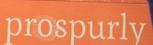


How I Built a Business that's made over \$50k in 6 Months

Author

Jesse Richardson



pro



How I Built a Business that's made over \$50k in 6 Months

Author

Jesse Richardson

About 6 months ago, I launched a subscription service called <u>Prospurly</u>. For \$44.95/ month after a coupon, subscribers receive 6-8 full-size, artisan products from small businesses and passionate modern craftsmen.

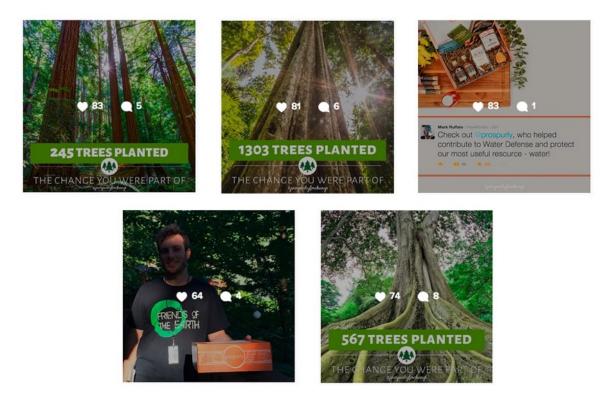
I'll be honest with you: this is not a full-time gig. In fact, I generally spend less than 5-10 hours a week running this business.

Despite the small time commitment, Prospurly has already grossed over \$52,000 and is on track to take that to \$60,000+ at the end of this month. On average, the business is making about \$8,000/month in recurring revenue with a 20-35% profit margin, depending on purchasing:



Historical financials, ripped from Stripe. Period represents 3/9-9/9.

Customers are happy, churn is easy to manage (8-12%), and we've partnered with dozens of awesome small business while also donating to great charities. (In fact, we've planted over 3000 trees, helped protect clean water, and worked with a few great local nonprofit organizations.)



Instagram posts of our charity efforts. (And yeah, that's a Mark Ruffalo tweet).

So, how did all of this come together?

Step 1: I chose an idea.

The first step began about 2 months before I collected my first dollar.

Back in January 2015, I started thinking about how I wanted to learn the Cratejoy platform. I'd been involved with subscription commerce since my days as a founder of Conscious Box (started in 2011 in a tiny single room office with beds installed above our desks), which was originally held on a static site, then was moved to Magento. After Conscious Box, I help start a slew of other subscription business, which mainly used integrations with Chargify and Wordpress.

Cratejoy was a new "all-in-one" platform, which intrigued me. Customer information, creating subscription products, one-time purchasing... all in one? I wanted to give it a try.

So I brainstormed. Why not start something new using Cratejoy?

I had never started a business alone. It was a scary, but exciting thought. Naturally, questions started pouring in my head.

What interest would it serve? What would the curation look like? What would be the niche of the business?

I knew two things from the start:

First, it would involve natural products sourced from small, local businesses. My parents have been small business owners, environmentalists and avid about conscious living their entire lives, which has served as a great source of direction for me (in both life and business).

Second, it would not deal with product sampling. I wanted the new project to be full-sized and clearly curated. This likely meant I would purchasing products.

While the juices were flowing, I was still struggling with the true *inspiration* for the project.

Then, one day, while reading 'The Consolations of Philosophy' by Alain de Botton, I struck up a train of thought inspired by Epicurus. As de Botton explained, Epicurus was a far more modest man than many presume him to be. To him, happiness as an 'acquisition list' was actually quite simple.

No large villa was needed, no expensive foods or drinks were necessary, and no fanciful luxuries. It's nothing like the modern understanding of 'epicureanism.'



That guy is Epicurus.

Rather, to truly be happy and experience pleasure, all one naturally needed was flavorsome **food**, good **friends**, and an analyzed, **thoughtful** life.

Despite being in a marketer's position, which in some ways ran contrary to Epicurus' fundamental message, I was inspired by the simplicity: food, friends, and thought. It's here that I found the next nugget of inspiration.

I'd craft a subscription around living a life, not just directed at happiness, but a life directed at *prosperity*.

