

The Evolution of Internet Marketing and Recurring Subscriptions with Ryan Lee

Ryan Lee was one of James's early inspirations for building a business after the membership model. Here's what Ryan shares of his own journey.



Ryan Lee

James: James Schramko here. Welcome back to my podcast. This is episode 1002. Today, we're chatting with Ryan Lee. It's good to have you on this show, Ryan. It's been well overdue.

Ryan: Yeah, I mean, I didn't crack the top 1000. So I think I have to up my game.

James: In fairness though, I was really just serving my apprenticeship, like the podcast is really starting now. I'm going pro.

Ryan: Yeah.

James: Right? I'm going to do this properly.

Ryan: You've got to work up to me, James. I mean, I'm not coming in at number five or even number 800. I mean, if I'm not at least 1000 in...

James: That's what it said in your rider. Like, let me know when you crack 1000, and you might be ready for me. And I'm like, purple jelly beans. Not the red ones. [laughs]

Ryan: Well, exactly.

James: I need to get one of these proper mic things. That's super pro.

Ryan: Oh, I just got it, like, three weeks ago, my buddy, Todd Herman said, Ryan, you've got to get like one of these things. Because I'm always moving around and stuff. Of course, I keep the wire in front of me. But yeah, this is no joke, these things are like, 80 bucks, James. If I'm coming on episode 1000, I'm bringing the A-game. And Def Leppard shirt? Forget it, you know, game on.

James: Well, of course, you're known for being an 80s aficionado. It's dear to my heart because I was a kid in the 80s. So a lot of your marketing resonates with me because you bring back memories. We're in this generation where we got to experience life pre mobile phone, you know, very early stages of computer.

When Ryan came onto James's radar

In some regards, I think really, the interesting discussion for us is some of that journey, you're a veteran in the online space. Just for my start to this story. In 2008, I boarded an airplane, I went across to Yanik Silver's Underground 4 event. That's where I met you. I heard about you at that event. Pretty sure you're a speaker. If not, you had speaker celebrity status.

I know I got your book. You are a fitness membership expert. It really opened my eyes to the potential of where I could go with that. Because at that time, Ryan, I had a job. I was still a general manager in the Mercedes-Benz dealership, desperately trying to bust out of that with my own online business. But I wasn't quite sure where I could take it.

At the time that I went to that event, I was probably making \$150,000 a year online and hoping to bust through. I managed to do it a little bit after that event, a whole separate story. But that is when I started the Ryan Lee timeline. And you had already been deep in memberships. I think you'd partnered with another guy. I'd followed your online content.

And now, this is what's really piqued my interest, and a large part is why you're here, you've come back on my radar. It's like you went off into food land for a while. And now you're back in the subscription membership, really interesting topics to me sort of area.

Ryan's online journey

Can you sort of tell me, what happened, you know, from pre 2008, clearly you were a fitness pro and pioneered that whole membership stuff, and then you went on a journey, and now you're back in this wheelhouse. I'd love to know what's going on?

Ryan: Yeah. So I started, so 2008 man, I was already 10 years in.

James: Yeah, that's crazy. That's crazy talk.

Ryan: Yeah, yeah, I know. So I started my first website in '98. And then I was just creating lots of content. And I made it a subscription site, a true membership site in 2001. I'll tell the story, I'll give the one-minute version of it. At that time, I was working full time as a gym teacher, a gym and Phys Ed and a health teacher in the Bronx in New York. And I was driving to the school.

And I said tonight, when I get home from school, I am going to make this a paid membership site. I'm going to take all this content. And it was all ready, I just had to turn it on. I couldn't wait. And I was driving to school. And it was a perfect day outside. Sun was shining in September. And I was listening to sports radio, going then, I'm like, oh my god, I can't wait to get home.

And then all of a sudden, the radio, We have breaking news, a plane just hit the World Trade Center. So because I worked in New York City, and we were overlooking the water, so we could see the Twin Towers, and it was like the whole world stopped. Everything was crazy. But it was just so strange that all this was like, happening right at that time. Just to put into context too, like how long ago this was.

James: I remember driving to work that morning when I heard the news, like on the radio. I was driving to the dealership in Sydney, I'm talking suit, tie, company car, like it was a different world for me back then.

Ryan: Different lifetime. Yeah, I mean, and I like, ran down the street to the police station, like what do we do with all the students? Do we let them out? Like it was just crazy, but obviously I couldn't launch that day. But at that time, I'd already been for a few years trying to build revenue. And it was before subscription. As you know, if you don't have a subscription or some type of, you know, I guess an old school word, some people still use it as continuity income, you just kind of go day by day, right?

So I would have a day, and I was selling a lot of physical products, I was selling medicine balls, resistance bands, all drop shipping, but I would sell - this is going to age us a little bit, I was selling VHS tapes. And I would go to the post office during my breaks. But it was, you know, one day I would do \$200 in sales, the next day, I would do 500, the next day, I would do 1000, the next day I would do nothing.

So the minute I turned it on to subscription, everything changed. It's like [sound of awe] and I don't take credit. I learned it from, there was a guy, he's still around, and I'd become friendly with him. This guy, Terry Dean, I bought one of his products. It was called like, maybe Membership Site, and he was one of the first. But I was the first to do it for strength and conditioning. Definitely, because I was the first one.

They actually created a category in ClickBank for me. I was the first one in sports training. And that was kind of the beginning of the journey. And I did that for years. And I was just in strength and conditioning and personal training. And that's all I did for years and years and years, until I spoke at Yanik's event.

Not that one, I spoke at a second one, and taught membership sites. And after the talk, people rushed the stage. Like I was, you know, hey Def Leppard. Like I was like Jon Bon Jovi, like oh my god, you've got to teach us. And that took me on this journey of like, teaching membership sites, and I became known as like, the membership site guy.

Yeah, I kind of hit my peak at like, with that stuff in like 2010, maybe eight. And then I launched a supplement company, which did really well. We hit pretty quickly because I had such a hold on the fitness industry. All of these guys who became well known health and fitness marketers, like Mike Geary, and Joel Marion, like I was the back end for all of them.

