

Business Plan Overview

“Chili Days”

Anamarie Orgera

Business Plan Proposal

Introduction

Imagine this: it's an average workday for you in San Francisco, you just ended your staff meeting and have 20 rushed minutes to purchase lunch and scarf it down before your next customer meeting. Due to your stationary office job, you are health conscious and always try to eat properly. Your usual sandwich shop has a line outside the door and you are tired of Trader Joe's packaged salads. It is a typical San Francisco summer afternoon, 63 and foggy, so you do not want to travel far by foot, but definitely do not have enough time to drive somewhere, not to mention the challenge you will face trying to find a parking space when you return. Do you skip lunch? Do you splurge at a pretzel or hot dog cart? Do you settle for the same salad you have eaten twice this week, which hardly keeps you satisfied throughout the day? No, today is the perfect day for you to try a warm cup of chili from the new food truck, "Chili Days," which has been parked just around the corner from your office building.

Mission

The mission of Chili Days will be to serve each customer as if they were family. We want a comfortable vibe to surround this little chili haven and plan to accomplish this with quick, friendly service and quality ingredients. Bringing a smile to every customer is just one of our many goals. To assure fresh, locally grown ingredients, produce will be purchased at local farmers markets. That way, our chili connoisseurs can feel good about their contribution to their local economy as well as the nutrients they are using to fuel their busy bodies.

Motivation

This operation will be a mobile Chili truck with just enough space for two types of chili: turkey and vegan. A food truck was the determined style because it will be small and easily managed by one person at a time. I chose to start up a chili truck business for multiple reasons. First, chili is very nutritious if made with the proper ingredients. I would like to use all organic vegetables such as red and green bell peppers, jalapeno peppers, onions, portabella mushrooms, corn kernels and avocado amongst a few other ingredients such as various spices and black beans. Mushrooms have had quite a bit of hype in the recent years for their key nutrients which include potassium, foliate, vitamin D and niacin, all of which are vital to our health (U.S. Department of Agriculture [USDA], 2011). Another reason mushrooms are gems in the kitchen is they have proved to hold 80 to 100% of their vitamins and minerals after being cooked, something not all vegetables are capable of doing. Avocados are not just another tossed-in ingredient to this special chili; they play a crucial role in the nutrition that Chili Days promotes. They are nutrient dense and contain essential vitamins, minerals and phytonutrients (California Avocado Commission, 2011). Having 8% of the recommended daily value of fiber and vitamin K is a fabulous reason to think about topping your chili with some vibrant green color. Being rich in flavor and stuffed with vitamin E, lutein, magnesium, vitamin C and many more health promoting nutrients make avocados an unforgettable part to your experience with Chili Days. In the meat chili option, organic ground turkey and plain Greek yogurt will be added for protein, calcium and mouthwatering flavor. All of these ingredients are beneficial to your health making this just another reason to try what this new chili truck has to offer.

Also, warm chili almost always sounds delicious in this chilly city. During the summer months alone, the temperature averages a high of 67 degrees and during the rest of the year, an average high of only 60 degrees (Whitman, 2011.) San Francisco's average low temperature throughout a year is 51 degrees, making chili the perfect hot food. It is affordable, easily portable and convenient for these fast-paced, on-the-move city dwellers. It does not take much chili to satisfy an average adult. With calories ranging in the 100s to the 300s marker, Chili Days has more than enough hearty substance to fulfill customers' cravings without overload (Calorie King Wellness Solutions, 2011). The average adult male should be consuming around 2,700 calories, whereas adult females are closer to 2,000 kcals according to the Dietary Reference Intakes (Whitney & Rolfes, 2011).

Menu

The menu for this little joint will be quite simple. Large prints will be displayed on the front of the truck, which make glancing at the choices much easier through the predicted crowds. We believe the clarity will make the decision for the customer fast, easy and stress-free, only adding to the already cozy and convenient feel. The theme of this laidback menu style was inspired by my own chow experiences in San Francisco. Many times I have been downtown and whether in a hurry or not, I have felt rushed just by the fast pace of the city. This feeling of being overwhelmed is the exact reason that downtown San Francisco is the perfect place to open a chili truck with a streamlined menu. The theory of choice overload highlights the idea that when people are put into situations with a plethora of choices they prefer to make no choice at all, even if making a choice will lead to a better outcome (Wikipedia, 2011). By

offering a limited selection of base chili options (meat or vegan), and letting patrons customize with healthy toppings, customers will be able to avoid choice overload and feel happy with the decision they have made each time they walk away from this chili truck.

