

clover

Food truck 101



Economics of food trucks

Food truck food

Food truck operations

ECONOMICS: BASICS

	Low	High	notes
Cost of truck	\$50,000	\$125,000	Much lower than restaurant
Smallwares etc.	\$1,200	\$6,000	Similar to restaurant
License fees etc.	\$1,500	\$1,500	Slightly higher than restaurant
Insurance pre-pay	\$2,500	\$2,500	Higher than restaurant
Fuel	\$250	\$250	Higher than restaurant
Training	\$800	\$800	Similar to restaurant
Rent pre-pay	\$7,500	\$7,500	Lower than restaurant
Other	\$7500	\$25,000	Legal fees, logo work, etc.
Total	\$71,250	\$168,550	Much lower than restaurant

ECONOMICS: BASICS

	\$	% sales	notes
sales	\$100,000		5 cust / 10 minutes @5.50/ cust
Cost of food	\$38,000	38%	20–30% higher than restaurant
Cost of packaging	\$6,000	6%	Slightly higher than restaurant
Gross profit	\$56,000	61%	
Labor	\$40,000	40%	10–30% higher than restaurant
Utilities	\$8,000	8%	50–80% higher than restaurant
Insurance	\$5,000	5%	30–50% higher than restaurant
Maintenance	\$3,000	3%	Slightly higher than restaurant
Rent	\$26,000	8%	Can be lower than restaurant
Other	\$3,000	2%	Administrative stuff, can be higher
EBITDA	-\$29,000		Red is not a good color on these charts

ECONOMICS: SALES ESTIMATE

How many people can you feed every 10 minutes?

- What is your max serve speed?
- How popular are your offerings?

Example: 1 customer / 2 minutes = 5 customers / 10 minutes = 30 customers every hour

ECONOMICS: BASICS

Annual sales estimates:

Kogi \$380,000/ year/ truck

Momogoose MIT \$220,000/ year

Speeds \$100,000/ year

CA taco truck \$56,000/ year

Grilled Cheese Nation \$40,000/ year

These are based on Ayr's estimates. For Kogi I read an article where they gave their annual sales number and number of trucks. This number might be high if not all of those trucks were on the road all year. For Momogoose they state on their website 30,000 meals served since October, estimates are based on that number. For Speeds estimate based on customer counts. CA taco truck average of a half dozen conversations with operators. For Grilled Cheese Nation estimate based customer counts and assumed weekend catering fees.



35 minutes for 22 cust, ave ticket \$12.00



Est. 150 meals/ day (30,000 since Oct.)



1 customer waiting, 2 tourists, 1pm Thur

ECONOMICS: SALES ESTIMATE

How much can you charge?

100 meals @ \$5.50/ meal = \$550

30 meals @ \$12.00/ meal = \$270

Higher prices can make profitability easier as they better cover some costs (e.g., food, labor), but food trucks may have difficulty getting many customers to pay higher prices.

ECONOMICS: HOW THINGS CAN GO WELL

- Very low food costs and labor (e.g., taco truck on W. coast)
- High utilization and high prices (e.g., Sweets truck NYC)
- Owner/operator, doesn't need to make much money (long hours, but low labor costs, e.g. falafel cart)
- Operate in city that doesn't require much (e.g., no GPS, low license fees, low commissary fees, lower cost of truck, etc.)



Blue Bottle SF



Gordough Austin, TX

OPERATIONS: BASIC SINGLE SITE FLOW

Load truck	1.5 hr
Drive to site	45 min
Set-up for service	1 hr
Service	3 hr
Take-down	45 min
Drive to commissary	30 min
Put food away	1 hr
Clean truck	2.5 hr
Clean dishes	2.5 hr
(Prep food)	4 hr
Total	17 hr

