

Starting a New Food Truck Company

Name

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Executive summary

Company Identification

Miami FL food Truck Company is a restaurant that uses five food trucks to sell a variety of foods on its menu to the customers. Miami FL food Truck Company's strategic location on Brighton beach enables it to serve different clients on the beach health foods. The managing director of the company is Mrs. Miami who is also the owner of the company.

Mission of the Company

The primary mission of setting up the Miami FL food truck company is to serve our different category of our clients at the Brighton beach with a variety of menu foods. The menu foods involve both the meals and the soft drinks such as pizza, punch, juice of fresh fruits, non-alcoholic wines among a variety of food.

Business Goals

Miami FL Food Truck Company has set various business goals to achieve the set mission as follows:

1. To provide high-quality foods to our esteemed customers at affordable prices. This goal aims at maintaining and increasing the number of the esteemed customers.
2. The second goal is to reach all our potential clients within the Brighton beach. By achieving the two goals, Miami ought to remain a competitive restaurant in the food industry in New York.

Keys to Success

To succeed in our mission, Miami will identify various keys to success including:

1. Not restricting its service to the small area of the beautiful Brighton beach. Instead, Miami FL foods Truck Company will transverse the whole beach serving clients.

2. The customers will have an opportunity to choose among various options including purchasing healthy already packed foods or making an order to be prepared for them.

That is to mean that client's preferences will guide our services.

3. Even though the company will be moving to the beach serving customers; it intends having a physical office at the entrance of Brighton beach to facilitate inquiries and interaction with different government officers for compliance reasons.

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Company summary

Industry History

The history of food truck industry dates back in 1866 when the roaming cattlemen used to feed on the chuck wagon that had been created in Texas specifically for that purpose. Though the industry has been slowly picking up until the years of the 2000s when the food truck industry exploded in popularity. The explosion came as many business people preferred food truck business to any physically located food service business. This caught the attention of the entrepreneurs who were interested in exploring the market as well as the consumers who were eager to fully utilize these mobile food services.

A remarkable increase in the food industry can be noted for the past seven years since 2010 when the industry has been recording 10 percent an average annual growth (McLaughlin, 2009). The increase is by far higher than what the traditional food service has been recording for the similar period. However, the research by the National Restaurant Association has shown a possible continuity in the food truck business at the same rate or even goes higher than what is currently being experienced. The research indicates that by the annual revenue nationally, the food truck industry will generate over \$2.9 billion (McLaughlin, 2009). For instance, I once worked for the GO-Sweet food truck company which recorded annual revenue of \$500,000 for the year 2016. Based on the available data, it has been making an average income of \$ 400,000 annually.

As the industry continued to flourish, it not only caught the attention of the consumers and the entrepreneurs but all that of the city leaders and the regulators of the industry. These groups have been ill-equipped legally to harness the possible increase in the food truck business (McLaughlin, 2009). The urge to curb the food truck industry has been enhanced by the existing

hypotheses that negatively brand the dramatic rise in the number of food truck vendors. For those who advocate for these regulations have an assertion that food truck vending causes congestion in the streets and sidewalks at the same time are unsanitary and aimed at diminishing the quality of life in the urban areas. As a result, regulations have been put in place to impede food truck service in the US cities. According to Williams (2012), the regulations include:

- Proximity bans
- Restricted Zones
- Duration restrictions
- Public property bans
- Food truck design approval
- It is a requirement that all those operating food truck businesses must obtain safety certification
- Health inspection periodically.

These regulations are just among the few who have already been enacted by both the federal and cities Williams (2012). Many regulations seem to be on the way coming as the business continues to expand. Surprisingly, even with increasing regulations due to the hypotheses that food truck industry cause congestion in cities and are unsanitary, those operating these businesses have no plan of going away from the food industry.