After a few sessions of playing with names, ideas, and synonyms, I'd ended up with Prospurly – a play on living "prosperly":

eplarious epicusus - 307 BC delight supprise SAME Lets, freedom, Laugh Fierd S, food, though Thinks, freedom, 3 Food - # 15 -> 1 9-13 1 fries, - 110 385 1 fritter - \$10 -> \$5 1 hought - \$10 -> \$5 935 \$30 The Monthly Muse sodifical Taylit prosper Thrie Box suprise Monthly detert detert prosup prospurly. com

This is the piece of paper I was using when I came up with the name.

I really liked it when it first came together on the page. It was short, felt clever, and it intrigued those around me when I pitched the idea. It was also fun to say.

More importantly, there were very few subscription businesses already started in the area of "small-batch, artisan lifestyle products for bath, body, and home." It was something of a Crate & Barrel meets subscription boxes meets living well and a touch of subtle philosophy.

The idea felt awesome. I loved the direction, the name, and the implications the niche would have on the business (like making regular donations to charities, as shown above).

So the idea was there: a natural lifestyle brand inspired by the experiences and simplicity of a happy life. The subscription would deliver the so-called "ingredients for a happy life," the items and ideas that cultivated a life much like the one I thought Epicurus might've imagined, with a bit of an artisanal touch.

Step 2: I kicked off with a prelaunch.

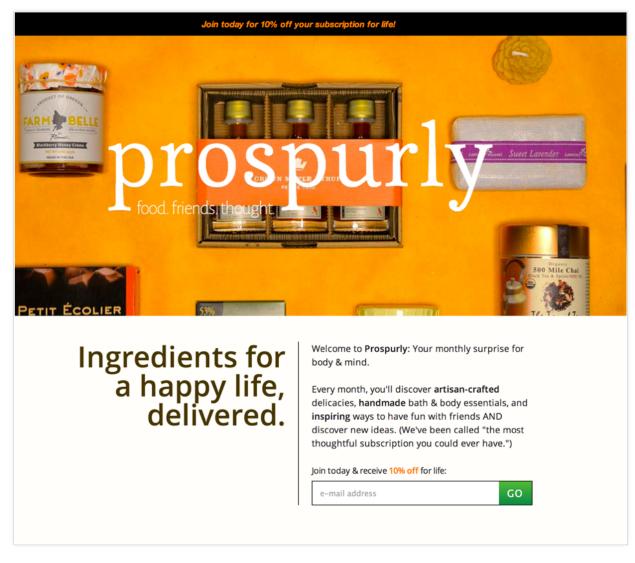
Personal excitement aside, I needed to make sure that mom wasn't the only one that thought this idea was good. I wanted other people *who didn't know me at all* to tell me this was something they'd pay for.

So I decided to run a prelaunch email gathering campaign.

A pre-launch email gathering campaign is a strategy used to test the market's response and build initial buzz around a product. When it's done right, you'll have hundreds or thousands of emails from interested people, who will become your early customers should you decide to launch your product.

This is not hard to do. There are tons of prelaunch platforms to choose from.

For me, I chose to set up a Launchrock page. It's a simple platform, is easy to customize, and had templates that looked good. It made gathering early emails and testing messaging, colors, and offers easy while I built the rest of the business:

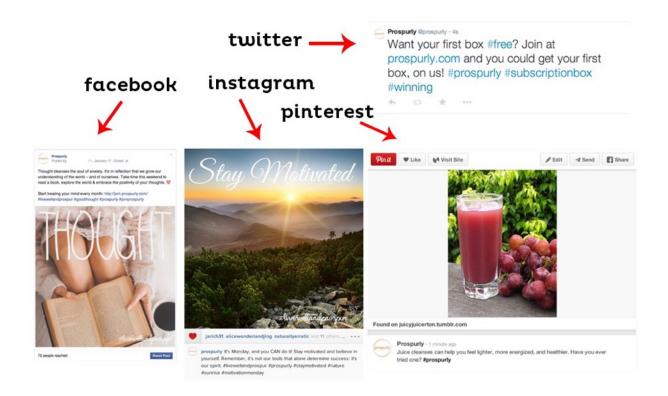


This was Prospurly's first landing page.

I kept it simple.

I took a picture of a few items I thought fit the niche with a orange colored paper background, snagged from my local art shop. The goal was to keep the page bright, colorful and effective at capturing the "sunny" spirit of the business.

Next, I began building out my social channels, which would serve as my primary sources of early traffic. I started with the simple ones: Facebook, Twitter, Pinterest, and Instagram.



