Foodservice Facility Business Proposal:
Business Plan Overview, Budget Justification and Layout & Design For Corazon

DFM 353- Food Service Systems Management GWAR
San Francisco State University
Professor Sarah Josef MA, RD
Spring 2013

Written By Alma Hernandez
April 2, 2013

Corazon Business Plan Overview

We now live in a health conscious and health driven society. With the current diet industry trying to persuade us to follow certain trends and buy certain products for quick weight-loss, it has become difficult to differentiate between the foods that we should and should not be eating. At times, we may be advised to eliminate certain foods, while at other times we are told just the opposite. How do we decide which foods are better for us? This constant back and forth is confusing and discouraging the general public. Clearly, the impact of food on our bodies and our overall health is very powerful. It is important to know that in order to reduce the incidence of serious chronic and degenerative diseases, we must make lifestyle changes. This includes healthier eating habits. The real question then becomes, how can we achieve this? It can often be very difficult to change poor eating habits because of the convenience of highly processed fast food. The busy and hectic daily schedules of most working individuals in the industrialized world can also make it challenging. Time constraints are often an issue for everyone and they limit people's ability to sit and enjoy healthy home cooked meals. Making healthy and nutrient dense food easily accessible to people is definitely a good starting point to promote better eating habits.

Having a mobile food service that offers healthy choices at an affordable price is a trend that has been growing in recent years. The convenience of walking up to a truck and getting a quick meal on a short lunch break has really gained plenty of attention and public interest (Mintzer, 2011). By combining the concept of a Mediterranean style menu with that of a mobile food service, we can easily promote heart healthy and delicious meals on the go. The idea of a Mediterranean style food truck came about after speculating over the benefits of the Mediterranean style diet. It has been proven that the Mediterranean style diet offers plenty of

heart health benefits. Chronic illnesses and degenerative diseases are becoming more and more prevalent today. This is especially true because of the convenience and affordability of highly processed fast foods that offer no real nutrient benefits in our diets. In an article titled *Effects of a Mediterranean-Style Diet on Cardiovascular Risk Factors*, Ramon Estruch states that "cardiovascular disease is the main cause of death in industrialized countries" (Estruch et al., 2006). Although there may be many other risk factors such as genetic predisposition, lack of exercise and the use of tobacco to name a few, diet plays a very key role in the risk and development of cardiovascular disease. Estruch also mentions that incidence rates of cardiovascular disease have shown "geographic differences" (Estruch et al., 2006). For instance, he says that "the low incidence of coronary heart disease in Mediterranean countries has partly ascribed to dietary habits" (Estruch et al., 2006). It is no mystery that the Mediterranean style diet offers plenty of dietary benefits that help protect the overall health and performance of a person's cardiovascular system. This includes blood pressure and overall blood circulation throughout the body (Estruch et al., 2006). My interest in these benefits has prompted me to offer them in the convenience of a food truck in order to promote a healthier lifestyle.

Corazon, meaning "heart" in Spanish, is the name given to our food truck, which provides delicious, Mediterranean style food for people who are constantly on the go. Our service focuses on the Mediterranean style diet and provides heart healthy options for the general public. *Corazon's* purpose is to offer delicious and nutritious heart healthy meals, made with the freshest, local ingredients. To offer affordable, high quality flavorful food on the go for the convenience of everyone.

By placing *Corazon* at the campus of San Francisco State University every Wednesday and Friday for a period of three hours, we are able to cater to a diverse population of students and

staff members alike. We can also be found at the University of California San Francisco campus every Monday and sometimes even on the outskirts of Golden Gate Park. Depending on our location, our clientele ranges from 40 to 60 customers a day. Our mobile flexibility allows us to place our truck anywhere in the city, especially in areas where demand is the highest. Our marketing strategy consists of promotions through social media networks such as Facebook and Twitter, announcing to our followers the date, time and place where we can be found next. We also have a schedule that can be accessed through QRReader app that is available for smart phones.