Legal Form of Ownership

The food truck company is a Limited Liability Company (LLC), the members will be protected by the limited liability. Mrs. Miami will contribute 51 percent of the capital while the rest will be provided by other investors. In the case of Miami FL food Truck Company, neither the owner Mrs. Miami nor the investors will be personally held liable on behalf of the company

to creditors or any other business debt. And in the case where the company is unable to pay the creditors, the personal assets of the members or the owner will not be pursued to repay any form of the debt incurred by the business. We intend to establish and register Miami food Truck Company as an LLC company due to the benefits the owners get in such a form of business. The advantages of the Limited Liability Company according to Spafford (2016) include:

- There are no restrictions on the number of owners of other forms of business
- The task of allocating profits among members is easy since it follows flexible methods
- The members enjoy limited liability protection where they are not personally held liable
- Management is flexible since the structures keep on changing time to time

Despite the numerous benefits associated with the Limited Liability Company, this does not go without challenges (Spafford, 2016) which include:

- The termination of the LLC automatically comes a shareholder departs from the business
- Personal records should be kept carefully away from the personal finances for one to ensure limited liability
- Due to the separation of the individual finances from the business finances, the bank charges are more to the members than if everything is kept in one place.

In its formation plan, Miami FL food Truck Company intends to give a total contribution capital of \$400,000 contribute. On the other hand, the investors will give a capital contribution of \$200000.

Location and Facilities

The location of any business is always a critical factor that should be considered with a lot of keens. Miami FL food Truck Company will be located at Brighton beach and will use its five trucks to access to places where the customers can quickly locate the services. The company

will first acquire all the correct documentation and meet the local regulations including observing hygiene, correct dumping of wastes and acquiring a business permit from city authority.

However, since Miami FL food Truck Company will offer mobile food service, it will station its physical office at the entrance of the beach to allow inquiries and customers can also place orders from the office. Alternatively, the company will place one of its five trucks near the office to serve the customer in need of its food services. More importantly is the choice of Brighton beach, one of the highly populated beaches in New York with enough space that allows convenience in serving the customers. Other than the population of those seeking recreation facilities, advantages of choosing the beach location involves:

- The beach has a broader area for relaxation and modern storage facilities
- It's nearness to the wholesalers allowing easy supply of the required foodstuff
- Has one of the contemporary recreation facilities that allow many visitors to the beach get best

Services thus much more are likely to come in future.

Thus, the exposed characteristics of Brighton beach are in line with the set goals of Miami FL food Truck Company. The company will utilize all the facilities including the subway that runs through the beach to access as many customers as possible. The trucks will have 20 chairs each with 5 tables where customers will be served. The spacing will be enough, a distance of 1 meter long between the settings where customers are served.

Management Structure

The management structure of the mobile food truck business is always not expensive compared to the conventional restaurant business. There are reduced operational cost and

overhead. Miami FL food Truck Company will have 13 employees on payroll serving in the different capacities as the managing director, chef or caterer, assistant caterer, cashiers, office administrator, salesgirls, and drivers.

Positions and specific responsibilities

Titles	Roles and responsibilities
Managing director	<ul style="list-style-type: none"> -giving directions to the company. - providing the running of the business on a daily basis. -recruiting employees. -paying of salaries. -the signing of documents and checks among many responsibilities as will be agreed on
Office administrator	<ul style="list-style-type: none"> -preparation of payrolls. -handling any inquiry for the company. - In charge of the back end office and its activities. -makes ready the monthly report of finance. -being in charge of the communication in the company including answering phone calls and emails
Chef/caterer	<ul style="list-style-type: none"> -preparing delicacies. -watching over kitchen staffs

	<ul style="list-style-type: none"> - preparing of the budget for what is to be supplied to the kitchen - training of new cooks
Sales	<ul style="list-style-type: none"> -collecting orders - issuing of food to customers. -Taking receipts to customers
Drivers	<ul style="list-style-type: none"> -drive the five food trucks -truck maintenance
Cashiers	<ul style="list-style-type: none"> - receiving payments on behalf of Miami FL food Truck Company. -Giving out receipts -Maintaining accounts

Products and Services

Due to the small structures and the nature of the business that involve mobile food trucks, Miami FL food truck company will not deal with expensive and high-end meals. Rather, the company will limit itself to ensuring that the customers' needs are made. In this perspective, the company shall offer only what the customers will need. All the same, the company will offer a variety of foods ranging from meals, soft drinks including juice of fresh fruits, and snacks. Apart

from foods service, Miami FL will offer other services in the mobile food truck areas such as providing the consultancy services to those willing to engage in the business. In a nutshell, here is the summary of what Miami FL food Truck Company will offer:

- Assorted meals basically for lunch
- Sandwiches
- Snacks
- Franchise
- Hot dogs

Market Analysis

Target Market

One of the advantages of mobile food truck business is that any average person is a potential customer. However, based on the studies that have been carried out, then it emerges that young adults between the age of 25 and 35 are the most consumers of food from food trucks (Jennings, 2011). Their large number is followed through at a distance level with the parents with children (Jennings, 2011). The reason is that the young adults and children are groups that like snacks and fast foods offered in food trucks. In fact, the spending of these groups on the snacks and foods from the food trucks is higher than any other group such as mature adults and old spend on the same. Apart from these two groups, we also expect those low-income earners ranging from \$1000 to be our regular customers as well as those men and women who live single life since they do not have any burden on them apart from themselves. Even married men who like hanging around the beach to pass the time will be our customers. We expect the number of male customers outsmart that of female customers in our business.

In line with the statistics, most of the people around the beach earn an income level above \$5000 which forms part of our market. The idea behind opening Miami FL food Truck Company is to sell the fast food to the young adults and the parents with the children as they are the primary consumers. Therefore, any effort made to make this business should factor in these groups of individuals. However, the young and parents with children being the target in food truck business, they need to be located to where they can be found easily. The young people and children are the frequent visitors to the beaches for recreation. Children also demand that their parents take them to the beach whenever they are on holiday or during weekends.

Therefore, when choosing the market for the company, the management will locate where the target population of young people and children like visiting. One of the most place associated with these groups is the beach hence the location of the market at the Brighton beach. Also, it is very rare that you find old people or adults buying snacks or food from food trucks. So, such factors are the determinants to locating the market for the company.

Industry Analysis

The available statistics show continuous growth in the food truck industry primarily between 2008 and 2015 (Wessel, 2012). The outcome of the statistics then indicates that food truck business has been in existence for quite sometimes and cannot be regarded as a new business in the restaurant and foodservice industry. Though with the years of the food truck business, one may expect that the business could be at the peak like others in the industry; this is not the cause of alarm as there are many chances the food truck business is expanding (Wessel, 2012). Even as the food truck business leaps and bounds in the course of its growth, its smooth growth has dramatically been hindered by what we can call "unnecessary" and "uncalled for"

laws. Some of the cities across the United States have passed laws meant to stand in the way of food truck business, but this has not stopped the business from growing.

The past five years have seen a 12% increase in the revenue earned by the food truck industry alone (Wessel, 2012). Annually, today the food truck business in the United States is earning over \$1.2billion from its business.in the U.S, to the owner a food truck, one will spend around \$85,000, yet it can generate revenue worth \$291,000 (Wessel, 2012). However, in the United States, there are 4, 140 food trucks operating in various cities. It is not the United States alone; other countries like Australia and Canada have shown great potential in food truck business. In the three mentioned countries, that is, Canada, Australia and the U.S, the percentage sales in the food trucks have differed based on where the business operates from. For instance, the highest sale is at 55%, and this happens along streets where there are many passersby (Jennings, 2011). Its existence, however, can be dated back as earlier as the 1800s.

SWOT Analysis

S (Strengths)	W (Weaknesses)
<ol style="list-style-type: none"> 1. Financial capacity 2. Location 3. Trained and experienced staff 	<ol style="list-style-type: none"> 1. Not concentrating on one line 2. Limited capacity to serve large market 3. Challenges associated with startup.
<p>The strength of the company lies in the financial capacity that the company has that enables it to run its activities smoothly. Its location at the beach is also part of the strength as it can access its market. Having staff that is trained is as</p>	<p>The Miami FL food truck company has weakness including the nature of the business that allows for different services. Thus, it cannot fully concentrate its efforts in a particular line. Also, its limited capacity can be a</p>