To get these in front of people, I used the basic (and free) functions of these social media channels. I used hashtags, I invited friends and family to Like and Follow my channels, and I interacted with other users, by liking their posts, following them, sharing their posts on Facebook, and staying active with comments.

I spent a lot of time on Instagram, building out ideas and testing branding:



My prelaunch campaign ran on one thing: the natural reciprocation of social media users. I liked photos, they liked mine. I followed them, they followed me. It created momentum, the perception of authority, and helped me push traffic to my landing page.

And yes, early posts jumped around with branding, fonts, and wordings. Frankly, I was learning the ropes of actually *applying* creative design. (While I've been "creating" these for years, I've never actually been the one to hold the pen in Photoshop.)

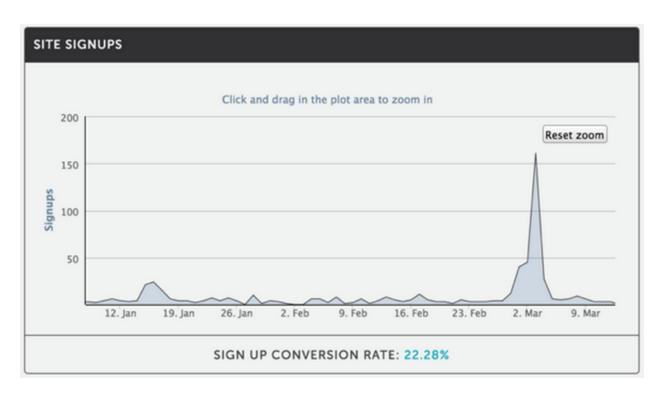
Was I some experienced designer? No.

Had I ever launched a business completely on my own? Nope.

But the tools were there. I watched Youtube videos on design, scoured the internet for guides, and made a point to post a few times a day on my channels, openly asking people their thoughts. Slowly, things evolved and began to take shape.

Alongside learning the creative process, it was in this stage that I began to work out other customer acquisition strategies:

- I brainstormed a blog called "<u>The Prospurly Post</u>," which just became live in July (good for SEO purposes and organic traffic).
- I began contacting bloggers, reviewers, instagramers, and other social influencers I planned to reach out to and offer a box
- I began identifying niche-similar publications/pages that I might be able to trade exposure with
- I started watching videos on Facebook ads and asked friends who had seen success with these ad for their tips
- I snagged a Google ads credit and planned an early campaign



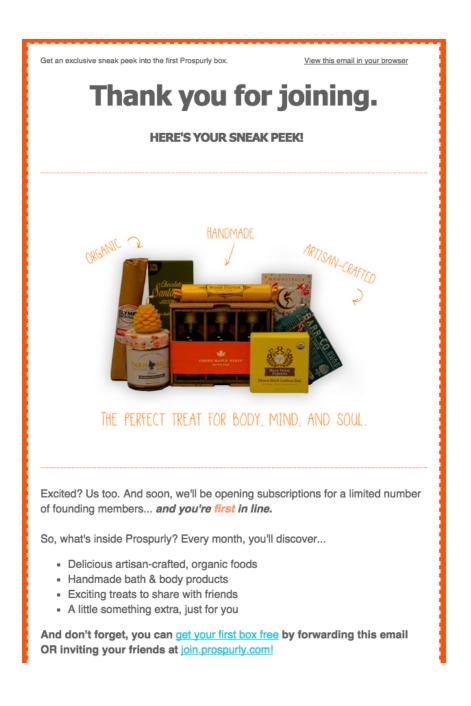
Early on, the prelaunch began to get some traction:

Over about 12 weeks, the page saw the following:

- 2679 total visitors
- 209 total shares
- 597 total signups
- Total Conversion Rate: 22.28%
- Total Share Conversion Rate: 7.8%

For a total of almost 600 presubscribers and a conversion rate of 22.28%, I felt AWESOME. (One <u>Quora</u> question reported that most people see between 9-11% conversion rate, with the occasional answer in the 20s and 30s.) Most of this traffic was from social media, so the early design work I played with felt validated - it peaked interest and pushed qualified traffic to my landing page.