In order to offer high quality flavorful food, our commercial facility uses an on-site conventional style kitchen to cook and prepare our meals. We have trained and skilled professionals to ensure that our meals are up to par. We also use an off-site commercial kitchen where much of our ingredients are stored, prepped and inspected daily to ensure that quality and freshness are up to standard. We use only the finest quality, local, organic and seasonal ingredients from small farms around the area in all of our meals. We use cage free poultry and our meat comes from local farmers who raise grass fed cattle that are not injected with any type of growth hormones. Our seafood is also wild caught and purchased from local fisheries. We do not use any processed items that are found in a jar or a can. We steer away from high sodium or high fructose ingredients and make sure that everything is prepared the same to ensure consistency. Also, in order to maintain quality standards, we do not offer any type of food that has not been cooked the day it is served.

In terms of our menu style, we have chosen a selective-seasonal type of menu. Our menu offers various choices that change with the seasonal availability of ingredients. The exotic and delicious flavors of the Mediterranean diet come together to cater to anyone's taste and

preference. For the most part, our meals are put together with nutritional needs in mind. We have various low sodium options for those watching their blood pressure and also meals that have no saturated or trans fats. We have selection of Omega-3 rich foods that are also good for lowering down your cholesterol levels. The main ingredients that are found in our menu are those that make up the Mediterranean style diet and compose the Mediterranean diet food pyramid (Willett 1995). We encourage our customers to select more poultry and fish items by offering more options with poultry and fish. Although we still have plenty of red meat dishes to choose from, our main focus is to encourage more healthy options. We use yogurt and cheese, which covers the dairy portion and and a wide range and fruit and vegetables options. Our main sources of flavors come from the herbs that we use in our marinades. Here is a small sample of our menu:

Corazon Menu Sample

SALADS & SIDES:

Grilled Garden Vegetables
Combination of eggplant, zucchini, cherry tomatoes, bell peppers and baby potatoes roasted together with olive oil, rosemary, salt and pepper.

Organic Baby Greens Salad
Combination of fresh baby greens with cherry tomatoes, fresh red onion and a balsamic vinaigrette dressing.

Warm Spinach and Salmon Salad
Grilled Salmon over a bed of fresh spinach, feta cheese, garlic and tomato.

The Mediterranean Salad
Heart of romaine, cucumber, tomato, onions, Calamata olives and feta cheese with lemon dressing.

MAIN MENU ITEMS:

Kababs (2)
Chicken, beef, lamb, shrimp or Salmon. Served with a side of brown rice and roasted baby carrots.

The Mediterranean Burger
Ground lamb with onion, romaine lettuce, tomato and our special Tzatziki sauce.

Grilled Chicken Sandwich
Chicken breast with romaine lettuce, caramelized onions, tomato and balsamic sauce.

Grilled Salmon
Grilled Salmon infused with herbs, served with fresh vegetables and brown rice.

Shrimp Sautee
Marinated Shrimp sauteed with bell peppers, onions, tomatoes and zucchini and served with Quinioa salad.

Spicy Gyros Sandwich
Combination of lamb and beef, served with lettuce, tomato, caramelized onions, Tzatziki sauce and wrapped in freshly baked pita bread.

Pizzette
Two small, ultra-thin crust pizzas with your choice of toppings (fresh tomato, spinach, Feta cheese, onions, sun-dried tomatoes, roasted eggplant, roasted zucchini).

DESSERT OPTIONS:

Fresh seasonal Fruit Salad
Infused with our special mint dressing.

Corazon offers the convenient access to nutritious heart healthy meals. Using a combination of fresh, local ingredients at an affordable price, Corazon offers an exotic Mediterranean experience to everyone. We understand that our hectic daily schedules often make it difficult to make the right choices. Corazon hopes to facilitate this by offering an array of nutrient dense options free of hassle. We hope to extend to more locations and possibly open a second, permanent locale. We would like to bring our unique, Mediterranean experience closer to you.

