

Create your own subscription box business plan

Creating a subscription box business from scratch can be intimidating. That's true whether you've never run a business before or you're a serial entrepreneur.

Luckily, having a written business plan can help you focus on the most important things right off the bat. It can keep you from wasting countless days and even months on things that won't move the needle in your business. Plus, if done well, it can help you get an investment!

So take 30-60 minutes to sit down in a quiet space, preferably behind a locked door (or, my personal favorite, somewhere out in nature) to fill this out. You'll thank yourself for it later!

This business plan template is broken into 5 parts:

1. Your Executive Summary (a quick summary of your business and mission)
2. An "Opportunity" section (to dive deeper into the points you made in your summary)
3. An "Execution" section (your marketing plan and actionable steps)
4. A "Company" section (all about your vision of your company and your employees)
5. A "Financial" section (all your costs, profits, and financial projections/goals)

Executive Summary

Every business plan starts with an executive summary.

This section should tell your potential investors all they need to know about your business model in a brief, succinct fashion; think of it as a **condensed summary of your entire business plan**.

In your executive summary, you'll need to include:

- Your problem summary. In a one or two-liner, what pain point do you solve for your customers?
- Your solution summary. How do you solve the above pain points you've just mentioned?
- Your target market. What are the demographics of your target customers?
- Your competition. Even if you have no direct competitors, be sure to list down your indirect competitors as well.
- Your team. Talk about your key competencies, as well as what makes you qualified to start this business.
- Your forecasts. How much do you predict you'll sell in the next year, and what are your sales goals in the next five or 10 years? Insert a relevant chart here.

- Your financing needed. If you're fundraising for your business, here's where you detail how much capital you need, and how much equity you're willing to part with. If you're not fundraising, go ahead and omit this section altogether.

Remember to keep things short and sweet. You'll be able to elaborate on each of these categories in the following sections!

Opportunity section

With this section, you're basically rehashing the bulk of your executive summary, but going into greater detail with each of your statements.

You should include the following:

- **Your problem.** Elaborate on your customer's pain points, as well as how this problem he/she faces significantly impacts his/her life.
- **Your solution.** Again, go into further detail about your product or service, and mention your Unique Selling Proposition (USP) as well.
- **Your market size and segments.** Include the size of the total market, as well as the size of each market segment you're targeting. Also, give more details about your ideal customer, and the buying behavior or other characteristic traits they exhibit.
- **Your competition.** Describe your customer's available alternatives, and...
- **Your competitive advantages.** Explain why your subscription box business is a better choice than your customer's other options. If you have a patent or any other means of preventing new entrants from copying your product, mention it in this section!
- **Your supplier.** If you're connected to a reputable supplier who can pass on significant savings or discounts to you, definitely include this as well.

Execution section

By now you should have convinced yourself (or your potential investors) that you have an awesome product and a clear market for it.

What's next?

Figuring your marketing, sales and operations out.

In this section of your subscription box business plan, go ahead and include:

- **Your marketing plan.** How do you intend to acquire new customers? Are you going in strong with paid ads and influencer sponsorships, are you going to explore inbound marketing techniques, are you going to go the PR and media coverage route, or a mix?

- **Your locations and facilities.** Most first-time entrepreneurs start their subscription box businesses from home - and there's no shame in that. But do include details on how you're intending to scale. At what point will you need to rent a warehouse/office space?
- **Your technology.** What marketing tools are you using to generate your leads? What eCommerce platform are you using to run your website (and does it come with an [app that allows you to easily power your subscription box business?](#))
- **Your equipment and tools.** If you're simply curating items from other brands, like what many subscription boxes do, you can probably leave this section out. However, if you're intending to start a subscription box which comprises of items which you're handcrafting, then you'll need to list down any specialty equipment you use.
- **Your milestones.** These will help ensure that you're on the right track - common milestones include hitting X paying customers, X recurring customers, \$X in revenue, and \$X in profits. Be sure to include your deadlines for these milestones as well.
- **Your key metrics.** Some of these metrics, as previously mentioned, include your CAC, CLV, and conversions. In addition, there's also your Monthly Recurring Revenue (MRR) - this [should be growing over time](#); if it plateaus, it means that you're losing existing customers as quickly as you acquire new ones. Also consider your Average Revenue Per User (ARPU), which lets you identify your average revenue for each customer after accounting for free trials, promo codes, and other discounts.

Company section

This section is all about selling you and your team, and making you look good.