I made a point to keep the list "warm" over the weeks, sending out updates and sneak peeks. This list was a big asset for the launch, and I hoped it would yield a strong customer base. Here's an example, which showed a sneak peek of the types of items subscribers could expect:



Step 3: While prelaunching, I developed tools.

From past experience, I knew I needed to spin up some foundational tools for the business before I reached my official launch, namely a CRM to keep track of merchants, a customer support platform, accounting software and cash planning, and an appealing invitation for brands.

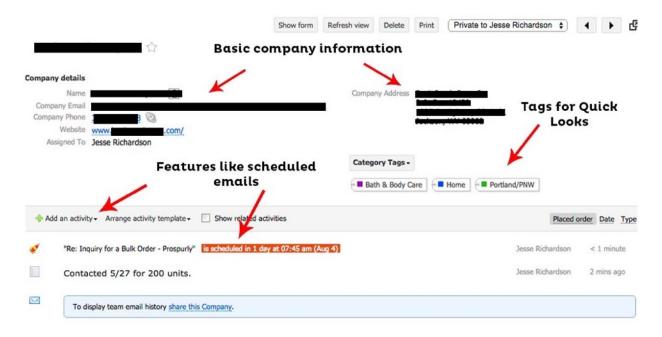
But wait, Jesse, what even is this stuff?

- 1. **CRM:** This stands for a Customer Relationship Management tool. It's like an electronic rolodex. It's super useful for keeping trackers of vendor partners (not subscribers) when "sourcing," aka the continuous process of finding products for your box. You can catalogue leads and add notes, along with a bunch of other cool features. *Part of running a subscription business means servicing brands, and CRMs make it simple(r).*
- Customer Support Platform: It's a waste of time to deal with support requests in a regular email client (like Gmail or Hotmail or whatever you normally use). These platforms take emails from a support address and feed them into a system where you can apply tons of features to speed things up.
- 3. **Accounting Software:** If you're starting a business, you need to keep your books straight. This means reconciling transactions in your bank account and accurately measuring expenses, revenue, and profit.
- 4. **Cash Planning:** Outside of accounting software, using a cash planning spreadsheet makes projecting much easier. This is done within Excel, and you can use templates, like <u>Cratejoy's budgeting tool</u>.
- 5. **Brand Invite:** Brand invitations are PDFs that you attach to your sales emails. They quickly provide vendors with more information without you having to type it out. Like the CRM, these are useful when servicing your second type of customer: brands.

So let's jump into it:

First, the CRM. I decided to use Solve360. I've seen this CRM in action, used it before, and it fit in my price range, so it felt like the right choice.

I kept the entry process simple: basic company information, tagging based on product category and location (I try to mostly source local), and notes for when I contacted someone or received replies. I also learned how to use other features, like scheduled emails and events. After finding businesses on Etsy, Google, or at my local stores, I'd enter them in:

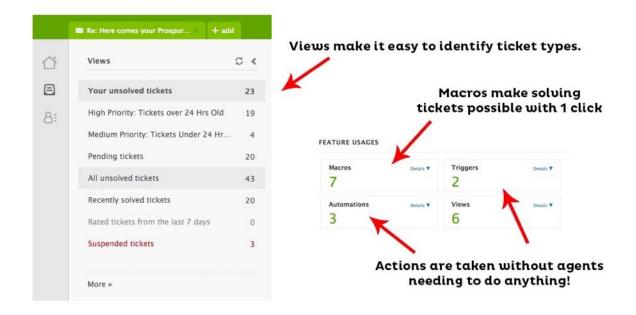


CRMs make it easy to track emails, replies and procurement progress.

The first month, I added about 150 qualified leads. These were businesses who fit the niche and had applicable products. As part of this, I decided a theme for my first box – "Awake with Spring" – which was general enough to fit many types of products. When it came to choosing products, all I needed to do was ask, "Does this fit a spring/awakening theme?"

Next up, customer support. Even though I didn't have customers yet, I was getting inquiries from potential customers. I also knew that setting this up ahead of time would save me time down the road.

For the platform, I used Zendesk. It's affordable and has easy-to-develop tools, like macros, triggers, and automations. (I currently have one person managing it, and it usually takes less than part-time.)



A quick illustration of a basic Zendesk setup. Little things save a ton of time!

For accounting, I'd be using Xero. I rarely "owned" this task in past ventures, so this took a bit of learning.

