
Food Truck Business Plan

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Introduction

Food truck business can be described as restaurant on the go (movable restaurant). Food truck is basically a big truck that is furnished with the essential equipment to cook and expediently sell food. It is a business project that shall pick up force as the years move by.

It has been evaluated that food truck business serves about 2.5 Billion individuals day by day around the world (as per Wikipedia). The food truck business is a flourishing business in a few sections of the United States of America, Asia, Australia, United Kingdom, Canada, France, Belgium, Germany and Mexico et al.

One beneficial thing about the food truck business is that it is far cheaper to start and operate when compared to the usual restaurant business with a fixed location. As a matter of fact, 78 percent of those who operate food truck business have four or fewer employees under their payroll.

One beneficial thing about the food truck business is that it is far less expensive to begin and function as compared to the typical food business confined to a specific area. Almost 78 percent of the individuals who work in food truck business have four or less representatives under their payroll. (Profitableventure.com, 2016)

In the heart of city of London we will be opening 'Kitchen on Wheels', which shall work to provide the customers with something to eat on the go. With little investment we can attract a large number of customers and earn good profits by operating at various places at the same time. In order to grow in the mobile food industry we need to capitalize growth and become a recognized brand regionally. The basic purpose of this business is to generate money in the dynamic city of London by serving people with restaurant quality food on the go. This shall help in saving people's time and provide them with delicious food in no time.

The business shall be started off with the assistance of skilled chefs and the top priority of the business shall be to look after the hygiene and health of the customers. A good amount of investment is required to kick-off the business.

Operations

Following are the various steps required to be fulfilled in order to establish a food truck business.

- **Get Licensed**

Nothing is simple in the world of small businesses, to operate on roadsides or public streets, a trading license is required. Cities have various requirements that include certificates from the health department, truck licenses and parking permits. To apply for the same, a local council shall be contacted and be provided with the information where the business shall operate and when we intend to start functioning. It depends on the council for how they long give a license and whether they approve of the places. (Petty, 2017)

- **Buy a Truck**

With the investment, we will first buy the truck and furnish with all the required equipment as required by the health department. Before setting up, we need to plan what we need to run the business, i.e. what shall be served to the customers so that the required equipment for making the same shall be installed within the truck. As this will be the largest expenditure in the business, it should be done right. As every penny counts, we don't want to spend £6000 on a truck if we cannot manage to get it right.

- **Identify a Niche**

Currently, food trucks serve decadent cuisine, delicacies from different parts of the world, healthy food, and famous desserts like exceptional cupcakes and varieties of chocolates.

The way to accomplishment in this better than ever business segment is finding your very own specialty and turning into the best. We need to do some research to identify what as of now is canvassed in our own vicinity, and after that surface with our own creation. For example, certain food truck vendors find victory in merging different dishes and eccentric names to boost their image.

- **Get Financing**

After you comprehend what you have to spend, make a financial plan. You may locate a proprietor financing alternative for your truck, or you may need to go to different spots for funding to back your private venture. You can apply for a line of credit from a bank or credit association, or borrow acquire from loved ones. Then we need to figure out how much amount for down payment can we afford, and how much interest you'll owe through the span of your loan.

- **Make a Plan**

As with some other business, you'll have to devote time and research to your business plan. When you have your advance squared away, find out about the expenses related to permits, cleaning gear, ingredients, and other expenses, and figure out how much amount you'll have to pitch each month to make a profit.

- **Get Insured**

Your business will be on wheels, so you will have to take on some major insurance costs. Chat with an agent, and depict precisely what reason the truck will serve. For example, on the off chance that you'll have a completely practical pizza stove inside, which will be a main consideration in your inclusion.

You should just need to pay for standard vehicle insurance, yet your agent should mull over your extraordinary conditions when structuring your policy to account for any dangers and liabilities. By law, all food providers must have Employers Liability Insurance which covers you for the health and security of your representatives. All cooks ought to likewise have Public Liability Insurance to cover injuries to the general population and Product Liability in the event that anybody gets food

poisoning because of eating your food. Completing a basic online search for 'Small Business Insurance' will assist you with finding a reasonable insurance agency. (Petty, 2017)

- **Find Parking**

As food trucks are big and you plan to operate in a big vehicle, you'll face some parking issues. For example, will your neighborhood affiliation let you park it before your home? In the event that you have off-road parking, will it be safe during the night? Moreover, some health offices necessitate that vendor's park just in authorized facilities with refrigeration and power. You might have the capacity to lease a private parking spot so you'll make certain to have a place to go that is protected and legal.

- **Get Connected**

The food truck business isn't just about setting up in swarmed zones amid lunch. Several vendors additionally create extra business by providing food for extraordinary occasions and corporate capacities. Event organizers pay you to be on their property amid an event so the participants will approach great food and a prominent brand name.

In the event that you have associations in the city and business world, you have a head start. Develop those contacts and approach them for contracts. Make networking a part of your responsibilities. Join neighborhood affiliations and organizations that take into account entrepreneurs in your locale, similar to the Chamber of Commerce. Utilize your networking to meet the general population who can go refer you as a recommended food provider.