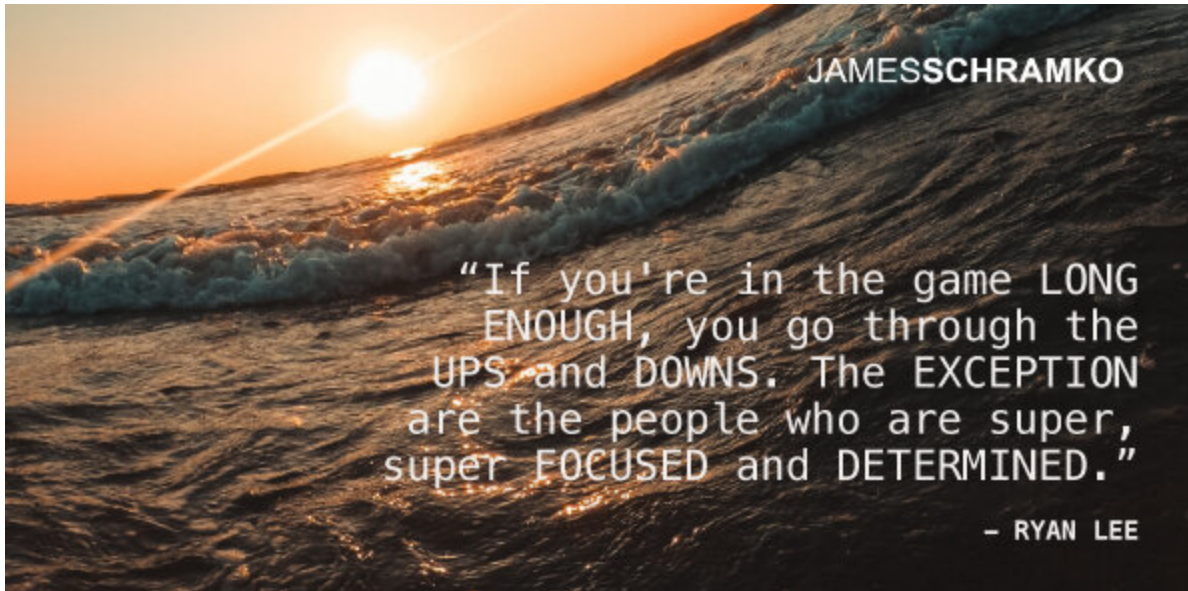
So we got pretty quickly, like seven figures a month in sales. So that started to take a lot of my focus. And I started doing, I was still playing with membership sites. And I'd launched one, and I would try different things. And I probably launched a dozen in different health and fitness industries.

When things went downhill

And then, it's like, God, it's like one of these movies where you kind of hit the peak. And then, you know, except you.

James: Is it because of competition, is it because people came into the market, or you got bored with it? Like, you know, this is the most interesting thing to me. This is why we need to have shows like this, episodes like this where we teach the history. Because you know that some of our clients weren't actually born in 2000, right? That's pretty mind-blowing.

The second part is, there'll be a membership expert, you know, last year or the year before or next year, saying this is a brand new thing. And it's like, people need to know the history of this, the pedigree, where it all came from. If you want to know the future, it's really important to understand the history, and I'm so glad we're getting to share this.



Ryan: Yeah, no, and if I can give people some learning lessons. So here's what happened. And it was outside factors, but a lot of it was self-sabotage. It's the journey a lot of entrepreneurs take. If you're in the game long enough, you go through the ups and downs. The exception are the people who are super, super focused and determined.

Like, if I look at someone like you, and we were chatting through email stuff, you said, Hey, I've been doing this like since 2009. And I've watched you since the beginning. And you've always been like, so focused and determined and steady, and like, your blinders on. And that's why you're successful.

My two most successful students, one guy is Jeff Cavaliere. He has a thing called Athlean-X. And he has like 13 million followers on YouTube and fitness. He's the number one guy. And I remember when he sat with me for a day, spent \$5,000, and we kind of worked through this whole thing. And he was like, I'm going to do this, I'm going to do a YouTube video. And that's all I'm going to do. And he hasn't stopped doing it for a decade.

Another one is Mike Geary who's like, I'm going to be the email health guy and offers and affiliate offers and paid traffic. And that's all he's done. And he hasn't taught how to make money. Jeff hasn't taught how to make money. They just stayed focused. If I would have probably just stayed focused in strength and conditioning, I wouldn't have veered off. I would have kept my head down, my mouth shut, and just kept doing it.

But what happens is, you start drinking your own Kool Aid. Hey, you know, enough people start telling you how great you are. And I had this success. I had so much success, you know, from my 20s to my 30s. I'm going to the parties. Everyone wants to get drunk with me. Let's go to the clubs. It was just - I started to think I could do no wrong, and I was doing stupid deals.

I was making things way too complex. I was getting away from my core strength. I started a print magazine. I got a big office space. I hired staff. I was doing things that I shouldn't have been doing. What the hell do I know about running a magazine? And it was a monthly subscription, which I'm an idiot, because it takes like eight - I didn't realize it takes so long to go to printer.

So I'd have people billed the second month, and they didn't even get their first issue yet. So after two months, I'm like, I had a lot of subscribers, I cancelled it. I'm like, This is a disaster. You know, again, Kool Aid. And then the entrepreneurial ADD kicks in, and you start, Oh, I could just, you know, if I could do this, then I could launch another company.

And at one point, I think I had like 12 different corporations. And it was insane. And it caused stress. I started eating poorly. It affected my health. I took my eye off the ball with the supplement company and our number two affiliate, we were an affiliate-driven business, he started a competing company and kicked our butt.

Like just, and he ended up selling the company for \$100 million. So that felt good. Yeah, yeah. We closed a few years later. He sold for 100 million. And that was my mentee. So that was good. That was a fun day.

James: Most people say, Oh, I love it when my students are more successful, it's, you know, it's a hat tip saying I'm a great coach.

Ryan: I do, I do, absolutely.

James: But, it's still a slap in the face, isn't it?

Ryan: It's a slap in the face when they screw you, when they do something, and then they say things behind your back to steal business. Like, if you're going to play the game...

James: That's unethical, isn't it?

Ryan: If you want to play it fair, cool, may the best marketer win. Absolutely. And I'm happy for you. But when I do things for you, and you screw me, like, that's not cool. But anyway, so between my health, and I gained like 40, 50 pounds, I was diagnosed with autoimmune disorder, it was affecting my relationships, my kids, like everything. And I just, like, kind of walked away from it.

I still had my toe in it. I would do a thing here and there. But I was never as visible. I didn't speak at any events for like, seven, eight years, I stopped pitching from the stage. I would do an event and then I wouldn't do it for two, three years, then I would do another one. And just kind of starting, stopping.

Where Ryan is today

And then about five years ago, I'm like, You know what, I'm going to start another health company. And I started the company called Rewind, which started off these bars, transitioned to greens. I just sold that about two, three months ago. So now for the first time in years, I'm like, I'm free. Right? Like, I just, maybe it's a midlife crisis, I just turned 50, and I turned 50 like six months ago.

My oldest kid's in second year in college, my three other kids are all teenagers, like life is changing. I'm like, I had a nice exit. What am I going to do now? So now I'm kind of going back to, like subscriptions, maybe start to teach marketing again. That's why you see me being more visible.

James: I've seen your fresh website, your branding is fun. Your emails are playful and insightful, but they also tell the story of a simpler business model, you know, doing business in a tracksuit pants. You shared an email recently with a screenshot of your order from Amazon for your actual tracksuit pants. I believe you're a little more casual tonight.

Ryan: Well, but I'm wearing - you can't see, I'm wearing my sweatpants.

James: There you go.

Ryan: I am wearing them tonight.

James: So, you know, I'm sitting here in board shorts and bare feet, usual attire. I never went for the office. I never did the big office. I actually said to myself, when I left the Mercedes dealership, I don't want staff, I don't want stock, I don't want physical premises. I maintain the no physical premises. I've maintained the no stock. I mean, I have a couple of DVDs, you know, I was a little more progressive than you. Next generation, you know, DVDs. And then MP3 sticks.

