

# COACHING *for* LEADERS

## **The Forever Transaction: How to Build a Subscription Model So Compelling, Your Customers Will Never Want to Leave**

*by Robbie Kellman Baxter*

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### **Dave's Reading Highlights**

The Membership Economy is my name for the massive trend among organizations to tap into the value of long-term, formal relationships through subscriptions. It means moving from an ownership model to one of access, from a single payment to multiple recurring payments, from an anonymous transaction to a known relationship, and from one-way—or even two-way—communication to a full community gathered under the umbrella of the organization.

For this book, I've looked for the "how" patterns and unpacked what I do with my clients. The Membership Economy described what I was noticing. The Forever Transaction shares specifics about what I'm doing with my clients so you can transform your organization as well...

The Forever Transaction is designed to teach you how to be successful in the world I described in The Membership Economy. The two books are substantially different, with little overlap. I've included a glossary to help with key terms and ideas.

If you want to understand the Membership Economy on a macro level, read the first book. To implement these principles in your organization and build better, more valuable and enduring relationships with the people you serve, read this one.

Company leaders often tell me “we want to be the Netflix of our industry.” This stimulates a revealing discussion. I usually ask each team member what that would mean for their organization. It’s amazing how different people interpret “being like Netflix.”

If you dive into specific subscription pricing and features without establishing your vision, forever promise, and best customer, you risk launching an offering that doesn’t achieve your goals or those of your customer.

It can be tempting to bundle existing products and features under a membership banner, but this muddies the value proposition for your prospective customers.

To determine the core direction for your forever transaction, do the following:

1. Articulate the promise you make to customers through the transaction.
2. Define your specific customer. Your forever promise isn’t going to serve everyone. Distinguish between the people who will become your best customers and those who won’t.
3. Outline your vision of the fully realized model and its value to your best customers and the company.

A forever promise is different from a brand promise. A brand promise tends to be company-centric. It says, “You can always expect us to build this kind of product, to communicate in this way, to position ourselves relative to our competition like this.” A forever promise focuses on what an organization’s target customer can expect. Customers don’t want product-centricity or company-centricity. They want an

organization that will evolve with their needs, incorporating current available resources. They want a promise that the company will solve a problem or create an opportunity forever.

What will trigger customers to sign up, and what results will keep them engaged? For example, if you've never really been sick, even if you can afford concierge medical care, you might not want it—that's often the case with offerings that mitigate risk. You might decide to join after yet another primary care physician moves out of your service, leaving you to find someone new. But you might stay with concierge medicine because of the level of white glove treatment and breadth of service. These are two very different things—I call the drivers to join “triggers” and drivers to stay “hooks.”

Write down and prioritize your hypotheses.

Whatever features you choose, the members should be your most engaged customers.

Don't take advantage of your most loyal customers.

Do make your members feel special.

Don't bundle in irrelevant “gifts” because you happen to have them, instead of focusing on the value that aligns with the for- ever promise.

Do send the occasional pleasant surprise and make your members feel like insiders.

Don't exclude the best products and services from the membership unless that's a specific selling feature. Membership is all about trust.

Do look for ways to reduce friction. Make the entire process transparent and easy.

And absolutely do not hide the cancel button.

If customers struggle to cancel, they're less likely to rejoin or recommend.

Remember, members should be surprised by the quality of the experience and the special value you provide, and not by being charged more than expected. Their trust should never be abused. It should be rewarded!