To keep me crisp on the process, I set up a weekly reconciliation meeting in my Google calendar. Every Friday, I start my day by linking up transactions from my bank account in Xero. This makes taxes, cash planning, and keeping my books straight much, much easier. You can also create rules in Stripe, which makes reconciliation faster.

Review your bank statement lines			then match with your	transactions in Xero	
	Spent -	Received *		Spent -	Received *
		Create rule	Match Create T	ransfer Discuss	Q Find & Match
× Sep 9, 2015 debit	337.50		Who Name of the contact	What Choose the ac	count 👻
PAYPAL INST XFER 1580 CHRIS	Easy to identify		Why Enter a description		
More	transa	ctions		or quickness	Add details
		Create rule		ransfer Discuss	Find & Match Match A Second Sec
Sep 9, 2015 credit	289.26		Apply rule	Contact name	
STRIPE TRANSFER X		O	Stripe Revenue	Stripe	
More			Don't apply rule		View details
Ea	sy to ent	ter contac	t		
	inforn	nation	Match Create T	ransfer Discuss	Find & Match A
🗵 Sep 9, 2015 debit	10.00		Wells Fargo	What 604 - Bank Se	rvice Charges 🔻
DIRECT PAY MONTHLY BASE		O	Why Direct Pay		
More					

It was also at this point that I really started to drill down on pricing and the unit economics of the business.

I began by assuming a pricing scenario that allowed me to purchase slightly below wholesale. To start, most businesses will offer products for bulk orders at wholesale, which is usually 50% MSRP. Wholesale is rarely (in my experience) a negotiation, too: all you need to do is ask. From there, I took the total MSRP I wanted to see in the box, and worked backwards to find my budget for products. I assumed average prices (like the one's you can find in the <u>Subscription Business</u> <u>Calculator</u> at Cratejoy), and made a projection:



POWER subscription box calculator

My early cash planning (mostly accurate) based on my assumed business' unit economics.

After adding a few dollars for shipping, packing, printing, and services, I had a cash planning worksheet I could use alongside Xero.

The final item on my list was building out a sales deck – a PDF with basic information about Prospurly and reasons why brands should join. Sales materials are helpful because they allow you to keep intro messages short – just a few lines asking about product availability and wholesale cost. If a merchant is interested, they already have a resource to read over. This also helps add a level of professionalism to your business, which always helps during negotiations.

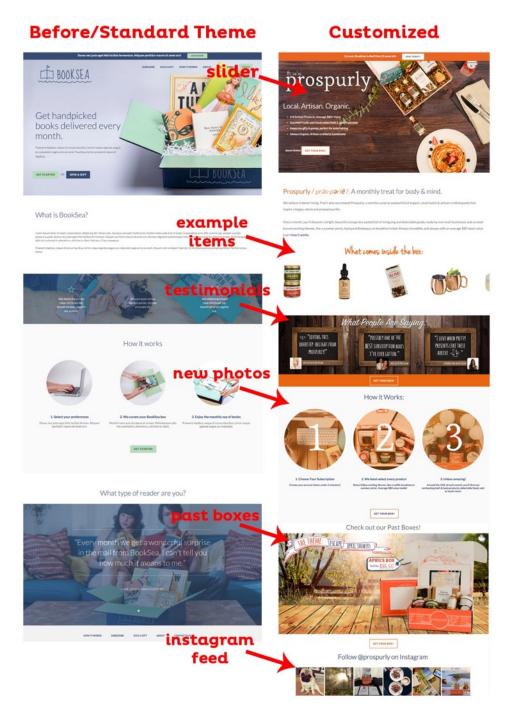


This is the top fold of the Prospurly business PDF.

From there, I enlisted the help of a local developer to customize my Cratejoy website a bit. To find him, I simply posted an ad on Craigslist. It took me sorting through about 5-6 people, but I eventually found someone with a decent portfolio and super competitive rates (\$35/hr).

For the work, I knew I wanted to add more dynamics to the page: a few sliders, a custom pop up (I use Opt-in Monster), an Instagram slider, a better footer...you get the idea. I didn't spend much – about \$200 for the work.