And I do have a team, which are amazing. And they're an essential part of the leverage that creates the lifestyle that I have. But I think you kind of glossed over the whole like, rewind thing, sounds like. It looked from an outsider's perspective. I was aware of that, I think I was begging you to send some to Australia.

Ryan: Yeah, it was a fun company.

James: Looked like it went well.

The grass is always greener...

Ryan: It did. No it did. It went well. But an e-commerce company is a different beast than digital. And it's a lot of us. And a lot of entrepreneurs. We all do this. We suffer from like, the grass is always greener, right? You know, maybe you have a subscription site. And you're like, Okay, I have 1000 members at \$20 a month. That's 20 grand a month, for most people like gravy.

But then you look at someone else. Hey, I'm a high-ticket coach. You know, I just sold one person for 20 grand. Like, oh, man, maybe that's an easier business model. Right? I could just do that because it's easier, because I could run a lot of ads. All I need is one person, and I make it back. But the one with the coaching is like, oh man, I wish I had a subscription. So it's like, or I do digital products. Oh, I'd love to have an e-commerce company.

But then you have the products, you have raw ingredients that keep going up. You've got shipping costs, and all of a sudden, they're like, oh, it's a 50 cent surcharge for gas, all of these little things eat into your margins. Then you have warehousing and inventory, and oh man, the spirulina, there was a fire at the factory where they make the spirulina, that's going to be delayed two months. So now we can't make any products, right? So it's like, all of these things that are behind the scenes...

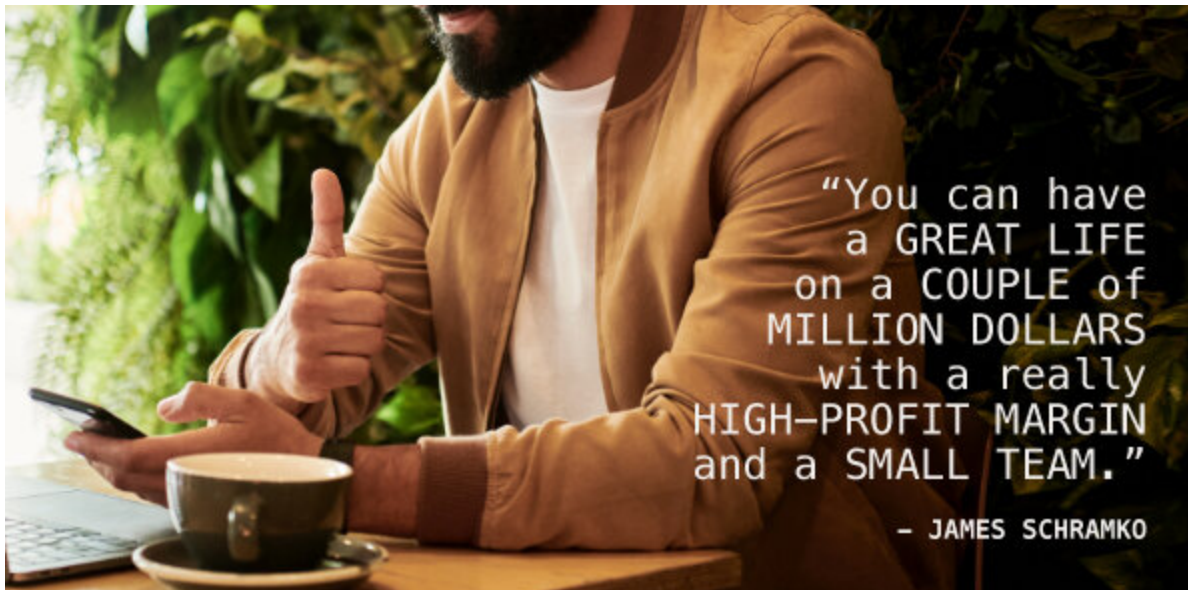
James: Makes electrons attractive.

Ryan: It makes, I missed - I mean, it's easier to sell a physical product, because you don't need a ton of description, right? Like, for me in the nutrition space, here's a bar, here's greens, you add it to water, here's a supplement you take, you don't need a ton of stuff. If you're selling a digital product, a \$50 digital course, \$100 course, \$1,000 course, description, here's what it is, here's the benefit, here's what you're going to get, here's return. There's like a lot more that goes into it. However, so there's more volume in general with an ecom product, but there's a lot more margin with the digital. And we are so friggin spoiled with digital.

James: I know a good thing when I'm on it. Stuck with it. Like I said to you, and I was just sort of replying to your comments, something along the lines of you used to do it, and then you stopped. And now you're going to do it again. And I just said, Look, I just never stopped, since 2009. Recurring income, every month, like life wouldn't be what it is without that.

That steady wall of certainty, it makes you sleep better at night. It keeps your hormones in balance. I see the panic, the sheer terror of people when they can't get their offer converting or their one-time sale resource runs out. I fix those problems. I even put a whole chapter in [my book](#), you know, helping people around subscriptions. Another chapter about be careful about the launch cycle style of business, it's wear and tear.

And gosh, I've seen some people come and go. But what I'm reading from your latest content is a simpler approach. And [one of the best episodes that I did recently was with Chris Evans](#). And he was talking about scaling too much, going too big with their company, and then pulling back and taking a more simple approach.



What works for you changes

This is a note that hits with my audience, because I've always been teaching this. You don't need to be a \$10 million baller. You can have a great life on a couple of million dollars with a really high-profit margin and a small team, keeping things simple.

Ryan: Yeah, yeah. It took me a while to get there. And maybe sometimes it's life lessons, right? And maybe when you're younger, like if you're younger, and you're in your 20s, and you're like, your whole phone is loaded with Gary Vee and Grant Cardone and you want to take over the world, scale, scale, scale.

James: Yeah, and you don't have kids, and you can work 20 hours a day, and you're hungry to prove yourself to the world.

Ryan: Yeah. But now it's like, let me settle in. And I've had the best, like the business that was doing, you know, a million dollars a month, I make more profit with a company that can do two million a year, because you don't have any bloat. And it's not what you make, it's what you keep.

And everyone talks about these top line, and everyone's showing, like, you know, their awards and their plaques, you know, 19 Comma Club, but show me what you've took home. You know, give me a business that can gross 500,000 and net 250 versus one that grossed three million and netted, you know, a hundred. [laughs]

James: I reckon there's another level too. I feel like I'm at this level where I don't even show people my stuff.

Ryan: Like revenue. Oh. I never.

James: Yeah. You won't see house tours from me, or you know, shots of my assets and stuff. I'm not a flashy person. I'm at the point now where I could just turn off the camera and never do any work for the rest of my life. I'm the same age as you, just a little bit older. I don't look as young as you though. I have to work on that.

Ryan: Yeah, you do. You look good.

James: I need some Rewind buzz. And it was a profound thing, because I came from an image-driven industry. Mercedes-Benz is arguably a very strong image-driven brand. It was all about fancy suits, and pens, and watches, and shoes, and all this sort of stuff. When I got to the point where it didn't matter, that was like, ooh, you know?

And I think that's the generational thing. We're talking about your 20s, your 30s, your 40s, your 50s. In the 50s, I now feel pretty certain about where I'm at in life. I feel like I've had good experience. I'm able to make reasonable decisions, and I'm still not that grumpy 60, 70, 80, 90 year old person, intolerable with any type of variance. I'm still capable.