Corazon: Budget & Justification

As previously explained in the detailed business plan overview, Corazon will be a conventional, commercial Mediterranean-style mobile food truck that will occasionally operate at San Francisco State University and University of California San Francisco campuses. It will also be found on the outskirts of Golden Gate Park on the weekends and possibly expand to newer and bigger locations in the near future. It is Corazon's purpose to offer delicious and nutritious heart healthy meals, made with the freshest, local ingredients at an affordable price and convenience to everyone. Corazon's small facility, meals prepared with sustainable ingredients from small farms around the area and affordability are what make it a unique business. Even though we strive to make our meals affordable to our customers, Corazon's goal is also to make a profit with our mission in mind.

Given that Corazon is a mobile food truck, there will be no seating provided for customers. Due to lack of space and facilities, Corazon will only offer a counter for condiments and utensils. However, this in turn, favors our concept by catering to customers' grab and go convenience. Additionally, I have projected a number of 60 customers during the three hour lunch period at the university campuses, which is reasonable given the short time span. I have also anticipated a number of 110 customers for Saturday and Sunday's 4-hour period at Golden Gate Park. This number is clearly higher than our weekdays. This is mainly because of the additional foot-traffic that is found at Golden Gate Park on the weekends. As Corazon gains more publicity, I foresee a significant increase in our number of customers on all days of the week.

Typically, the advertising and marketing portions of a business are included in the budget; however, Corazon's main form of advertising is through social networks. By using

popular social media networks such as Twitter, Facebook and even the QRReader application available for smart-phones, Corazon will not have any advertising or marketing costs to consider. Once our mobile food business expands to bigger locations, advertising and marketing costs will be accounted for in this section.

During our weekday sales at the university campuses, we anticipate the majority of our customers to be students between the ages of 18 to 30 and some faculty members. We understand that university students are on a strict budget, due to their school expenses. Therefore, we will keep our lunch prices affordable for everyone. We will do this by keeping most of our lunch menu items under the price of $10.00. For the weekday lunch sales, the average food check will be $8.75. This number is similar to other successful food trucks serving lunches at university campuses throughout the Bay Area (McLaughlin, 2009). Given the wide array of entrée options, side dishes and additional foot traffic, the average weekend lunch sales check will be slightly higher, at $13.55. During the weekend lunch periods, we expect to have some older customers who are not necessarily under a strict budget.

By Multiplying the number of customers on the weekdays, and that figure by the average check gives $525.00 per day in lunch food sales. By doing the same with the weekend figures, it gives us $1,490.50 per day. Having an operating mobile food truck open seven days a week, for lunch only, and 52 weeks a year, sums the yearly food sales quantity to $81,900.00 for weekday lunch sales and $155,012.00 for the weekend lunch sales. These two categories are then added together to give us a yearly amount of $236,912.00 for total food sales. In essence, this number is considerably lower than other successful food trucks, however, Corazon's operating hours are limited and are subject to expand in the near future.

Since our mobile food truck will not be serving alcoholic drinks, there will be no beverage sales incorporated into our budget. Our array of brand-named bottled waters and juices are added to our food costs. Additionally, by using the example provided in class for this project, our total food cost is expected to be 33% of total food revenue. By multiplying our total food sales by the percentage of total food revenue, we get $78,180.96 as total cost of food and total cost of food sales. Then, by taking our total cost of sales, $78,180.96, and subtracting it from total sales, $236,912.00, we get a total of $158,731.04 for gross profit.

As we move on to our controllable expenses, we account for items such as payroll employee benefits and other controllable expenses. Using the example provided in class, we have an estimated 14% of salaried employee wages from total sales, and 13% for all other employees. Also, an additional 20% of total salaries and wages is expected for employee benefits. Other controllable expenses are an estimated 6% of total sales. Our salaried employees are rotational skilled chefs who prepare some of our gourmet main menu items. Other employees include those who do prep work or take the orders at the window. There are various other small positions that are also included in the category of other employees. Now, by multiplying $236,912.00 by 14% for salaried employee wages, we get $33,167.68 for fixed payroll. Similarly, by multiplying 13% by $236,912.00 for all other employees, we get $30,798.56 for variable payroll. For other controllable expenses, we get a total of $14,214.72. The grand total of controllable expenses is determined by adding total fixed payroll, variable payroll and other controllable expenses, which in turn gives us $90,974.21. Then, subtracting this number from gross profit, gives us $67,756.83 for our total income before occupancy costs, interest, depreciation and income tax.