Calorie information will be displayed on our menus as this law for chain establishments expands. It is also trending among our customers, who appreciate making educated choices.

Clientele

Chili Days has a targeted clientele of San Francisco's working class and its constant stream of tourists. It is the perfect lunchtime stop to satisfy your cravings whether you happen to be vegan or a health conscious meat eater. As the suit and tie business man Larry steps out of his office building for lunch he is able to grab a bowl of chili from his neighborhood truck and still manage to make his one o'clock conference call. That same lunch hour, Martha, the first floor secretary, was able to pick up a large affordable order of warm comfort food for the annual staff meeting. The Johnsons, a family from blazing Arizona, are visiting Pier 39 for the first time and want to enjoy a classic hot meal due to the chilly wind. Unfortunately, they have a daughter with a severe dairy allergy and cannot enjoy the typical clam chowder in a bread bowl. Chili Days to the rescue! Why not savor a steaming bowl of fresh chili made to your liking?

Music is another very important factor to this chili truck's customer pleasing ambiance. Depending on where it is parked, Chili Days will always be playing something relaxing and geared toward that hour's neighborhood. For example, in the tourist geared districts, songs similar to Tony Bennett's *I Left My Heart in San Francisco* and *Lights* by Journey will be played

to help make their experience in San Francisco even more memorable. In the financial district, music anywhere from classical to top 100 oldies will be heard from this little chili truck. We can find anything to match your mood. Music requests will even be something promoted in order to guarantee a calming, at home experience. At Chili Days music is just one of the many ways we strive to meet our customer's needs and go beyond the average food truck.

Another way to specify the needs of my targeted clientele would be to observe the mood of the day. A few portable chairs and fold out tables will always be carried in the chili truck in order to meet the needs of customers. In the financial district there will be no need for a sit down area outside the truck but in areas like the Fisherman's Wharf, the Haight and the Mission, some outside furniture might be the perfect touch to entice people to try Chili Days. Hopefully with this relaxed, comfortable environment and efficient performance, Chili Days is able to serve anywhere from 60 to 100 customers per day.

Location

Location, location, location! The beauty of having a food truck is being able to move to wherever the wind might take you... or your clientele. The location of this food truck is crucial. Another one of our goals is to be easily found, so that whenever curious customers want to find us they are able to do so with ease. The last thing we would want to have happen is for people to be hunting for Chili Days and give up because the quest was too difficult. For this exact reason, this chili truck will be located at specific spots depending upon the hour or day. You can find this food truck at lunch time during the week, conveniently located outside of office buildings in the financial district to hit peak rush hours. As the sun starts its descend, our

clientele will switch over towards active Haight Street, Castro's always occupied 18th Street or even alongside the curb of fun-filled Dolores Park. During the later hours of the day it is best to move towards areas bustling with locals to work on distinguishing this chili truck from the rest of the food trucks in this busy city. Between lunch and dinner during the weekends we will be easily spotted around Fisherman's Wharf (where 56.0% of tourists visit) and Union Square (65.2%), where there is higher tourist traffic who just might be hungry enough to snack on a cup of warm complacency (Jackson, 2010). Location is quite important; therefore, simply knowing what time of the day the many hot spots in this industrious city are lighting up can greatly help create higher revenue for such a small food operation. We will also let our Twitter followers know where we are at every moment! As far as countries go, the USA is number one in Twitter users with a whopping 62.14% (Cheng & Evans, 2009). With San Francisco being one of the top 6 cities for the number of Twitter users, this can only strengthen my reasoning for San Francisco as my main location. In today's economy, pricing can really make or break a customer's decision of where to dine for the night, but for us twitter will be an excellent way to update potential clients of our prices.

Chili Days will provide a cost-effective, quick, easy, delicious snack for all who approach. We will satisfy the cravings of hungry customers all while providing the proper nutrients to fulfill your body's needs. The convenience, organization and simplicity of this set up will contribute to the clientele's ease of ordering. We guarantee that this proportionate serving of chili will create contentment in your stomach as well as in your wallet because of the fair pricing of this fully-loaded cup of goodness.