But what an interesting ride it's been, and it's just so refreshing to hear this message. It's a healthy message, because there's been too much focus on overwork, pushing boundaries. Even if there's sort of side swipe to this whole thing, you know, people say you've got to get up at four in the morning, and that's just, I still think that's crazy. It just means you go to bed early. Right?

When it's not all about hustle

Ryan: Right. You know, and they make you feel like, oh man, you're lazy, you know, while you're watching Netflix, I'm grinding. I'm like, Cool, man. Cool. You do you. I'm going to watch Netflix.

James: I'd say the other way around, man. While you were grinding, I was driving a riverboat with my kid, you know, looking at fish in the water. Like Gary says, you know, you do you. I think his messages have changed, actually. It used to be a lot of hustle and grind. And now it's a lot more about care and stuff.

Ryan: Yeah, it's funny, I actually went to the - I took my kids to the - we're big baseball fan. I took them to the Mets game. And we're at, like, third row, and he was front row with his kids, you know? Like, you know, he shows, Oh, I hustle, hustle, hustle. But at the end of the day, you know, people want to just hopefully be with their families and just kind of chill.

James: Well, some people do. It depends on the family, I suppose.

Ryan: Right. I don't judge others. Everyone's got to find their own path. What I'm trying to do is just speak to the people that this message resonates with. Like, yeah, there are a lot of people talking about the flashy stuff, and the cars, and look at me and my private jet. And scale, scale, scale. And that's cool. But you don't have to, and you shouldn't feel guilty.

And if you have a business that's making 300,000 a year, and it's paying your bills, and you're putting money away, and everything's good, great. Like I'll never forget this, James, I did a call with this woman. Years ago, she ran fitness boot camps. And she had like three locations. And she's like, you know, I'm making 400,000, I'm netting, I have no kids. It's all money. It's all profit.

I'm like, Well, one out of 10, how are you feeling? How's life? She's like, Oh, my God, it's like a 10 out of 10. I said great. She's like, But I've got to scale. I said why? She's like, Well, I don't know, I heard one person say if you're not scaling, if you're not growing, you're dying. I'm like, Yeah, I don't know if I'd buy that. I'm like, Enjoy the ride. But why put pressure on yourself to open more locations, do all this stuff, when it's just going to be hard? It might not be what you really want.

James: I'd say this is recurring theme isn't it? People build complexity until the point where they wish that it was back to - that Mexican fisherman story always gets to me.

Ryan: Oh, yeah.

James: It's like, where do you want to be in the scale of things, you know? You don't want to row the boat, it's good to have an engine. But I don't want a Canary listed on the stock exchange, you know? It's like, somewhere, there's got to be a nice balance. I feel like I've found that balance. And of course, a great part of what I'm doing is helping people know that they have a choice.

You don't need to make \$10 million to be significant. And it shouldn't really even matter what other people think. As long as you're happy. I think the scale of one to 10 was a really nice touch for you, because it gets to the root of it.

Ryan: Yeah. I ask that all the time.

James: Most people are living someone else's goal. And so the grass is greener. It's a classic one. I do this interesting thing. And I sort of call it benchmarking. But when I do happen to chance upon someone where I find out more about their scenario, and it is actually appealing, I start to think about, can I lean more that way, or build some of those things into what I'm doing?

I'm not going to be them. I wouldn't want to change places with anybody, right? Because you just never know, they could get flattened by a truck tomorrow. You certainly wouldn't change places with a 90-year-old billionaire, because you're running out of runway, right? So the value of life is immense. And I feel like, you know, potentially we're at the halfway point. Would you say, roughly?

Ryan: Oh, yeah, yeah. I like to say we're on the back nine now.

James: Maybe. I mean, each year, we'll see a lot of development now, especially with machine learning and improvements in health. But we still have to be responsible for our human body to make sure we don't place it in harm's way. It's an interesting thing.

Over the next few years, we might see an extension, providing we still have a planet to survive on, that it could start opening up. Certainly as you've got kids, I've got kids, I think about it for my own kids, you know, and we're seeing the life expectancy. Oh, here's something that totally blew me away. I visit the Philippines a lot. And I noticed that the life expectancy there is about 12 years less than Australia for a man. It's shocking.

Ryan: Wow, that's a lot.

James: That is a lot. That's like, you think about more than a decade difference in life expectancy just through your condition of living and how harsh it can be in a developing nation with food and medicine and pollution, etc. So I do think about these things more and more each year. Health has become a massive priority. Your business model that you're describing that you're helping people with is, it's healthy on people. That recurring income takes pressure off, I think that's the best outcome of it.

Ryan: Yeah.

From volume and bulk to targeted content

James: Can you talk about what you're doing with your newsletter style stuff? And I'm also particularly interested in the survey you did, regarding what kind of business model people are interested in? Because that had some astounding sort of feedback.

Ryan: Yeah, it was interesting. So just to give a little context, for years, I was the membership guy and my stuff, my memberships were all about volume and bulk, right? Like, you log in, here's your member's dashboard. Here's the video of the day. And I was the first one to create, like the Netflix for, I did the Netflix for entrepreneurs. And then Bronson and Deiss copied me, but that's a whole another story.

James: And like 50,000 other people, like I seriously hear, I'm doing the Netflix for. It's nice to know where it came from.

Ryan: Yeah, I was the first one to do it for entrepreneurs, because every membership site looked the same. And I'm like, Well, I always look at other markets. I'm like, well, what's working on others? Well, Netflix, okay, let me model that. But a lot of them have closed down because it's just, it's not sustainable. But it's too much. Like, it's too much. People just can't consume that much. And there's so much good free content.

We're at the point now, you can't out content YouTube, right? There's 70,000 or 700,000 hours, I think, hours of videos, every single day added to YouTube. And now with AI, forget it. You just can't out content, everybody. So now it's becoming a shifting to like more about helping people with the overwhelm, like being really streamlined, really on the nose, really straightforward advice.

So when I surveyed my list, I gave them some different choices. Now there might be some bias because the people on my list might be more influenced by my messaging, saying the membership sites, some of them can still work, like the big old school bulky ones, but less and less, at least from what I'm hearing from people who run them and are closing them. Because if it's doing well, you're probably not going to close it. I'm going to assume, right?

But now, so when I surveyed the top two answers, now I sound like a family feud, top two answers on the board. We're like a streamline membership, where it's like, maybe once a week, or maybe once a month, a piece of content or a newsletter, like those, far and away, were the most desirable that people wanted

And a traditional membership was so far down the list with, you know, with all of the content uploads, and the community, and all the other things. I'm not saying they can't work, I'm not saying they won't work in the future. I think if memberships work, and you might have a differing opinion on it.

James: Well, I've definitely got some feedback to share with you on that.

Ryan: Yeah, but I do think if they're going to work, and you're going to build a community, you're going to have more content, it just has to be super specialized. Like it can't be, Hey, here's small business marketing, or here's social media marketing. Like it's got to be so, so specific, that people want to really dive in deep, and there's a strong pain, and then it's really going to be about the community too, because people aren't going to want to leave, right, because they're so connected to it. But to do that, you have to have James Schramko type, focus, and you can't take your eye off the ball. Like that has to be your thing, right?

