was, let me provide a lot of value. If I provide extreme value, then I'm going get extreme result. and, I would say for my life, that has been true.

Amazing man, that relationship, the relationship with greed. So Bill, man as we wrap up here, we talked a lot today about subscriptions, memberships, customer loyalty, and everything that you're an expert in, in really helping people skill their business with what you do.

If there's one person, one business owner, or anyone listening to the podcast who really resonates with today's message, what is that one thing that can leave them off with?

I would say that as you're doing, I'd say number one, end of year planning is really important, right? Thinking about your next year in advance, because it gives you that incredible sense of optimism.

I love the end the year and the beginning of the next, year because you almost have this sense optimism that it's like a new beginning. And when you are in that frame of a beginning, put memberships and a membership strategy at the top of your list.

whether you do it or not, but put it at the top of your list to investigate, like, what could you to create a more predictable business? A business that's a system that cranks out a result versus completely built on you, right?

Because I've been a small business owner for so long that it felt to me like the business was built off of me. And it very much that, it was like if I didn't show up, no one's showing up type of thing, all right.

It's just like it feels like weight of my business, small businesses, weight on my shoulders of that. And it's like, if you're in this space, you have this really interesting opportunity that as a restaurateur, I didn't have because there's no, there are no memberships.

I figured out a small way to do memberships or restaurants, but there is no real membership in restaurants. You have the opportunity, the demand is there, all you do is like engage in it and create something.

And if do, on the other side of it, have a more predictable business, more valuable business and most importantly, start getting back some of that freedom that you deserve.

So that's what I would say. Amazing brother amazing and if people want to find you where can they find? You uh linkedin or instagram at phil sitter phill p-h-i-l sitter s- i-t- t-e-r Amazing which will include everything down below.

So phyl it was a pleasure having you on a healthy point of view podcast brother So I appreciate it and god bless bro. Yeah. Thank you. Thanks for having me amazing Guys, you heard it from Phil.

You gotta plan. Start planning, start planning for next year. He has the blueprint for helping you elevate your business, specifically when it comes to memberships, loyalty, subscriptions, all of that stuff.

If you don't have to figure it out all on your own, check this guy out. Guys make sure you share, like, subscribe, do all that fun stuff with this podcast, and we'll see you for the next one.