<p>well part of the strength as it allows the company meets its goals.</p>	<p>challenge during pick season. Also, usually challenges of starting a business are the weaknesses.</p>
<p>O (Opportunities)</p> <ol style="list-style-type: none"> 1. Possible growth in population at beach 2. Dealing with different products and services 3. There are no competitors at the beach. <p style="padding-left: 40px;">The likelihood that the population at the beach will increase primarily during holidays gives the company an opportunity to serve a broader market.</p> <p>Other opportunities lie in the ability to deal with different products and services. It is as well the only food truck company thus it has an opportunity of making more sales.</p>	<p>T (Threats)</p> <ol style="list-style-type: none"> 1. Increasing cost of operation 2. Bylaws by the city 3. Change in consumer perception about food at the food truck. <p style="padding-left: 40px;">The cost of operation such as paying employees is likely to increase in future as the company seeks to employ more. The many laws and regulations cities are coming up with is a threat. The consumers may as well change the attitude of food in food trucks and prefer the food cooked at home.</p>

Market Strategy

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1. **Price:** Since Miami FL food Truck Company will deal with its customers directly when serving them food, the service value should be consistent with their pricing (Doukas, Guo, Lam, & Xiao, 2016). The price of the meals and the services offered should be favorable to the esteemed customers to attract the next time they visit the beach. However, even as the better prices are being considered for different meals, such prices should not be too low. It is also significant to find the availability of other competitors who are likely to beat Miami FL in pricing. Therefore, competitive prices will be given priority though it will not rely on the selling price on the market. Significant consideration will be given to the quality of the products offered by the company. Flexibility in pricing will be regarded to allow discounts, prices that promote sales and allowances. Other factors that will affect price flexibility include; reducing price during hours of slow- sales and the price increase when the need to increase the operating capacity arises.

2. **The product** will be used in winning the broad market for the Miami FL food truck company. Products should always meet the needs of the consumers, thus in the case of the food truck business, products including assorted meals, snacks, and soft drinks will be offered. The products are in line with what the target market of young people and children need. The consumers of these products sometimes find it enjoyable so they will go for them when presented to the market.

3. **The promotion** allows the marketing agency of the Miami FL food truck company to relay the information about the products available and their pricing to the consumers. Promotion is as well meant to make the consumers understand the differences in the products and the services offered for the market. The elements included in the promotion are advertising, use of social media, use of media and emailing among many avenues of promotion. Even as the company

promotes its products, the information given should reflect what the food stock company has to maximize the return.

4. **The place** is as well significant factor in the marketing of the products of the business. The place for the products should be convenient enough to convert potential customers into real customers. Today, online platform has become the convenient place where the sellers and buyers interact. Through online, the potential customers are engaged, and they end up becoming the actual clients for the business. Therefore, the place for making any transaction determines the market for the products.

Price list

Products	Price (\$)
Assorted meals	
Cheese Ravioli	12.3
Chicken Breast w/ Pasta	23.2
Spaghetti w/ Meatballs	14.1
Vegetarian Stuffed Shells	11
Assorted drinks	
Wines	15
Smoothie	13.3
punch,	9
Fruit Juice,	7.5
Chapman	23
Snacks	
Greek sushi	9
Pizza Crisps	7
Apple chips	30

Promotional Strategy

Miami FL food Truck Company will adopt various promotional strategies. The promotional strategy determines the form of communication the business would want to adopt to reach customers. The company will adopt the following strategies:

Strategy	Task	Target date	Responsible party
Branding	Taking a unique brand that would ease tell the customers of the products (Doukas, Guo, Lam, & Xiao, 2016). Branding will be an essential tool mainly to keep the esteemed customers with the company.	From 1 st Dec to 30 th Dec 2017.	Hired IT expert
Location	Deciding to locate at the beach where many people would go, the corporation can reach as many targeted populations as possible. Its physical office will be located at the entrance of the beach mainly to inform the potential clients of their services and direct them to where they can be served.	From 10 th to 15 th Dec 2017	Real estate agent
Word of mouth	The database of the customers already existing with the company will be	As from the commencement	Esteemed customers

	essential. The loyal customers will pass the message of the operation of the Miami FL food truck corporation to others	of the business on 1 st Jan 2018 onwards	
Networking	Working with other players such as the retailers and the wholesalers who will be supplying foodstuff; they can reach as many as possible. First, the company can leave them with menus and business cards to inform potential customers of the new opening of the food truck business.	As from the commencement of the business on 1 st Jan 2018 onwards	Managing director