What's changed and what hasn't for James

James: Well, the eye of the ball thing, I think, for me that's, I wouldn't say I'm like a massively driven, focused person. But I would say that I have been good at keeping my finger on the pulse. The commitment to innovation is my secret. I'm very good at change. I can read patterns and trends, and I can adapt and adjust before it's too late. I see people leave it too late. And then they're sunk.

So having had a membership since 2009, it's been pretty much continuous. There was a change after the first four years where I dissolved the partnership and changed the brand name. That was when I went from having a standalone membership, which started with zero content, to having tipping my information products in instead of selling them individually. I just put them all in one place. So I guess that was like the 2013 version of a Netflix.

But since then, like it was 10 years ago, I've continuously run the same platform up until about the middle of last year, when I switched off hundreds of thousands of posts, gigabytes, terabytes worth of training. I did like 90 one-hour trainings in a row, every month, right, just 90. Like, I can stick it out, I definitely have sticktuitiveness.

And I started a brand new platform. And I started out with the minimum possible navigation, the minimum possible features, and I'm pruning it to this day. But really, I just wanted two things. Well, three things really. Where I found that the maximum value for members now is having the least amount of things that people could consume to get the best possible result.

There's even a name for this, right, it's called zone of proximal development. But if you look up the definition of that, the zone of proximal development, it's the space between what a learner can do without someone and what a learner can do with adult guidance and collaboration with more capable peers.

So what I wanted is, I wanted a playbook. I want to add playbooks. So my content that I add now, instead of an hour long webinar, on a specific topic, I'm like, that might be the coal mine. But what's the diamond here? The diamond is one page of the outline of what it is, how it works, or why it works, like why, and then the steps, do this. And it's one page.

At the moment, I'm publishing about one a week, and they're coming from various places. They're coming from my old trainings, they're coming from what's working in my business last week, they're coming from what I've seen a client do particularly well, they're coming from my life sheet, which is pretty much my second brain, my cache of everything important.

Where the 3 Cs really came from

And interestingly, your survey results are something that circulated into my own sort of conversation for that week, just confirming what I already know. People don't want stuff, they want an outcome. And they might come for the outcome and still build that community. So there's always the three C's, right? You have some content, but that's really the very small part. You have some coaching, a very big part for me.

Ryan: And if you say community, I'm going to crush you, because I came up with the three C's and everyone uses it. No one gives me credit for that anymore. But yes.

James: Ha-ha. I didn't know it came from you. Simple as that.

Ryan: It did. And no one ever gave me credit. But that's okay.

James: Well, let's say today, we'll credit Ryan Lee with the three C's.

Ryan: Yes, please.

James: Today, like literally the first time I found out where that came from. I don't know who to credit. And I'm big on credit. Anyone who listens to this knows I always credit the source, if I know it. I think retention. Did you invent this one, the combination of relationship and results?

Ryan: I did not come up with that.

James: It's not a bad one.

Ryan: I've not used that phraseology.

Lessons learned in a decade of business

James: Some of the lessons I've learned have taken me decades to come up with, or at least a decade, like where I had too many people locking me in on too low a rate for too long. Like when I had seven or eight yearlong clients, you know, this three-month retention number that gets touted is ridiculous. For me, it's about five years. And so I've had to reset my rates.

I [reset my brand](#), I reset my membership. So I went from company to personal. I went from complex to simple, and I've reset my rates to narrow in on the package. The main thing I want is that mid-tier. I'm not so interested in the low tier. Low tier is the volume game, it might work in a sports market, or a fitness market, or a crafty market, or a hot music market.

But I found in the business market, better off to go on the mid to high tier, because you get so much better result for so less people. And you can also, of course, you can afford to create a book or give it away or whatever. You can use some budget to find a client if you need to do some acceleration of that marketing.

You need a benchmark traffic source. I think YouTube is still, like that's a winner. I noticed today, YouTube have a podcast channel, like that's brand new. Lucky for me, because I can now create a back playlist of my podcast episodes. So I'm excited for that.

Ryan: Yeah, I'm very, very bullish on YouTube. In fact, going forward, that is going to be like my number one focus by far.

James: Frontend YouTube, email is your sales engine.

Ryan: Everything is going to go on YouTube.

James: And email, right? You're very interested in email?

Ryan: Yeah, email has always been my thing.

James: It's still a killer, right? That's the way to go.

Ryan: I mean, it's still where you sell. It's still where you convert people into your membership site. But I'm with you on everything you said in terms of simplicity. I mean, my "membership" right now, it's an email. I don't have logins, or passwords, or dashboards, like you're on my Active Campaign list if you're a paid member, I use SamCart.

And if you cancel, you're off the list. And if you're on the list, I'm going to send you, Here's a zoom link, or here's a recording. Here's the Vimeo link to download, or here's the Google Doc. That's it. It's about as simple as you can go. James, zero complaints about, oh, there's no logins. No issues with back like, it is the most simple business imaginable. And people like it, because just like you, it's like, they get their thing.

Stop obsessing with the tech

James: It's low friction. You've got to make it easy to use and more useful. I like that. Same. Even though I use a platform, like it does the functions of what you're probably getting from SAM cart, I use [Kleq](#). And it does have an app, which is really good for my members, because some of the things I guess, with the private coaching, I'm not going to private coach back and forth with email. So they can do it in the app, in the chat.

Ryan: What is it called, Kleq?

James: Yeah, K-L-E-Q.

Ryan: What? K-L-E-Q?

James: K-L-E-Q.com. If you took ClickFunnels for campaigns, like you just click a button for a book campaign, for example, you take SamCart or Thrive Cart as the cart, put it together in a love child, and schools, forum chat things, you've got Kleq, and it's been around for 10 years, it's solid. And so it's really, really easy to have someone join.

But I actually put a lot of my campaigns on the public side with no login, no friction, and then when they join, then they can get into the app. And that's how I do the private coaching. And I put a link for the weekly group calls and stuff. But I agree, keep it down. If you're doing a Frankenstein with 16 different glued together bits and pieces, forget it, you're done. You're cooked.



Ryan: Yeah. And it drives me crazy. I get so frustrated, because I want people to succeed, just like you. It's yes, we want to make money. But you want to help people, you want to see people win. And I'm in one group. And it's for a membership site, or people want to start membership sites. And all they do is fixate on platforms.

James: Tech. Tech, tech, tech, tech, tech. Crazy.

Ryan: And they don't have a list. They don't know what the heck they're going to market to, anything, but like, well, I want one that can give people points. And it makes them an automatic affiliate. I'm like, no one is going to be your affiliate. Okay, like, they're not going to be an affiliate for \$9.95 cent a month crafting. Like they're not, like that's not your marketing strategy.

And people like, Yeah, go for it. And it's just, you see people spend months or years. And it's so, it's like, heartbreaking. And you don't want to sound like Mr. Negative. And you know, and I try to help people. But, man, it's tough to see, especially when people do want recurring revenue, because who doesn't, but they're so misled. And they're so distracted by the tech stuff.

