



Create your own subscription box

Business plan

Creating a subscription box business from scratch can be intimidating. This is true whether you're new to running a business or a seasoned pro.

Having a written business plan can help you stay focused, create manageable goals and expectations, and help you secure funding or an investment. Whether you are selling nutritional supplements, fashion and beauty products, or a subscription-based software, having a sound business plan will be essential to your success.

If you are unsure how to create a business plan, our easy-to-follow template is a great way to get started.

Your business plan should be broken into 5 parts:

1. Your Executive Summary
2. An Opportunity section
3. An Execution section
4. A Company section
5. A Financial section

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:

- **Problem summary** - in one or two lines, what pain point do you solve for your customers?
- **Solution summary** - how do you solve the above pain points you've just mentioned?
- **Target market** - what are the demographics of your target customers?
- **Key competencies** - talk about your key competencies, as well as what makes you qualified to start this business.
- **Forecast** - 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.
- **Financing** - 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

In 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 customers' pain points, as well as how this problem they face significantly impacts their 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 customers' available alternatives.
- **Your competitive advantages** - explain why your subscription box business is a better choice than your customers' 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

Next, you'll want to figure out your plan for marketing, sales, and operations. 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 or 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 (which many subscription boxes do) you can probably leave this section out. However, if you're intending to start a subscription box for items 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), which should be growing over time; if it plateaus, it means that you're losing existing customers as quickly as you're acquiring 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. Ideally, your potential investors and business partners should come away from this section feeling like you are a legitimate business that they want to work with. 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 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 skill sets. If you're currently a solo business, be sure to put down on paper that you're looking to fill certain key positions and specify what those will be.
- **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 in your business plan as well.

Financial section

If you don't have any financial or business background, this section can be a bit challenging. 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 basic stuff: your pricing model.

Pricing Model

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

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. Let's say one customer gets a 12-month subscription for a pair of socks per month, and it costs \$120 per year. How much do you want to charge another customer 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.

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 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.
- **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, we're nearly there!

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

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

Here are some additional resources on:

- [how to generate a profit and loss statement](#)
- [how you create a balance sheet](#)
- [how you prepare a cash flow statement](#)

We hope you found our template easy to follow and are feeling excited and motivated to launch your business.

For more helpful content on getting your ecommerce or Shopify business up and running, or tips and tricks on taking your established business to the next level, be sure to check out the [Bold Commerce blog](#).