Sales Forecast

For the first year, it will be possible for the company to estimate the possible sales. During the feasibility start for the viability of the business, very crucial data was collected. It is the collected data that will be relied upon to develop the sale forecast. Apart from the data, principles of assumption will be put into consideration. Based on the collected data and assumption, sales projections are as follows:

Foods	Price (\$)	Monthly sales							
		Month: 1	2	3	4	5	6	7	8
Lunch	30	1500	1200	1400	2600	1400	1200	1800	2500

Drinks	7	1000	900	1100	1900	700	1400	1200	1800
Snacks	10	1200	1100	1000	2000	1400	1200	1300	2100
Total sales (\$)		64000	53300	597000	111300	60900	57800	75400	108600

Foods	Price (\$)	Monthly sales			
		Month: 9	10	11	12
Lunch	30	2000	1500	1600	3000
Drinks	7	1000	1100	1300	2000
Snacks	10	1200	1300	1200	2500
Total sales (\$)		79000	65700	69100	129000

The above table shows the monthly sales projection for Miami FL food Truck Company.

The projection reflects the study and the assumption that some months will experience more sales than others. Months like December, August, and April will have more sales than others since this is the time when most young adults and children are on holidays.

Implementation Strategy

Overall Strategy

In the starting up of the business on 1st January 2018, implementation is one of the most crucial elements whose success determines the future of the business. With the concept in mind, Miami FL food Truck Company will adopt implementation strategies that will enable it to

accomplish the mission. However, we understand we need support from various components that are necessary for implementation. Therefore we shall have the following components

- People- who will be the employees of Miami FL food Truck Company ranging from the managing director, office administrator, and the chef or caterer who is well trained and three years' experience.
- Resources- the owner of the business, Mrs. Miami will give enough capital Of \$ 480,000 to allow smooth running of the company.
- Facilities- we shall set up a physical office at the entrance and acquire five trucks for operation
- Systems- use of the technology including the use of microwaves and mobile phones for communication.

During the implementation, first, the company will define the goals and objectives clearly to lead them in the implementation process. One characteristic of these objectives is that they should be clear and specific. The food truck company will not consider general objectives. Understanding the resources regarding people, finance, and time, the following will be the goals for implementation by the Miami FL food truck:

- Acquire five trucks that will comfortably serve the customers
- Acquisition of the finding capital of \$400000

Locate our food truck business at the Brighton beach which is in line with the target market of young adults and parents with children.

Acquire relevant documents such as business license and operational permit from the beach authority.

- Employ the affordable number of experienced employees of 13 which is line with our goal to reduce operating expenses.
- Start up the business to serve at least 2000 customers per day as per the sales forecast.

Once the objectives have been defined, the defined goals will be broken into tasks and assign each task for an individual to carry them out. By assigning tasks, every employee of Miami FL will know the task to carry out, and it will increase accountability with the aim of achieving the set goals. The following will be our task section for implementing our business:

Tasks	Dates	Person in charge
Acquisition of 5 trucks	5 th Dec 2017	- motor vehicle dealer
Acquisition of the finding capital of \$400000	10 th Dec 2017	- owner
Securing location at Brighton beach	15 th Dec 2017	- real estate agent
Acquire relevant documents such as business license and operational permit	17 th Dec 2017	- office administrator/ managing director
Employing experienced workers	25 th Dec 2017	- office administrator/ managing director
Starting and serving 2000 customers per day	1 st Jan 2018	- salesgirls

Since the implementation of the tasks will not take equal time, after defining the tasks, every task will consume a certain amount of time. Allocating time in the business for each task is very important especially in the implementation of the business idea. Time allocation will be determined by the time we want to take before starting off the business and the quality of service we want to offer our customers.