Where James puts his current focus

And that's why I'm like, just start with an email, right? Just start there. Start an email and PayPal, right, or even something like Gumroad, like just something really, really simple, just proof of concept. And you can get your 10 members, and you could flip them onto another platform if you had to, like it's not that big of a deal. You're not locked into one thing forever. I mean, look at you, you had terabytes of information, you know, all of that stuff.

James: Just parked it. Nobody's complained. Where's all my stuff, right? And I said, you want something, if there's something you really want, you let me know. But my goal is, and I told them, I'm going into my old membership, it's like an abandoned supermarket, I'm going to find the things that are really useful. And I'm just bringing them back as a one-page playbook. No one's complaining about that. They love the playbooks.

Ryan: Right. They're saying, Hey, where's my ExciteBot, you know, training, or how to make money on Craigslist?

James: It's all crap, isn't it? It's so much crap. I have the same issue with like, commoditized, Facebook groups and stuff. It's just all noise and difficult. And so I like what you're doing. You created your own email. Like, I've created my own place where I can have that communication without the blind leading the blind effect that I call it, where a lot of the big experts, they sell a high-ticket thing, they create a group around it, they never show up, and then they let people just give each other crap answers. And then they repeat the whole cycle in the next six months or a year later, and it's like, please stop doing that.

Ryan: I know, the masterminds and yeah, oh, it's 25 grand.

James: So I've done a couple of things. These are some major innovations for me that I think would be useful. One is, I only sell monthly subscriptions. I don't do annual anymore, because I'm performance-based. I want to get a result for people, and they shouldn't stick around if they can't get a result. And I have no service debt beyond a month. I could turn off my membership in a month from now, and there's no issue.

Ryan: That's nice.

James: People do stay, which is great. The second thing is, there's a couple of people who I'm such a good fit for that I should partner with, and I do performance-based deals with them where I get paid on performance only. There's no retainer, no downside, really. It's like, I get a quasi-ownership of their business in terms of a percentage of revenue as my fee above where they could get to by themselves.

And that's been very interesting from a Pareto Principle. Like, eight of them make more than all my other members in all my other platforms. The top one or two make the most, which is phenomenal.

Ryan: Yeah, you got a lot of upside. I've had the opportunity; I actually did that once or twice.

James: You'd be in a great position to do it, because you're so skilled.

Ryan: And if I would have done it with some of my clients now who have businesses doing, you know, 20 million, 30 million a year, forget it.

James: That's why I do it. Because I said to [Jay Abraham](#), if you could go back in time, what would you do different? He said, Well, instead of selling \$20,000 or \$30,000 workshops, I should have done more [rev share deals](#). And that was about six and a half years ago. So I started then. That's why I was able to turn off one to one, I've retired my one-to-one training. That's why I only need two products.

Setting one's priorities

Ryan: I guess for me, money's never been the number one thing. I'm a freedom-first guy. And I cannot work for anyone. I can't. I'm unhirable. And the minute I have that relationship, the second I feel like I have to answer to someone, whether like texting me and like, Hey, circling back. What do you think? And I feel like I'm out.

James: I don't have any of that. Not how our partnerships work.

Ryan: You could say like, I'll pay you a million bucks a year, I will not do it. Any amount. 100 million, I wouldn't do it. I just won't. I don't need the money.

James: Well, I'm like you, I like freedom. But the way that our partnerships work, it's basically like we share the business together, but without all the downsides of a 50:50 thing. It's their business. No doubt about it. It's their major upside. I just take a small percentage for my contribution, but you know, we just collaborate. I like the collaboration.

Back to Def Leppard. It's like if you're a really good guitarist or bass player, and you could find an amazing drummer, and you want to make a song together, that's what it's like for me.

Ryan: Yeah, you're just filling in those drum beats, baby.

James: It's like, you know, find someone you want to collaborate with. I've got some people who I can collaborate with, we can create content together, we can talk about ways that we can make the product great. I am really interested in making good product.

I'd say the creative side has come out more as I've had more freedom, where I'm getting more interested in making good stuff, you know, like back to old, sort of, you know, building things with Lego, or just art. Having good art is important to me. And learning about design and making things that people get great results from is exciting.

Ryan: If you were taking on new people right now, I like the way this has kind of turned, now I'm interviewing you for the James Schramko podcast. If you were taking on people right now, do they have to already have a baseline? Because that would be - if I would do this, I need to have someone already up and running, like already generating revenue, because you don't know if they're actually ever going to do anything, right?

Finding the best prospects

James: Yeah, I'd say that's like, You can't steer a parked car, right? A parked car is risky, because you don't even know if it has an engine. But a car doing 60 miles an hour on the freeway, you know a lot about it already. It definitely has an engine, and it can drive. Now it's easy to change gears and hit the gas. So now there's less risk. Does it have gas in the tank? You know, will the wheels fall off at 100 miles an hour? I guess we don't know that. But we can have a look at the car and make an assessment.

Ryan: You can't get away from the car analogies, can you? The car industries always bring you back, James.

James: There are some filters that I would look for. What I would like to see is they're self-motivated, there's already a fire. I'd rather control a fire than start a fire. I also want to promote their product or service to my audience, and for sales to be made. I want to know that my audience are interested in their thing, because that makes it very easy for me. Because my main job then is to build an audience, and to build trust with my audience, and to make solid recommendations.

I need to trust them. Like they have to be someone I could know that they're going to pay me and that we have a great relationship that we get on well with. And they have to have a good for humans type product or service, which of course I would never promote if they didn't. And ideally, they're going to have a team.

This is the one thing that's been the Achilles heel. Like, someone's doing quite well but they're too small and I give them great ideas or whatever and then they can't implement it or scale it. Because I'm going to blow them up. Basically, I'm going to double them, or triple them, or quadruple them, and I don't I don't want them to lose that momentum.

Ryan: Yeah, that's a good point.

James: Which is luckily, like I'm really good at helping them build a team. But it's so much better if they've got one or two. I think there's two partners that I would have had if they'd had a team, but they're solo operators, and they'll basically run out of capacity in about 10 minutes.

Defining your price tiers

Ryan: Yeah, yeah. Especially when you get some of the big things. All right, now, I'm interviewing you again. Alright. James. Screw it. Who cares what I think, who cares what I've done? I'm curious. You mentioned earlier, I forget what you called it, I call it mid premium. You had a different name for the pricing.

James: Yeah, mid ticket.

Ryan: Yeah. What do you consider, like, what's your definition of low versus mid?

James: So I would say low is like, well, obviously, there's the high volume, really low ticket, sub \$100. I think the mid ticket is sort of more the 1000 to 3000. And high ticket is probably in the 5,000, 10,000 up per month.

Ryan: Yeah.

James: What about you?

Ryan: I have such a different definition.

James: Yeah, tell me. Because you come from a fitness market, I imagine there's very different numbers.

Ryan: I know. When I hear low, I'm like, 10 bucks a month, 20, even 30. I look at mid between like 30 bucks to like 100, you know, the kind where you would join it, you wouldn't really think too much about it, like you don't necessarily have to ask permission from your spouse or business partner, you know? A \$30 a month, you probably, most people, I'm not, again, some 30 hours a month, they feel a lot.