Budget Justification

Budgeting is an art; it takes practice and revising. It is also one of the most important things to contemplate when opening any new business. Restaurants in particular require the meticulous consideration of expenses and projected incomes. The hunt for the perfect price—be it realistic, competitive, affordable or all of the above—takes much time and preparation. Chili Days offers a warm, comforting experience with every bite of healthy goodness, but in order to offer fresh ingredients with every bowl a budget is necessary. Budgeting may be a tedious and intimidating task—however, it is extremely important in the steps towards success for all businesses.

Chili Days will serve up hot bowls six days a week, encouraging customers to stop by and grab some grub at their convenience. (Save The Food Trucks, 2010). We will be open for lunch and dinner, beginning our day at 11:00am and ending at 8:00pm. Fresh chili in proper proportions can easily be either a hearty meal or a pleasant snack, which is why we have chosen to be open for lunch and dinner. At Chili Days we guarantee that when we are open we will be ready satisfy your cravings. Seating arrangements are limited for food trucks but, Chili Days will provide three tables for two just outside of the truck for those who just cannot wait to devour our hearty chili.

It is important for us to keep customers in mind while creating an environment specifically tailored to them. With a few tables out front of the truck, Chili Days will create surroundings that can't be found at any other mobile food truck. In order to accomplish our desired atmosphere we must have an idea of our average number of customers, as we need to have an accurate idea of the amount of fresh, seasonal vegetables that need to be purchased. Approximating our average number of customers required help from a food truck guru's website

(Clover Food Lab Food Truck 101, 2011). With the given data, the average customer turnover rate during lunch hours would be 1.3, and during dinner hours the rate would be 1.4. Based on Clover Food Trucks, estimation we are predicting to serve about 200 people a day. With the estimated number of customers available, we can now move onto phase two: pricing.

The next step is to calculate the average profit. The organic meat chili will be priced at \$9.50, just slightly pricier than the vegan chili which is priced at \$7.50, to cover costs of the extra ingredients. Prices are not fixed due to seasonality of the vegetables used in the chilies. If the average check costs \$8.50 and we are serving people 6 days a week for say 52 weeks, our average food sales for lunch will be \$4,344,760 and for dinner \$371,280. With beverage percentages for lunch being 20% and for dinner 25%, total beverage sales will be \$68,952 and \$9,282,000. The sale of water bottles will be beneficial for our company as well as our customers, and of course we will have trash cans, compost cans and recycling bins placed in front of our trucks to collect any waste and recyclables. Recycling water bottles will be an easy way to make a couple extra dollars throughout our day. After summing my food sales for both lunch and dinner we are looking at roughly \$716,040 and \$161,772 for total beverage sales, per year. Now that sales are established, costs and revenues can be calculated to paint a picture of the total profit and losses.

Knowing that food costs are expected to be 33% of total food revenue, and beverages costing about 20% of total beverage revenue, we can calculate our total costs of sales and gross profit. Food will cost us about \$236,293.20 and beverages \$32,354.40, per year, making total costs \$268,647.60. In order to figure out gross profit, one must subtract total cost of sales from total sales. This number turns out to be \$609,164.40. Table 2 helps guide you through these numbers.

The next set of imperative numbers are called “controllable expenses.” These include employee payrolls, fixed and variable as well as benefits and other expenses. Fixed payroll, which is 14% of total sales, in this case translates to \$122,893.68. Variable payroll is 13% of total sales and will cost Chili Days approximately \$114,115.56. Benefits for employees are very important to keep everyone happy, and in this case can be defined as 20% of payroll, or \$47,401.85. Other controllable expenses, such as maintenance of the truck (although these are not everyday expenses), can cost a “pretty penny” when they do come about. These will make up for 6% of my total expenses, which equals \$52,668.72. In total, controllable expenses will cost the business \$337,079.81. Substituting out the total controllable expenses we will have an income of \$272,084.59.

The last step to include would be calculating income after occupancy, interest and depreciation costs to find the restaurants’ overall profit or loss. If occupancy costs are \$33,000, interest is \$16,500 and depreciation is \$18,000, this will leave the business with a profit of \$204,584.59.

