

Simon Hodgkinson & Jeremy Gislason's

Membership Millionaire

**"The Complete Guide
To Residual Income
Marketing & Profits"**

www.MembershipMillionaire.com

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MODULE 11

Public or private, which yields more profits?

Your first question may be...

Membership sites can go public?

Yes. They can.

YouTube sold to Google for 65 million dollars and went public immediately.

Weight Watchers is a publicly held company based in membership and their membership site.

Monster.com is a publicly held membership site.

Coca cola is a publicly held membership site and has a membership site called Coke Rewards.

So what is the key to going public and why would you consider it?

Believe it or not, deciding whether your membership site will eventually go public is something that you need to consider **right from the beginning**.

- Publicly traded membership sites can consume their competition because they have more financing options.
- Publicly traded membership sites have more leverage in the market.
- Publicly traded membership sites have more credibility.
- Publicly traded membership sites have more opportunities for promotion and publicity simply due to the fact that they are publicly traded.

- Publicly traded membership sites have a broader spectrum of investors and investment capital.
- A publicly traded membership site will receive more public attention and therefore generates more members.
- A publicly traded membership site will raise more capital through additional stock offerings if sufficient investor interest exists.
- A publicly traded membership site will attract and retain highly qualified employees because of the credibility and financial perks that it can offer. Amazing people are literally banging down the door to work at Google.
- A publicly traded membership site must keep shareholders informed about the company's business operations, financial condition, and management, incurring additional costs and new legal obligations.
- A publicly traded membership site cannot make decisions quickly.
- A publicly traded membership site may make changes that you do not agree with.
- A publicly traded membership site may be liable if it does not fulfill legal obligations.
- A public offering takes lots of time and money to achieve.

If you do decide that you want to make a public offering you will need to:

Build your membership site with your exit strategy in mind.

Structure your business to make it easy to sell.

Is selling your site the best way to make millions?

Exit strategies. Building your membership site with your exit strategy in mind

Assuming you are intending to make a profit from your membership site, an exit plan will be an integral part of your business plan right from the beginning.

Every step you take to develop your business should take you a little closer to selling your membership site.

Your exit plan must include:

-**Timescale for exit.** Your site will be of the most value when business is booming. If your membership numbers are growing, your profits are increasing and your subject is gaining in popularity, it might be the perfect time to sell.

-**Exit option.** For most membership sites this will be a simple trade sale.

-The identification of **potential obstacles** to selling your site and how you intend to deal with these.

Structure your business to make it easy to sell.

If you know from the start that you will eventually sell your membership site, you can structure it to make this a simple and profitable process for you.

Tax relief

Tax laws vary greatly by country, so it is advisable to check tax relief legislation locally when you start your business. The length of time you own your membership site, as well as the type of ownership, and the type of products and services you offer can impact whether you are entitled to tax relief on the profit you make from your site.

Co-owners

If you are the sole owner of your membership site, selling it should be a relatively simple matter. If however you have co-owners, no matter how small their share, you need to give some thought to them when you put together your exit strategy.

Having a business structure in place that makes your site ready to sell will ensure a smooth and speedy sale. If you spend time trying to sort out tax affairs and obtain co-owner agreement at the time of the sale, you may well deter your potential buyers from completing the transaction.

Next time we'll examine how to determine how much your site is worth.