James: Well, context is critical. Like I even have to translate. If you're talking to someone from Middle America, then you know, they can actually exist on \$150,000 a year. If you're talking to someone in Sydney, London, or Paris, that's not a possibility.

Ryan: Yeah, or I live in New Canaan, Connecticut. Forget it. It's insane.

James: Yeah, right? So yeah, that's interesting. I mean, most of the stuff that I'm dealing with is more of a business market and return on investment type discussion rather than hobby or passion.

How people make money on YouTube

Ryan: Yeah. So we were saying before, about, like marketing and channels, and I was saying, you know, YouTube. So here's what's interesting. I'm really, the past, I'd say, month, behind the scenes, I've been studying it like crazy. I've been watching everyone, taking notes, asking my friends who were doing well, because I have one buddy, I can't say his name.

Years ago, he said, You know what, Ryan, I turned on YouTube ads. Because he has a popular YouTube channel, in like personal development. He said, I turned on ads, and I was making 30 grand a month. And just in addition to all like, the clients he gets and stuff. I said, Wow.

And I texted him about two weeks ago. I said, you know, I'm really studying YouTube. And it's fascinating because like, my son was home sick from school, I said, You know what, Jake, just watch TV. Just lay down, you don't feel well. All day, James. He watched YouTube on TV, all day.

James: And if he was much younger, he'd be on TikTok all day, just scrolling endlessly, like this.

Ryan: Yeah. And he does some TikToks, but it was like, he watches these guys like doing like stupid basketball shots. And I'm going to shave my butt backwards, like idiots. But they're like, Hey, I'm 20, here's my mansion. I'm like, What is going on? So I text my buddy. I said, Man, when you told me about the 30 grand a month, just turning on the ads, that really made me think, this was like three years ago.

He said, Ryan, it's 250 a month now. I said, What? \$250,000 a month, just an AdSense revenue from YouTube ads, and this is just growing, like if you're looking at all the habits of everyone.

James: I coach plenty of people who make 30, 40, 50 grand a month from YouTube as just their income source.

Ryan: And depending on the space you're in, like if you're in the business and marketing space, you're talking like \$20, sometimes even \$30 RPMs, you know, revenue per thousand. So you put a video out there that gets 100,000 views, you know 100 times 30 is like three grand for one video.

James: Well, if you ask a kid what they want to be when they grow up now, they'll say YouTuber. I've definitely watched it. I have plenty of people in the YouTube, either content creator space or the advertising space, it's just, all roads lead to YouTube as being a King Kong, and partly because the content stays up, and it keeps performing for a long time, which is something you and I both look for.

It's not a news feed platform like Twitter, or Instagram, or LinkedIn, etc. So I feel like YouTube, definitely, I've been waiting to put my - I've got my podcast, which is convenient now that they're going to have podcasts. I feel like that's an automatic win.

But the ad revenue can definitely - I've seen people with 300,000 or 500,000 subscribers, they're making tens of thousands a month as chump change to the side of whatever they're doing for the actual reason they got on to the thing in the first place.

Ryan: Yeah. And those numbers are just going to keep growing, you know, as more advertisers get on and as more eyeballs on it, and you just have to put out good stuff. Like, you really have to.

James: That's it. The quality of production is going to be critical.

Ryan: Right. And thumbnails.

James: Well, that's the way with Mr. Beast, he won't even publish a video unless they get the thumbnail, they spend days and thousands making the thumbnail, and then they create the video after that.

Ryan: Yeah. And that's what I'm learning as I'm really digging in and seeing and reverse engineering. It's like coming up with the thumbnail and the headline first.

James: It's the idea, the thumbnail, and then the edit. They actually just go through the dictionary looking for random things to make, to get ideas for stuff, right?

Ryan: But what you're going to see, but what's crazy, James, is we could tell people this, and that's what I'm going to be doing over the next year, like my goal is to, like just really put myself back, I got nothing to lose.

James: And where do we do this? At ryanlee.com?

Ryan: Yeah, ryanlee.com.

James: Yeah. Simple as that.

Ryan: Yeah, sign up for my newsletter. But I'm going to post the videos on there too. And I'm just going to start playing, but I'll do it. I'm going to challenge you to do this more, James, too. And then, we can give people advice on which crazy is, the big, Oh, yeah. And they'll still like, take the easy way out, or do like, they'll shortcut it. And you'll say you have to do a good thumbnail.

James: Well, they'll complicate it. I actually give people a shortcut. I had a guy join my membership last month. Last week, I told him what to do. This week, he's already got results. And he's clarifying the next step. And to the other people around, it just sounds too simple and too easy. But it actually isn't anything - all it took me was a decade or so and seeing thousands of people try stuff to know exactly what to do. And he's just doing it.

It's just straight out the gate. Like people want to make it harder sometimes because they're used to this whole thing about hard work and difficulties. And they're expecting things to go wrong. Like, imagine if there were some legitimate, simple ways to go.

The stuff you'll want to take away

And I'm saying the big snapshot from this episode would be, find a way to get recurring income, it's worthwhile. Keep it as simple as absolutely possible. YouTube is a strong front end driver and potentially a good income earner. And [email is still solid as a rock](#). Is that all fair?

Ryan: Yeah, yeah. No matter what you do, whatever social platform you pick, TikTok, Instagram, get them on your list. Because at the end of the day, that's what you control.

James: That's the simple advice. That's the one people ignore.

Ryan: Or they get some people on their list, or they just focus on the amount of followers they have, like on Instagram.

James: Yeah, vanity metrics.

Ryan: Right. And you could post something on Instagram and get seven likes. So who cares? What does that do? You get them on your list. But here's the crazy thing, James. Email your list, guys, but email them good stuff, right? I mean, I'll say, Oh, tell me about your list. Alright, it's 2000 people, when was the last time you emailed them? Oh, it's been a while. Why? I've been busy. What's more important? I said, that is the very first thing you should do.

James: And are you doing daily? I haven't checked.

Ryan: Yeah, I call it daily-ish.

James: You've got to be emailing once a week, right? Absolutely. So if you want to keep getting delivery, has to be at least once a week.

Ryan: Oh, I always say, minimum once a week, minimum once a week. But I usually do, I'll do like two, three days in a row, then I'll pick a day. I used to do it every day, seven days a week. But I don't always feel like it.

James: Same for me. Like, I put a playbook most weeks. We usually publish two podcasts a week, sometimes one, but mostly two. And the best thing about my community, this is really the important thing, the thing I like about my community is I can go into it when I want. Like, I don't take any scheduled calls four days a week. Like, I've been doing that for seven or eight years.

But I can still log on to my community via my app and answer a post at 8:30 at night or nine in the morning, or whenever I feel like it, go and swim with my daughter, have some lunch check in on my community. It's not a set in the schedule thing that forces me to be in a job-like scenario, and that's why I've been able to do it for so long, because it's not too wear and tear.

Ryan: Yeah, and you know what, it's your business, and you set the rules, right? and that's it. And if you want to have a community, and you want to answer them at noon, do it. And if you don't have a community, and you don't want to have one, don't have one, right? If you want to answer it at one in the morning, it's your business, but you've got to set expectations from the beginning. Don't say I'm going to answer it every hour and then not.

