

Date 10 September, 2015
Time 10:20am

Decision:

How to continuously improve Farnam Street and find a means to deliver more value to readers.

The situation/context:

The workload for Farnam Street (FS) is increasing to the point where I am at my limit. In order to improve the quality of content or take on more in-depth projects, I need to find a way to generate income on a sustainable basis and improve the value proposition for current and new readers.

Capturing more value will enable me to start offering custom research pieces, develop some courses and products I've been exploring, and hire some like-minded help.

While FS is profitable due to my free labor, I've never pushed hard to capture a lot of the value I'm creating. Almost everything to date has been free for the reader. And while there have been many generous supporters, it's clear to me that readership would need to be 2-3 times the present size to be sustainable on a donation basis.

The problem statement or frame:

I know I need to find a way to capture more value if I want FS to succeed long term as a business and useful human endeavor.

*The questions I'm struggling with are related problems:
How can I create more value for readers and how can I capture a small percentage of that value?
What's the right way to enable FS to capture more value?*

I think the right way increases the value proposition for all readers while offering supporters additional and exclusive high quality content. The proposal of a membership model that gets better over time – similar to Amazon prime. Supporters pay \$10/month and I take that and invest it back into exceptional material for both members and non-members. To some extent the members end up subsidizing the product for everyone else but that's true in almost all businesses, and the member also gets a lot of value out of their dollar. It's designed as a win for the entire ecosystem.

The variables that govern the situation include:

The main variables as I see them are: To what extent can I create value? and To what extent can I capture some of that value?

Financially: *I need to be able to pay for some help. If I continue to persist without taking a salary from FS, I can likely support this and weather any downturns that may come.*

Readers: *I need to make sure all readers are taken care of. Content cannot move to only a fee based approach because that would alienate most readers. I also can't move too heavily into promotion because that would annoy me (and existing readers).*

Product: *I need to find a way to make the overall FS product better for everyone. So whatever money comes in will go towards improving the product.*

Supporters: *I need to give my members something that no one else gets and it needs to be of a quality that blows their mind. Offering value with a free product and offering value with a paid product are different – expectations change.*

The complications/complexities as I see them:

How to grow free readership while growing paid readership.

What if people revolt?

What if I change to a membership model and no one supports it and I alienate the people who were supporting through donations?

What if people think the value proposition isn't compelling enough?

Alternatives that were seriously considered and not chosen were:

Subscription of \$10/month for access to entire site and all posts. I think I'd lose most of my readership but enough would support this option to make it financially viable. If I was a reader I'd hate this. This doesn't create value for existing readers.

Subscription of \$5/month for Brain Food. Most people fail to realize that it costs me money to send out my newsletter. I could charge for that but I think I'd lose most subscribers and again, as a reader who has been reading it for years, this would make no sense. This doesn't create value for existing readers.

Add additional sponsorship. At what point does this become annoying? I'm not sure. While I'm sure readers would understand, I think one is enough. Switching to Google Ads would be fugly and effectively be selling user data to Google.

Push for more donations. Same as above. Right now I do this twice a year in an obvious way, I think that's enough.

Explain the range of outcomes:

- *I institute a membership model that does not catch on: I partially alienate my audience, while creating a new expense to manage having invested in resources to grow FS.*
- *I institute a membership system where I am able to sign up enough members to create a decent business, but not enough to truly expand my capabilities: I have to pivot and decide how to proceed, possibly changing nature of membership to improve offering, or finding alternate model.*
- *I institute a membership system that becomes generally successful, readers understand and support the initiative, and as the FS business starts to generate more income: I can expand what we are able to do and provide.*

What I expect to happen and the actual probabilities are:

I inherently believe that people will support great content.

I don't think readers will revolt. I think they will understand that I need additional support in order to continuously improve FS and heavily invest in creating more value for everyone by means of a positive feedback loop. I think they will appreciate we all need a sustainable eco system.

The probability of this is outcome is reasonable, I'd say about 70%, that within a year we have at least 500 paying members. I'd say the odds are about 30% that it's less than 500 at the end of one year.

The outcome:

To be determined.

Review Date (6 months after decision date): 05/01/2016 and 05/09/2016

What happened and what did you learn...

I'll let you know.