- **Make use of Social Media**

The absolute best food truck business visionaries are the ones who are utilizing online networking chances to associate with their clients and create buzz. You can keep followers educated of your area through your Twitter channel, or utilize other social media sites to draw in new clients. Different tools offer you a chance to network with your fans and supporters by enabling them to cast a ballot on new menu items, pick the shade of your truck before you repaint, or pick your next select the weekly special.

- **Expand**

Once the business has started and is well established, it is time to think about promotion and expansion. You can sell customized shirts and special things on the web and in-person. The greater your image and the more innovative your idea is, and hence all the more ready your clients will be with regards to promoting for you by wearing a cool sweatshirt or top. Once you have some acknowledgment, you'll have the capacity to approach nearby vicinities and expand the business by adding more trucks or carts to the business or opening up a café/restaurant. (Kearns, n.d.)

Finance/Scalability

To start the business we would require investment. An investor is offering £100,000 for the start of 'Kitchen on Wheels', with the provision that the investment shall be recovered after 3 years and profit shall be shared equally. We intend to start the business with 2 trucks in different customer attractions of the city. With the aim of serving approximately 120 customers in per day opening month the business is expected to grow up to 4 trucks serving 150+ customers per day by the end of first quarter.

By the end of third quarter the company aims to generate £92,500 operating profit by opening 2 more food trucks in the city making a total of 4 trucks functioning by the end of first year. The company aim to increase the number of trucks by 2 every year. This means by the end of third year, business shall reach the milestone of 8 Food Trucks operating in 3 major cities of UK, generating a profit of £9.64 million by the end of fourth year. The profit as agreed shall be distributed equally.

A detailed break up of all the costs and profits is provided in attached Annexure A.

Key Trends

Market Behaviour

As the food truck business is not new in the UK, there are a lot of trends in the market that are observed. Some food trucks provide rental services, i.e. provide their services at certain events, unique food options i.e. not only present their dishes in a unique food options that are certainly not made in a small set up like a food truck. Other services include the introduction of beverages like coffee, juices and other drinks. Social media has played an important role in the promotions and served as an important source to share offers/deals.

Target Market

With regards to the food truck business, there are confinements to the market you can explore, as long as the company abides by the law. The company does not intend to limit the target the target customer base to some specific places/locations, but plans to operate at the following locations with the aim to maximize sales and earn profits;

- Construction areas
- Tourist attractions
- University areas
- Sports/Community centres
- Outdoor events
- Business hubs
- Farmer Markets
- Open air events

A lot of factors add to the advantage of food truck business. The fact that the food trucks can operate anywhere and sell whatever they want to helps to determine an estimate of how much sales can be

expected in a day. Continuous efforts are made to improve the operations as we know for a fact that this would result in a competitive edge in the market. Another competitive edge we have against other companies is that we operate at different places in the same city offering a variety of food items on each site.

We plan to buy a retrofitted food truck with required gadgets that are big enough to adjust all our requirements for the business. In this case we will be able to spend fewer amounts on maintenance and get approvals from authorities easily.

Sales and Marketing Strategy

Food truck business is a business that requires little modification on the field to have the capacity to transform low sales into extraordinary sales. For example; in the event that you are in an area where the sale is moderate, you can choose to change area and move to a place where you believe you can produce more money and sell more food items. It is simply an issue of heading to the area. There are a few different ways that we intend to adopt to promote our food truck business and here are some of them;

- Through Direct Marketing
- Submitting proposition and bidding for contracts
- Internet marketing (by means of our official site, social media sites and blogs)
- Networking with Event Planners, Facility administrators and Business Contractors.
(Profitableventure.com, 2016)

Industry Trends

Food trucks are used in evolving trends

- Promotional trips
- Providing Culinary students a Real life experience (Mobile classrooms)
- Food product test out
- Pop up events
- Restaurant additions

Porter's Five Forces Model

There is always rivalry inside each industry. To develop a competitive edge and change accordingly when starting a business, it is important to evaluate the competition in the industry. Porter's five forces model is a common tool, developed by Professor Michael Porter in 1979. It defines five major forces influencing the competition in industry:

- The Power of Suppliers: The suppliers have more influence when there are a small number of them and the company requires suppliers' support.
- The bargaining power of Buyers: The buyers can influence the pricing of a company and the company abides by their requirements to maintain their clientele.

- Potential of New Entrants: a company can secure valuable place, if new entrants in the industry face strong barriers.
- Threat of Substitutes: A company's power can decline if substitution is easy to be obtained.
- Competition in the Industry: A company's position can be secured in the industry despite rivalry if it provides unique products/services to its customers. (Lynch, 2018) The following figure helps to provide a more detailed view of Porter's Five Force Model.



Figure: Porter's Five Force Model (Mindtools.com, 2019)

Success Factors

The important factors to be determining the success of the business are:

- Presenting the food in an unfamiliar/unique shape with great taste and quality; to attract more customer attention.
- Going beyond customer expectations by giving extra benefits; such as club cards.
- Operating at various locations during the day will allow us to cater a vast customer base; i.e. initially with 2 trucks serving in the city, the main focus of serving the people would be near the parks and university areas so that the people visiting the parks and students can get what they want quite easily without going to restaurants.
- Specialized and multilingual team with a flawless sense of humor; may help the business to attract more customers as nowadays people prefer that the staff is of restaurants/diners be more friendly.