As we know, occupancy costs are the owner's responsibility; therefore, they are included in our budget. Occupancy costs are typically known as fixed expenses and include important items such as property tax, waste removal, insurance, utilities, equipment repairs, mobile truck repairs etc. (Parpal, 2013). By using the suggested 20% of income for occupancy costs ($13,551.37), 5% interest ($3,387.84), and 2% depreciation ($1,355.14), we get a total of $18,294.35. We then take this amount and subtract it from our income before occupancy costs, interest, depreciation and income tax. We are then left with a total profit of $49,462.48.

Although our profit at the moment is relatively low compared to other successful food trucks in the area, we hope to soon expand our services to other locations in order to increase our profit (Mc Laughlin, 2009). As our demand in other areas grows, Corazon's unique Mediterranean experience will bring new exotic flavors to different parts of the Bay Area. Additionally, if Corazon continues to do well in the food truck realm, we hope to expand our business by opening up additional food trucks and even by opening a kiosk at the San Francisco International Airport. This new location is a great opportunity to serve customers who are on the go and are looking for a quick, delicious and healthy meal. Through our efforts, we hope to successfully meet the demands of our customers by service high quality, delicious and nutritious Mediterranean-style food.

Corazon: Layout & Design

As stated before, Corazon is a conventional, commercially run food truck that serves Mediterranean-style food. It occasionally operates at San Francisco State University and University of California San Francisco campuses. Its main target audience are college students, however it also caters to a bigger population of adults by also providing service on the outskirts of Golden Gate Park on the weekends. In order to ensure that our dishes meet the highest quality standard, it is important to have adequate kitchen equipment and space to store items. I have created a blueprint layout of the two kitchens our staff use to cook, prepare and store our food items. The layout was drawn to the scale of ¼" = 1 ft and our equipment pieces were measured, color-coded, numbered and placed accurately on our blueprints. In the following section, I will explain the layout in detail.

Corazon has a selective-seasonal type of menu that offers various choices that change with seasonal availability of ingredients. We use only the finest quality, local, organic and seasonal ingredients from small farms around the area (Willett 1995). Therefore, our commercial facility will operate on a two-kitchen system in order to ensure proper storage and care of our ingredients and products. Most of our preparation, storage and baking will take place in an off-site commercial. This is where most of our trained and skilled professional employees will be found. Additionally, our ingredients and food items will be inspected daily to ensure that quality and freshness are up to par. Our commercial facility will also use an on-site, conventional kitchen inside of the food truck in order to cook and prepare our meals right before serving.

Corazon's off-site commercial kitchen includes equipment that is tailored to our Mediterranean style menu. A lot of grilling and broiling equipment pieces are necessary, as well as a lot of cool storage spaces for our fresh salad items. There are two storage rooms, one on

each opposite end of the kitchen. There is also an office with employee lockers and a single restroom for employees. The first entrance/exit is where receiving will take place. Immediately after walking in through this entrance, there is a storage room on the left side and 2-hand sinks mounted on the wall to the right. As you continue to walk, you will find the cold prep area to your right where a lot of our fresh and delicate ingredients are stored. In the cold prep area, there is a large cold prep counter for chopping of fruits, vegetables and other fresh ingredients needed to be prepared. On the opposite side of the cold prep counter, you will find a refrigerated counter with two doors for storage and 12 pans. Next to the refrigerated counter, you will find a double door refrigerated cabinet and a double door reach-in freezer. There will also be a 450lb ice-maker with dispenser and a stainless steel equipment stand.