So a lot of this is just common sense stuff. And I've always had the filter of just treat people how you want to be treated. That's it. That's the rule, like what would you want to have happen? Like, just treat them really well, and respect them.

Yeah, simplicity, getting them on the email list. And just serving them with really consistent awesomeness.

Does Ryan have more fun now?

James: And are you enjoying your business more now than you have for a while?

Ryan: Oh, my God, I finally have like, joy in my - it's been, man, it's been so many - like, I had really high peaks at the very beginning. And really, really big lows. Now, I know who I am, I know where I want to show up in the world, I know how I want to show up. I'm securing myself. But the most important thing, and I'm sure you feel the same way, is that, my family's good, you know, my wife, my four kids, they're happy, they're healthy, they're well-adjusted.

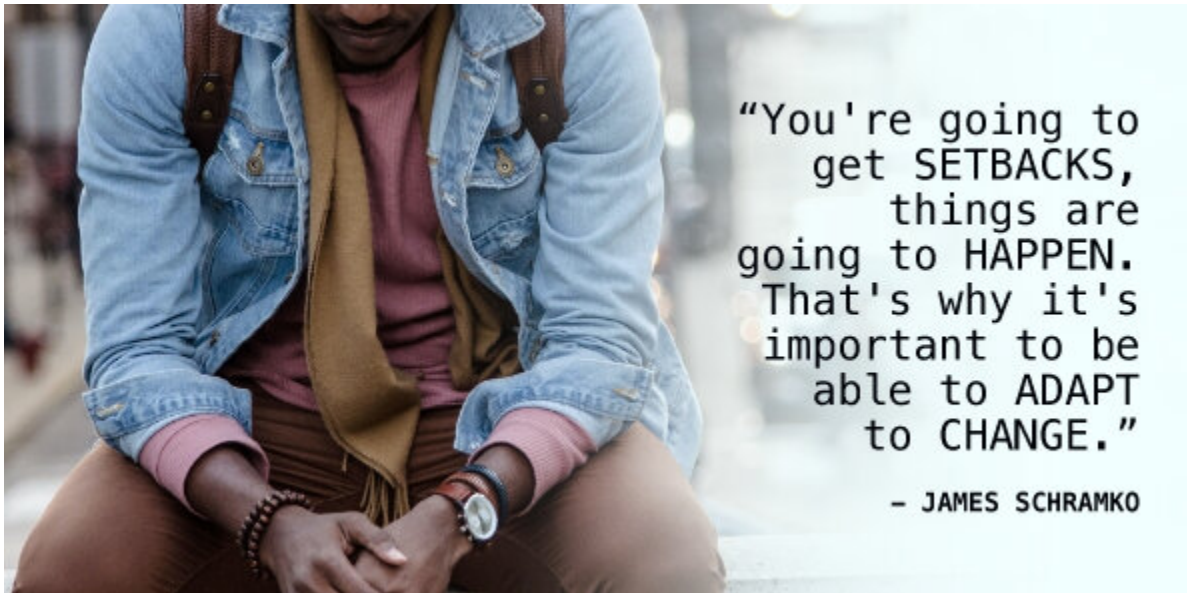
My kids are doing well in school, they're doing well in sports, they have friends. Like, that is doing well, everything else is gravy. You know? Like, alright, so I did a product that didn't do as well. Okay. You brush yourself back off, because that's the other thing. You got to have resilience, right? You're going to have ups and downs.

James: You'll get punched in the face occasionally. Like, last week was fun for me. I snapped a brand new surfboard. And then the bank that I have in America got shut down. Like, no matter how hard you work to have things set up well, there'll be little setbacks. And a brand new car that I bought had a vibration at 100 kilometers an hour, I just put the car thing back in there, I thought you might want to hear about cars again.

Ryan: I did. And I need you to convert kilometers to miles per hour, because we don't know what the hell that means.

James: Well, 100 kilometers an hour is about 60 miles an hour.

Ryan: Yeah, alright.



James: And 50/80, that sort of stuff. So you're going to get setbacks, things are going to happen. And that's why it's important to be able to adapt to change. And seems like you've found your true north. I'm loving your emails, I love your website. I love all your social posts about the 80s. It's been fun watching your journey from the first time I met you in 2008 to now, and I'm so excited that you've accepted the offer to come and have a chat on this podcast, and also, to give us the source of the three C's. I've learned something particularly useful that I can incorporate into my membership book that's coming out at some point. Thank you, Ryan, so much.

Things to look forward to

Ryan: Well, I appreciate it. And just say, like, if you call the book, *The Three C's*, according to Ryan Lee, featuring James Schramko, then I'm good.

James: Ryan Lee's Secret Three C Formula Revealed.

Ryan: Yes. No, but I really appreciate you having me on, even though it is episode number 7829. And I know I'm going to be launching on YouTube, I'm going to be launching my new show. Right now, it's tentatively titled Ryan Lee TV, because I got to kind of make it a little bit fun and different, play off the MTV thing. But I'm going to have you on as one of my, you're going to make it one of my top 1000 guests. I don't know where you're going to fall.

James: That's it. I'm winning life.

Ryan: You'll be top 1000 along with our mutual friend, [Kevin Rogers](#), who'll make top 1000 as well.

James: Well, I mean, that's a story in itself. I actually helped him create Copy Chief. That's one of the best membership case studies that I can cite. And it's so good to see them prosper and succeed for such a long time. God, that guy's funny though. He's a lot funnier than me. You should definitely have him first. Don't put me straight after him. I'm going to be such a flatliner after him.

Ryan: Yeah, he's one of my close friends. I actually, the first time he spoke at a marketing event was at one of my stages. He's such a good guy. And that's why there's - I know a lot of marketers, you know, kind of get a bad name, you know, all gurus and anal. But there are some really good men and women in that.

James: Oh, some incredible ones, like our mutual friend, Carrie Wilkinson.

Ryan: Carrie's great. Yeah, some really great people who care, who want to do good things. Unfortunately, some of the bad ones are very vocal and make everyone else look bad. But I know you're one of the good guys. I wouldn't have come on if I didn't think you were. Like, I know you are. And we've known each other for a long time.

I know I was teasing you with 1000 people, but I do know you are very protective of who you bring into your world.

James: Oh, a hundred percent.

Ryan: Yeah, you have to trust them. So I really am honored that I was on here, and hopefully, people got at least one or two big ahas. I know I did.

James: It'd be fair to say, it's unlikely I would have been pursuing the membership model so much unless I'd seen examples of it working before, which you are responsible for in the industry. So for your foundational work, I'm really appreciative, and to be able to bring some history back into the new generation is really exciting. I'm pretty sure we'll get some great comments about this.

If you listened to this episode 1002, if you join Ryan's list or email, just reply back to him when he asked you to tell him about yourself. Tell him you heard about him on Schramko's podcast, I'm sure he'll get a big smile from that.

Ryan: Yes. And then I will delete you and block you. But no, thank you, James. And thank you all for listening and watching. And I look forward to seeing you continue this journey and innovating as always. So thank you, my man.

James: Thank you.

JAMES SCHRAMKO



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