Future plans

Once the business starts earning remarkable profits, the company intends to expand the business by introducing different online platforms such as Online ordering platforms & tools, offering online payments and online customer reviews. By introducing such platforms, the customers shall be able to have a more vast reach to the business so they can order online and grab the meal just when they want. The customers shall also be able to submit their reviews not only limited to the food but also the entire experience they have with the food truck and also requests suggestions for any improvements in the service.

The customers shall also be able to customize their orders as per their convenience and creativity. The company intends to expand the business by starting a chain of food trucks not only limited to the city of London but also expanding the network to other cities as well.

Risk Review

As more people are getting into the food truck business, food trucks have become more affordable and a flexible option for entrepreneurs. Further, to increase brand awareness and to earn more, restaurateurs are adding food trucks to their business. Like any other business, food trucks are exposed to potential risks. Following are the three main risks to consider:

- **Vehicle Risk** –Food trucks are presented to a considerable lot of the equivalent physical dangers an eatery faces, for example, fire, flood, and general mileage with the addition of car crashes.
- **Operator Risk** – The staff operating the vehicle are liable to a considerable lot of similar dangers an eatery faces, for example, falls, cuts, and even burns.
- **Liability Risks** –Customers may suffer damage, for example, slips or falls alongside food-related diseases. In addition, food trucks have the additional risk that occasionally happens with car crashes.

How to avoid such risks?

It is your obligation to secure your business, representatives, and clients by dealing with these risks. There are steps a business can take to prevent them, e.g., thoroughly **screening** identity of the truck driver, following **food safety** guidelines, and monitoring any possible **hazards** both in and around the truck. (Ross, 2017)

Conclusion

Food trucks are not a new idea but there is still tons of opportunity in this business. If the company offers a unique/product or service the demand and chances of succeeding in the industry shall be quite high. It is essential to get the business plan right, because if you miss out on one step the rest also gets affected.

It is pertinent to mention that in order to keep the business running we need to focus on certain factors i.e. interacting with the customers to promote a friendly environment, networking on social media sites, continuously promoting the brand, offering discount/offers and once the business has grown big enough a website can also be made for the online ordering services like restaurants.

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ANNEXURE A

		YEAR 1						YEAR 2				YEAR 3				
		2 Trucks			4 Trucks			6 Trucks			8 Trucks					
		M1	M2	M3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
for 1 truck																
per day customer	120	3600	3600	3600	10800	11000	12800	15000	20800	21000	22800	45600	38000	38500	39600	40000
per day sale	960.00	28,800.00	28,800.00	28,800.00	86,400.00	87,690.00	89,000.00	149,000.00	150,000.00	150,000.00	157,000.00	314,000.00	628,000.00	1,256,000.00	2,512,000.00	5,024,000.00
sale for 2 Trucks					172,800.00	175,380.00	178,000.00	298,000.00	300,000.00	300,000.00	314,000.00	628,000.00	1,256,000.00	2,512,000.00	5,024,000.00	10,048,000.00
Truck		6,000.00			12,000.00			12,000.00				12,000.00				12,000.00
Material		4,000.00	4,000.00	4,000.00	24,000.00		24,000.00	48,000.00	48,000.00	48,000.00	48,000.00	72,000.00	72,000.00	72,000.00	72,000.00	96,000.00
Beverages		2,000.00	2,000.00	2,000.00	12,000.00	12,000.00	12,000.00	24,000.00	24,000.00	24,000.00	24,000.00	36,000.00	36,000.00	36,000.00	36,000.00	48,000.00
Chef		9,600.00	9,600.00	9,600.00	28,800.00	28,800.00	28,800.00	115,200.00	115,200.00	115,200.00	115,200.00	172,800.00	172,800.00	172,800.00	172,800.00	230,400.00
Maintenance		250.00			500.00	500.00	500.00	1,000.00	1,000.00	1,000.00	1,000.00	1,500.00	1,500.00	1,500.00	1,500.00	2,000.00
License		250.00			500.00			500.00				500.00				500.00
Parking		200.00	200.00	200.00	1,200.00	1,200.00	1,200.00	2,400.00	2,400.00	2,400.00	2,400.00	3,600.00	3,600.00	3,600.00	3,600.00	4,800.00
Supplies		200.00	200.00	200.00	1,200.00	1,200.00	1,200.00	2,400.00	2,400.00	2,400.00	2,400.00	3,600.00	3,600.00	3,600.00	3,600.00	4,800.00
					80,200.00	80,200.00	80,200.00	205,500.00	193,000.00	193,000.00	193,000.00	302,000.00	289,500.00	289,500.00	289,500.00	398,500.00
Profit					92,600.00	95,180.00	97,800.00	92,500.00	107,000.00	107,000.00	121,000.00	326,000.00	966,500.00	2,222,500.00	4,734,500.00	9,649,500.00