To the left of the initial entrance/exit, you will find the baking station. In the baking station, there is another stainless steel equipment stand followed by a 60-quart floor mixer. Next to the floor mixer you will find a wood top baker's table and then a double deck, electric, convection oven. On the right side of the oven there is a 2-compartment, gas convection steamer. In this area, all of our baking takes place for our sandwich bread, pita bread and additional menu items that are seasonally added to our menu. As you pass the baking station, straight ahead is the second storage room.

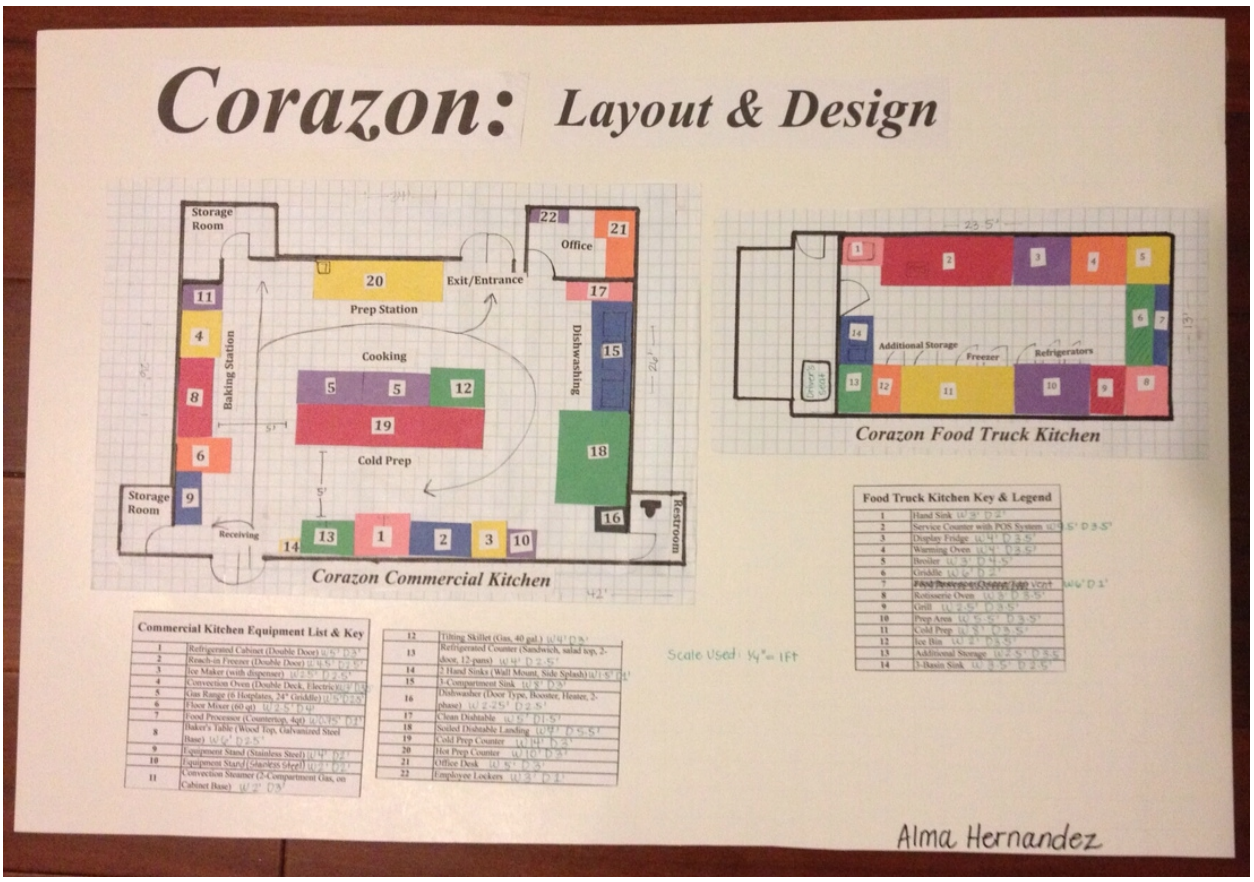
Coming out of the second storage room, you enter the hot prep and cooking area. In this area, you will find a hot prep counter. On the opposite side of this counter are two gas ranges with 6-hot plates each and next to them is a 40-gallon tilting skillet. Next to the hot prep and cooking area is our second entrance/exit. This is where the food truck is loaded and unloaded on a daily basis. On the side of the entrance/exit is the spacious office where the employee lockers are found and where all of our menu planning and inventory analysis takes place.