This profit is a significant gain to Chili Days and will make the purchase of newer, nicer equipment possible while we maintain our high standards concerning the quality of our ingredients. As the business grows more successful and our equipment improves, our speed of production can increase, the quality of our food can increase and customer’s happiness can skyrocket. Through budgeting, we can keep track of and manipulate costs, expenses and opportunities for profit, allowing us to reach our full potential as a food truck.

Layout and Design

The layout of this food truck was determined by ease of flow and effective use of limited space. Working with a food truck (as opposed to full-sized restaurants) can present some difficulties when designing a kitchen. It is crucial to include all necessary tools while carefully eliminating any needless equipment in order to maintain space. The flow of work and food are equally significant when designing a floor plan so that food can be served as quickly and efficiently as possible. The type of equipment used is also a vital consideration because a food truck cannot carry all the same large, bulky equipment as a full-sized kitchen might. This food truck's kitchen has been specially designed to utilize all free space, allow for proper cooking of menu items as well as proper handling and storing, all of which make up a successful kitchen.

Food, Work and Customer Flow

As the new day begins, "Chili Days" receives their food—this is typically food recently purchased from local farmers markets as stated in the business plan proposal. The ingredients enter through the designated receiving area in the back of the food truck, and are immediately placed in their respective storage areas: cold foods are placed in the refrigerator located to the left of the receiving area and dry goods held in the under-counter storage space.

After everything is in its proper location the employee is able to begin prepping for the big day on the road. By referencing the "food flow" arrows on the floor plan you can see that the next step is to wash the food in order to maintain safe food handling standards. For this to be accomplished a single food washing sink is all that is needed. Next, the chopping commences. There are two cutting boards, one designated for vegetables and a separate one for all meat products in order to prevent contamination. Beneath the counter in the prep station is a small compost bin for easy disposal of scraps. After prep work is finished the food is ready to be

cooked on the double burner range top in two large pots—one filled with vegan chili and the other with turkey chili. The range top is not required to be too large or complicated as there are only two large pots cooking at one time. Once the chilies are cooked and ready for the day they are cooled down to the proper temperature of 41 degrees Fahrenheit and are placed in the conventional kitchen refrigerator for storage (Food temperatures and the Danger Zone, 2011). The dishes can then be washed in the second single compartment sink, located to the left of the range top.

As the day continues on and lunch hour creeps up, the first set of customers begin trickling over. The customers approach the truck and are easily able to view the large menu board to the right of the ordering/serving window and pick out the chili of their preference. After the decision is made and they are ready to order their chili of preference, they can step up to the ordering/serving window and purchase their meal. The next several steps are performed by the person working in the food truck. They will take the customer's money and conveniently place it into the cash register to the left of them. Now the assembly steps begin.

“Chili Days” employees can pull chili from the refrigerator and heat it up on the double burner range top (as the “work flow” arrows suggest) until it is warmed to the perfect temperature. Next they can proceed to the assembly counter space where they can pour a bowl or cup of chili, depending on the order, and top it off with Greek yogurt and cheese if requested. Meanwhile, they are able to toast a piece of corn bread in the toaster oven as a scrumptious side dish if it was ordered. Lastly, the worker will serve the meal to the customer out of the ordering/serving window. From here, the customer can add condiments such as green onion, flavorful spices or hot sauces from the condiment shelf which is represented on the floor plan below the awning at the ordering/serving window.

As mentioned in the business plan proposal, there will be seating for clientele in front of the “Chili Days” truck. Here, they are able to sit, relax and relish their mouth-watering chili while enjoying some background tunes, which are provided by “Chili Days” in order to establish a comfort level they are incapable of receiving anywhere else. Carefully placed between the tables (which are not shown in the floor plan) and the truck is a compost bin for the compostable bowls and cups so to prevent the possibility of littering as well as for convenience sake.

Conclusion

As seen in the layout and design floor plan of “Chili Days”, the flow of food, work and customers is incredibly crucial to a quick, easy and successful kitchen. The equipment choices made are specific to cater to a food truck layout and its small kitchen space. The fresh ingredients purchased by nearby farmers markets allow “Chili Days” to uphold their commitment to fresh, locally grown foods. The smooth, effortless flow this kitchen demonstrates allows for a less stressful work environment and simplicity if there happens to be more than one person working at one time. With this attention to detail “Chili Days” is able to guarantee an experience our customers are unable to attain anywhere else.

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