Here's the evolution:

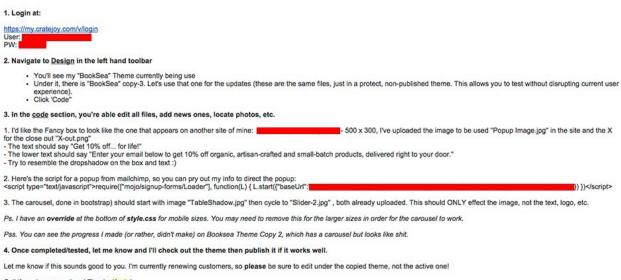


(Some of these are featuring newer photos I took after the launch and first 2-3 months)

When it came to spec'ing this all out, it was pretty simple.

First, I made a mock up in photoshop that looked exactly like the above. I took a screenshot of my current website, moved things around, added in exactly what I wanted, and added red arrows, just like you see above. Because I have worked with developers before, I knew I needed to *draw this out, not just explain it in text*.

Next, I listed out specific directions to the developer. This didn't mean I wrote the code or made specific code related suggestions (after all, I'm not a developer). Instead, I wrote out the changes I made in picture form in an itemized list. Here's an example of some early requests I made:



Call if you have questions! Thanks Kevin!

He'd make an update, I'd check it out, and he'd add more changes if I had any. We also collaborated a bit on what he thought would look good.

In addition to the tools and website, I had also been designing custom boxes. This was probably the most tedious and time consuming process of my launch, since I

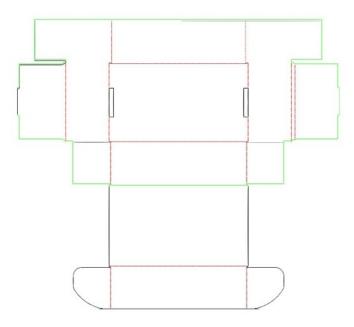
had literally never opened Adobe Illustrator (the program I used to hold the pen on design) ever before.

Here's the rough order of operations I tackled:

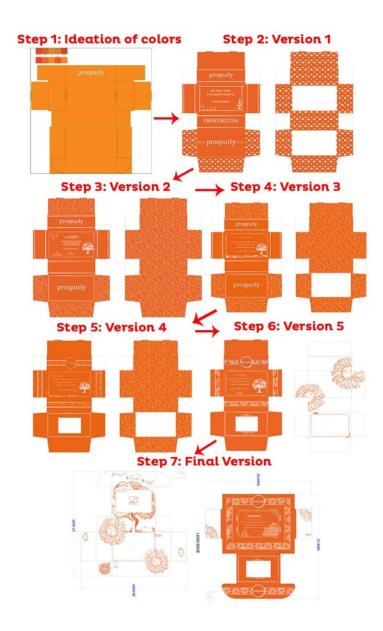
- I decided a box size. I wanted to ship in the USPS cubic .2 range, and I maxed out the size possible for that. You can go with a "standard box size," which a box manufacturer can suggest to you (as they have different standard sizes manufacturer to manufacturer), or you go with a completely custom box, like me. This means I'd have to buy dies (for cutting the cardboard) in addition to the plates (for the custom colors). (Ps. You can use the <u>Cratejoy Shipping Calculator</u> to learn more about cubic pricing)
- 2. With a box size decided, I went to local box manufacturer NW Paper Box to talk about type of cardboard and pricing. I had used them in a previous venture, Escape Monthly, so I had rapport with them. (If I didn't know them, it's as simple as making a cold call and setting up a meeting to talk about needs).
- 3. I decided to go with a kemi or "white top" board, so when I printed orange ink on the box, the background would be white
- I spent a few dozens of hours on design, usually iterating 2-3 times on each version. I applied subtle changes and focused on refining my skill set early on. Once I felt comfortable, I'd work on adding more unique design elements.

For the template, I simply grabbed a blank box design from online. If you look closely below, you'll see the actual dimensions of the box outline changed twice before landing on the correct size. In this final case, I was provided with an Illustrator file from my box manufacturer.

Here's the initial template I used:



With my hands on a template, I began working on the design:



After design was decided, I put the order in for a few thousand boxes.

NW Paper Box would then split payments for creating the custom plates and dies, and I would use the boxes as needed each month, while storing the excess in their facility. Splitting payments, with 1/3rd of the total plate and die costs (about \$700 each payment) paid over the next 3 months, helped cash flow during the early months of the business. Paying for boxes as needed also helped smooth out COGS.