When coming out of the office, you come across the dishwashing area. In the dishwashing area, there is a clean dish-table next to the three-compartment sink. Then, a soiled dish-table and dish-landing is found, followed by the 3-phase dishwasher. As you pass the dishwashing area, a single restroom is found in the corner of the kitchen for employees to use at their convenience. Our off-site commercial kitchen is a fairly large facility that caters to all of our needs and complements our Mediterranean-style menu.

Our on-site food truck kitchen is fairly small compared to the off-site kitchen. The on-site food truck kitchen only contains equipment items that are necessary for the final cooking, preparation and serving of our dishes. This kitchen has a basic hand sink for employees to wash their hands and also has a 3-basin sink for necessary dishes to be properly washed. It also has a fairly large service counter with a POS system where the orders will be placed and distributed. Following the service counter is a display fridge, warming oven and a broiler. At the far end of the truck, you will find a large griddle with an overhead venting system. Next to the griddle, there is a rotisserie oven and a grill for cooking. The grill is mainly used to grill our vegetables, Kababs, the chicken and our salmon for our specialty sandwiches. The rotisserie oven is used when rotisserie chicken is added to our menu. Then, as you continue to move along, you will find the prep area with underneath refrigerator storage and a cold prep area with an underneath freezer and additional storage compartments. Next to the cold prep area is an ice-bin and additional storage. The cold prep area is used only to cut fresh fruits and vegetables right before they are served.

Although the on-site food truck kitchen is small and the space is compromised, the off-site commercial kitchen offers additional space for storage and preparation of our delicate food items. Both the on-site and off-site kitchens work in sync to maximize the quality and production

of our food. The majority of our equipment is of the highest quality and latest technology in order to ensure that our food is cooked properly and meets the health standards. It is because of Corazon's efficient use of kitchen space and technology that has allowed us to continue to provide delicious and nutritious heart healthy meals at an affordable price and convenience to everyone.



References

Design Your Food Catering Truck. (2008). Kitchens On Wheels. New Braunfels, Texas. Thunder Data Systems, Inc.

Estruch Ramon, Matinex-Gonzales Miguel Angel, Corella Dolores, Salas-Salvado Jordi, Ruiz-Gutierrez Valentina, Covas Maria Isabel, Fiol Miguel, Gomez-Gracia Enrique, Lopez-Sabater Mari Carmen, Vinyoles Ernest, Aros Fernando, Conde Manual, Lahoz Carlos, Lapetra Jose, Saez Guillermo, Ros Emilio. (2006) *Effects of a Mediterranean-Style Diet on Cardiovascular Risk Factors,* Annals of Internal Medicine. Vol 145 Number 1. p. S11.

McLaughlin Katy. (2009). *Food Truck Nation.* The Wall Street Journal. p. S5.

Mintzer, Rich & Entrepreneur Press. (2011). *Start Your Own Food Truck Business.* Eliot House Productions. Entrepreneur Media Corporation. p. S169.

Myrick, Richard. (2012). *Running a Food Truck for Dummies*. Hoboken, NJ: Wiley & Sons, Inc.

Restaurant Equipment and Supplies. (2013). Big Tray. Big Tray Inc.

Willett C Walter, Sacks Frank, Trichopoulou Antonia, Drescher Greg, Ferro-Luzzi Anna, Helsing Elisabet, Trichopoulos Dimitrios. (1995). *Mediterranean Diet Pyramid: A Cultural Model for Healthy Eating,* p. S5.