Ideally, your investor and/or potential partners should come away from this section thinking, *damn, these guys are legitimate. I'd love to work with them.*

Even if you're not after an investor, this section will help you understand more about what your company is going to eventually look like, so don't skip it!

Here's what to include in this section:

- **Company overview.** State your company's structure (whether it's a sole proprietorship, a limited-liability corporation, a partnership, or a corporation), and specify how much each equity each owner of the company has (if applicable). Definitely consult with a business lawyer to determine the best structure to set up with.
- **Management team.** List the members of your management team, and highlight each person's experience and skillsets. If you're currently a one-man-show, be sure to put down on paper that you're looking to fill certain key positions further down the road. (If you say you're shooting to hire a CTO who has both front and back end experience in Q2 2018, it sounds *way* better than if you were to state that you're "*currently outsourcing technical work to freelancers in India*".)

- **Advisors.** Connections are important, and if you have access to any mentors, investors, or industry experts who can help you along with your business, be sure to note this down in your business plan as well.

Financial section

I'll be honest with you:

There's a lot to unpack here, and if you don't have any financial or business background, you might find this section a teeny bit challenging. (But you have Google on your side, so you'll get through it eventually!)

That said - this is arguably the most important section of your subscription box business plan, so do not skip it.

Let's start off with the easy stuff... your pricing model!

Pricing Model

Most subscription box businesses do something along these lines:

They offer 3-month, 6-month, and 12-month subscriptions, with the price you're paying for each month decreasing when you commit to longer-term subscriptions.

Alternatively, you can also frame this in terms of **subscription duration** instead:

For customers who want to be billed (and pay!) every month, companies typically increase the cost of the subscription box slightly, or remove perks such as [free shipping](#).

Customers who opt to subscribe for an entire year and pay upfront, on the other hand, are rewarded with free shipping, or maybe even an additional box (the 13th month's box!) free.

On top of this, if you're offering your subscription boxes in different quantities, you'll have to think about how to price these as well.

Say consumer A gets a 12-month subscription for 1 pair of socks per month, and it costs her \$120 per year.

How much do you want to charge consumer B for the same 12-month subscription, but with 2 pairs of socks per month instead?

Pro Tip: Don't try to bite off more than you can chew by offering customers too many plans and options. More choice isn't necessarily a good thing! As a good rule of thumb, three options is perfect. Also, try to make the middle option the best option (for you AND your customer).

Right, now that you've gotten your pricing model sorted out, let's move on to your financial forecasts.

Here are the things you'll need to include in this section:

- **Your financial goals in five years.** Whether you want to achieve \$X revenue, sell your company for \$X and exit the market, or triple your Return On Investment (ROI), be sure you communicate your goals in this section.
- **Your expenses.** Talk about your Cost of Goods Sold (COGS), as well as your other business expenses, including shipping costs, marketing budget, packaging costs, website maintenance costs, and inventory holding costs. State how much profit you'll make on each type of subscription you offer.
- **Your key assumptions.** Talk about how you arrived at the figures in your financial forecasts (which I'll get to in a bit). Are your projections done on market research, or actual figures collated during your soft launch? What kind of growth are you assuming, and are there any notable expenses that you're gearing towards further down the road?
- **Your monthly revenue in your first year of operations.** Use a chart to show your projected revenue for your first year (you can create these charts and other graphics using tools such as [Vizzlo](#)).
- **Your monthly expenses in your first year of operations.** Same as the above!
- **Your net profit (or loss) by year.** This chart should show your projected profits over the next few years. The number of years this chart should cover depends on how long it takes for you to break even - if this is 10 years (which really shouldn't be the case!), then be sure to have your graph span that entire 10 years.
- **Your sources of funds.** Talk about whether you're investing your own money into your company (and if so, whether you'll be taking out a credit card loan, or utilizing your own savings), or whether you have other investors on board.
- **Your use of funds.** How do you intend to use the money which you've raised or loaned? The more precise you can be, the better!

Okay, deep breath here. We're nearly done!

All you have left is your financial statements, which include:

- Projected profit and loss statements
- Projected balance sheets
- Projected cash flow statements

With these statements, there's a lot to wrap your head around, so I'll link you up to some resources which you can read in your own time.

This article will show you [how to generate a profit and loss statement](#).

Here's how you [create a balance sheet](#).

And here's how you [prepare a cash flow statement](#).

Make sure you have all your accounts and receipts with you, set aside a day or two (no meetings!), and power through creating these statements.

This is the last step to completing your subscription box business plan, so once you're done, give yourself a pat on the back. You made it!

Need more help creating your business plan? Try using one of [Score's business plan PDF templates](#).