With a decent site in hand and custom boxes on their way, it was time to launch.

Step 4: Launch time.

Weeks of work lead to this.

I had no idea how the early adopters would come in, and with the investment for custom boxes, I was starting to sweat about expenses (I was about \$2000 in, which included boxes, services, and everything else).

Fortunately, the first box came together nicely:





I was confident once people received it, the momentum would be on.

I started with a countdown on social media. We were giving away boxes, doing shout outs, and working hard to interact with the community online. We did across all our social channels. Here are some examples from Twitter:



Prospurly @prospurly · Feb 26 Big news! Our official launch is right around the corner.. and you can still enter to win a lifetime... fb.me/1TfUjn92Q

...



4

Prospurly @prospurly · Feb 2 Want your first box #free? Join at prospurly.com and you could get your first box, on us! #prospurly #subscriptionbox #winning

4 £73 * 3 ···

*



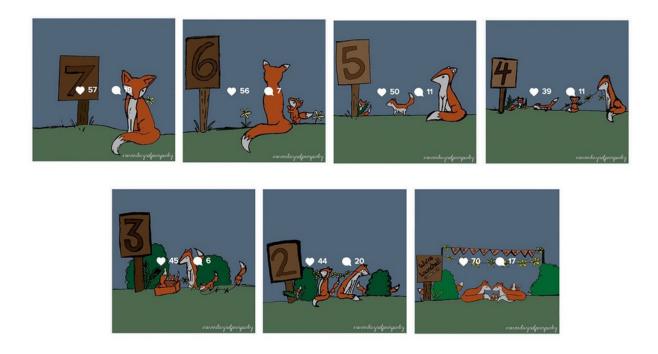
Prospurly @prospurly · Mar 12

23

It's official – Prospurly has launched! Sign up today and get 10% off your subscription for LIFE with code... fb.me/1YkkTlaL5

4 273 🕇 3 🚥

We also led a countdown on Instagram every day before the launch:



(We went with a cutesy, orange fox oriented countdown)

I also sent updates to the leads lists, which was now at its fullest. I scheduled 4 emails for the week of the launch for my leads list. The emails would go out every other day leading up to official opening of sale. They followed basically the same verbiage in each email, and looked like this: It's official. We've launched. And you're first in line.



Prospurly has officially launched. And you're first in line. But hurry, there's only 73 spots left! Join Now

Prospurly, the new monthly subscription that delivers ingredients for a happy life, has officially launched. Every month, you'll discover luxurious items like...

- Organic, artisan-crafted foods like single-origin stoneground chocolate & rich maple syrup
- Handcrafted bath & body products Perfect for renewing body & soul
- Exciting gifts & games for friends Always something fun to share, like thoughtful wish cards, cheese plates, and more!

Plus, as a founding member you're eligible to get **10% off your subscription** for life. Just use the code FOUNDER during checkout! Only 73 spots left.



Within the first day, we saw results. For starters, the emails saw decent open/click through rates:

35.2% Opens	8.9% Clicks	View Report	~
51.0% Opens	30.8% Clicks	View Report	~
62.3% Opens	16.0% Clicks	View Report	~
63.9% Opens	22.2% Clicks	View Report	~

Social media was also abuzz, and we rocked a few of our simple promotions:

• We had been holding a contest for a lifetime subscription, which people entered via presubscribing on our launch page. It was easy for people to enter: just presubscribe on the launch page. I would then randomly choose an email from the list, contact them, and announce them on social media. After the launch, we announced the winner and got some decent sharing for doing so.



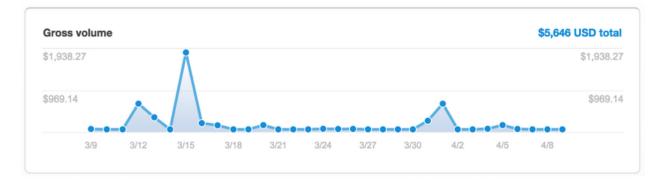
• During the launch month, we ran contests for reposting our photos and tagging friends for chances to win one-time boxes.



• We released a special coupon for "founding members" – aka our first customers – for 10% off for life + a bonus in their first box.

In the first 30 days, I sold over 120 subscriptions and grossed a little over

\$5,600 – more than enough to cover products, shipping, and start paying back the investment I made for custom boxes (which is completely optional, but I think very valuable).



