

Simon Hodgkinson & Jeremy Gislason's

Membership Millionaire

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

www.MembershipMillionaire.com

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MODULE 12

How much is your membership site worth?

Whether you're selling your business, looking to make a public offering, or just evaluating your business, it is important to know how much your membership site is worth.

The answer can have a profound effect on your business strategies and where you go next.

Let's begin by taking a look at two methods to evaluate your business.

Method 1) Price to earnings ratio. This is a reasonably simple way to come up with an indicative value for your membership site. Any assets, and some of the specific factors we will discuss later, can be added to the value afterwards.

First calculate the future maintainable profits of your membership site. A reasonable way to do this would be to take an average of the previous three years' real profit and the next two years' projected profit. **Weighting the average in favour of your last year's profits will make the figure more accurate.**

Once you know the maintainable profits of your business you need to decide how many years' profits your membership site is worth.

For a large, well established offline business, with heavy assets, a loyal customer base, and a long term exit strategy, you could expect to ask up to ten years' profits. In the constantly changing online market, you are more likely to get between one and five years' profits, depending on the quality of your site and how well known it is.

Method 2) Cost to rebuild. This method values your site based on what it would cost you to build it from scratch at the time of sale. Some of the factors to include would be:

- Cost of actually creating the site, hiring a programmer, buying the domain name etc.
- Cost of hiring a ghost-writer to write all the content
- Cost for the working hours you have put into the site
- Cost of any software you have used
- Cost of advertising
- Cost of hosting the site
- Cost for your customer list

Is your membership site worth millions?

Other factors to consider when valuing your site:

- Your target audience.
- Your revenue streams.
- Your site traffic.
- Age and reputation of your site.
- Your domain name.
- Customer loyalty
- Customer list.

Knowing the value of your site will change the way you look at it and operate.

Let's take a look at a few ways that you can increase the value of your site.

You want it to be worth millions, don't you?

Quick and easy tools to increase the perceived value of your membership site

This course is called **Membership Millionaire** for a reason. Membership sites are an excellent business and capable of achieving millions rather quickly.

That being said, it is always good to take measures to increase the perceived value of your site.

It not only makes it easier to sell but it can generate significant credibility and interest which always results in an increase in profits.

Here are a few things that you can do during the lifetime of your membership site to increase its perceived value.

- Demonstrate that your business has increased value every year. Growth is always a strong factor in the value of a business.
- Keep your site legal, and inline with all the latest internet legislation. This gives buyers a feeling of confidence in the purchase of your site.
- Protect you intellectual property rights. Your content will be worth a lot more to a potential buyer if it is original and protected by copyright, that if it can be found in a thousand other places on the World Wide Web.
- Keep your accounts up to date, and ensure they are accurate.
- Long term members give your membership site a feeling of increased value. Consider asking your members to switch to quarterly or even annual subscriptions to provide a long term customer base.

Before you put your site on the market, it is worth spending some time drawing up a detailed memorandum of sale. This will take some time and effort, but it will prepare you well for the sale process and will answer many of the questions your potential buyers are going to ask.

Here are some of the elements that you might include in your memorandum of sale?

- Business description.
- List the domain name(s) and all the elements included in the sale, for example content, customer lists, ongoing memberships etc.

- Requirements for business.
- Breakdown of profits.
- Asking price.
- Statistics.
- Potential problems.

Let's assume that you've valued your site, your exit plan is in place, and you're ready to sell for millions of dollars.

What's next?

How do you find interested parties? Jump into module #13 right now and find out.