Monitoring plan

A monitoring plan is a tool that will be used to monitor how each task is progressing in as much as implementation is concerned. The progress is measured against the amount of task completed regarding percentage or the date of completion. In this sense, in case of any delay, then the problem cause should be sought and fixed.

Criteria	Monitoring
financial impact	For this criterion, the financial statements will be examined to compare the anticipated profit with the actual and measure the deviation. A profit above \$475, 700 will mean the business is doing well.
quality control	All the suppliers of the foodstuff will be evaluated and their products subject to quality test. The products should be of high quality. They must have a permit of operation in the goods they deal with.

customer satisfaction	To monitor customer satisfaction, the company will base on the feedback from customers. Responses like “the meal was sweet” will mean customers are satisfied.
monitoring schedule	For the monitoring schedule, a timescale will be put in place for time monitoring while the budget will be used for financial monitoring.

Financial Report

Financial projections

The financial projections play essential roles in determining whether the business has the potential of making a profit given that the assumptions are reasonable to some extent. It is also essential in helping the business know the amount of capital it requires for starting up and how to make use of the capital best. In general, the financial projections measure the ability of the business and in cases of loans and other debts whether it can repay. Projected income statement, balance sheet, and cash flow are some of the strategies that can be used in financial projections. However, before developing the projected financial statement, it is important to get the required information. For our case, to ensure high quality of our estimated financial statement, we relied on the following assumptions:

- The cost of operation will fluctuate from one month to the other depending on the projected sales. For instance, we anticipate for highest operations cost during April, August, and December as when more sales will be made by the company.

- The salaries expenses will remain constant at \$8000 per month for the first year of operation irrespective of the revenue collected to examine the ability of the business to cater for the employees' compensation. However, the salaries will be set at its minimum compared to the net profit to facilitate easy payment.
- The fuel expenses will as well fluctuate in the same way as the cost of goods sold based on the months of sales. We anticipate that more fuel will be consumed by the trucks when the sales are highest during April, August, and December than other months. The amount of fuel ranging between \$1800 and \$3000 is based on the fact that the trucks will not be moving long distances but just within the beach.
- The total expenses will be determined by the revenue anticipation which means in cases when the revenue anticipation is high, the number of expenses will increase and reduce in situations when the sales lower.
- The interest expenses will be charged based on the profit before interest. For instance, interest expenses will be highest during December as it records the highest profit before interest.
- The monthly net profit/ loss calculation will base on all the income and costs of the month ranging from the monthly sales and costs involved. The month with highest sales since December will record the highest net profit.
- The net profit will base on the totals of the monthly net profit for the first year of operation and the figure of \$425, 700 is reasonable enough based on the fact the location of business has the potential for customers and the flexibility of the business and lower number of employees.

- The owner's contribution capital of \$400000 will allow the business obtain the required raw material supplies for food preparation.
- The five trucks costing \$200000 will be enough to serve the entire beach and satisfy customers.

Financial Position

When the company opens up and starts its business and operated as per the financial projections provided in the plan, then we see it gaining financial stability. The financial stability of the company is anticipated primarily based on the assumption that the market will be stable. We as well anticipate for higher sales during vacation, public holidays and festive seasons. The business makes an impressive entry for the first month when it makes a net profit worth \$26000. However, we attribute this to the fact that being new in the market, will offer incentives such as free water to customers who buy expensive foods and offering foods at lower prices to attract customers. We anticipate lowest profits during the months 1, 2 and 3 as the business will still be new so the assumption that customers will not be aware of products. The second month makes the lowest net profit of \$19000 based on the fact that the incentives being offered in the first month would have been dropped so some customers will go away. The months of April, August and December will make highest net profits of \$49700, \$51500, \$66000 respectively as these are the months many people are on vacation and therefore visit the beach for recreation. The anticipated net profit of \$ 475, 700 for the year is reasonable based on the nature of the business and best location at the beach.

Estimated Capital/Investment Needs

Since the company is a startup, the estimated owner's contribution capital of \$400,000 puts it in a better position to acquire the food stuff supplies, acquire a license and permit for

operation. The initial capital as well can facilitate the smooth operation of the business without running into serious debt. The five trucks will be acquired at the cost of \$ 200000.

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