From Stripe, 3/9-4/9. This does not include the first re-billing, which occurred on 4/10 the first time around.

Considering that I'd been working full-time, exiting another business, and was basically a novice on most of the early operations, this felt like (and was) a huge launch. I was super happy with the results, and best of all, this gave me a platform for a highly sustainable, rewarding business.

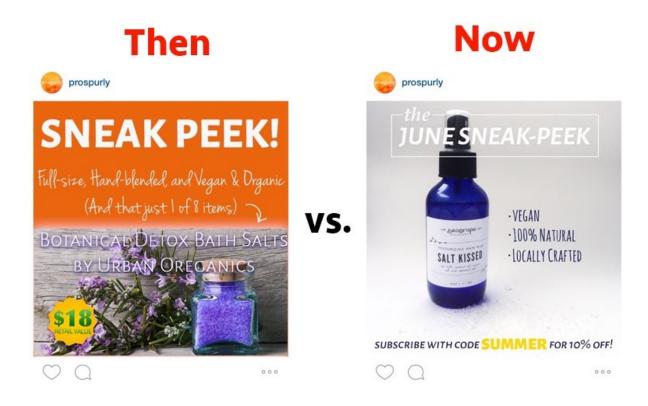
Now it was time to grow.

And grow we did.

In the last six months, we've effectively doubled in size, grossing about **\$10,000**/**month with about 200-220 subscribers**. On a monthly basis, that comes out to a 10.14% growth rate, on average. In other words, by dedicating just a portion of my schedule, I've been fortunate enough to capture back the number of churned customers each month, plus track down some additional customers. **To date, I've never netted a negative number of customers, ever.**

Step 5: Keeping at it.

These days, I've templatized the business enough that the little down time I do have can be spent thinking of new ways to get customers. While I don't "need" to work everyday, my daily schedule is mostly focused on procuring the next month's products, tinkering with emails, and improving my skill set on core tasks.



One example is with branding and general creative skills:

Good example of how I grew with my business. Cleaner, better performing branding.

True, my branding and creative skills have a ways to go, but it goes to show you how much one person can improve with a little concentrated effort.

And this was true across operations.

• **Procurement has become easier:** Prospurly has worked with dozens of local companies and artisans across the US, and people are taking notice. We've been featured in a few decent sized publications and online outlets, like <u>Buzzfeed</u>, and

work with dozens of social influencers a month. This adds a really unique marketing perk to our business for brands.

- **The sales deck has improved:** I've redesigned it, added more features, and profiled more brands. This makes for a more compelling pitch to my partners and helps speed up conversations.
- Accounting is Quick and Easy: With Xero and a cash planning sheet in Excel on lock, I can quickly budget and forecast growth, making this once scary operation simple and manageable.
- **Shipping is a 60-minute task:** With Cratejoy's platform and easy-to-manage batch shipping, this operation boils down to a 60 minute or so task each month. I send a PDF right to my fulfillment partner and never have to worry about labeling, packing, or shipping boxes.
- **Social Media is Growing:** With over 5000 people across channels, social media is gaining natural momentum and requires less work. People are more inclined to repost photos without us directing them to, because they see so many people already do it, every month.

So what about financials? While I have decided to reinvest as much capital in the business as possible – a decision that's delayed my total payback amount, leaving me technically in debt – I have been able to pay friends and family members for work, ultimately giving myself greater control of life and more importantly, a better quality of life. At any moment, I can easily scale back spending and decide to put money back into my own pocket.

The financial security this offers is extremely stabilizing and rewarding. I can start taking a few grand a month if I'd like, and in a year's time, it will likely rival the pay of my full-time job. In a year and a half, I could be looking at nearly a six-figure salary from something that requires only 40 hours a *month* of work.

In all this, the first lesson I learned as a student of business remains true: trying to run a business (mostly) alone is difficult, difficult work. Ignoring the actual tasks you need to execute, the mental and emotional commitment it demands is nothing short of extraordinary. It's a test of your hard work and your willingness to accept failure. But it's possible. And by following the model I've presented, chances are you can develop something similar with a bit of hard work, time, and a dose of good luck for measure.

To see the continued evolution of the business, check out <u>Prospurly.com</u>.

Now, I've got to get back to work.

