STARTING A FOOD TRUCK

How to Start a Successful Mobile Food Service Business in Arkansas
HERE TO HELP

The Arkansas Small Business and Technology Development Center wants to help you turn your business idea into a reality, step by step. Through our network of locations around the state, we offer no-cost services for entrepreneurs.

ASBTDC is here to help you plan, research, weigh options, and take action.

If you are preparing to start a business, this e-book is for you!

- Business start
- Existing business
- Business purchase

© 2024 Arkansas Small Business and Technology Development Center. All rights reserved.
## CONTENTS

<table>
<thead>
<tr>
<th>01</th>
<th>Introduction</th>
<th>10</th>
<th>The Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>02</td>
<td>Startup Roadmap</td>
<td>13</td>
<td>Startup Checklist</td>
</tr>
<tr>
<td>03</td>
<td>The Truck</td>
<td>15</td>
<td>Call on Us</td>
</tr>
<tr>
<td>05</td>
<td>The Food</td>
<td>16</td>
<td>Additional Resources</td>
</tr>
<tr>
<td>07</td>
<td>The Kitchen</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
INTRODUCTION

Operating a food service business requires an understanding of multiple regulations beyond the average scope of managing a business. This e-book provides guidance on starting a mobile food service business in Arkansas, specifically, considerations for handling food, operating a mobile business, and ensuring a safe environment for you, employees, and customers.

If this is your first business, we recommend reviewing our startup guides for foundational small business information, as this supplemental guide only details the additional requirements for food trucks. To find each of the titles below, visit asbtdc.org/e-books.

1. New Business Guide: How to Start in 6 Steps
2. License, Permit and Tax Requirements for Arkansas Small Businesses
3. Funding Your Small Business
STARTUP ROADMAP

To be successful and attract customers, you want to develop a different offering than what is already out there.

Research other food trucks to discover if you can build a **competitive advantage** with one or more of these factors:

---

**THE HOURS**

What demographic will your restaurant attract? Set hours based on their typical schedules and dining preferences.

---

**THE MENU**

Bring the flavor! Customers are eager for new flavors and food experiences.

---

**THE LOCATION**

Identify neighborhoods and venues that welcome food trucks. Be sure to consider events and festivals in your area, and connect with organizers.

---

**THE PRICE**

Calculate your costs before setting prices. Also, bake in additional expenses such as rising ingredient and labor costs.

---

**THE OPERATION**

Write down how you would manage, staff, and optimize production in the food truck.

---

**RESOURCES**

Check out our New Business Guide resources page for additional guidance to develop your business plan, including “Mapping a Startup” and “Fine-Tuning Your Business Idea” worksheets.

[asbtnc.org/new-business-guide-resources](asbtnc.org/new-business-guide-resources)
THE TRUCK

Insurance

After purchasing a food truck, you will need a commercial car insurance policy and a business owner’s policy for general liability protection.

Your goal is to cover the vehicle and any permanently attached appliances for physical damage from a traffic accident and comprehensive damages like those caused by theft, vandalism, or weather.

Typical annual cost for insurance may range from $2,500 to $4,500.

Licensing

In most situations, a standard driver’s license is sufficient to legally drive and operate a food truck.

If the truck weighs over 26,000 lbs., you will need to obtain a Commercial Driver’s License to operate the vehicle.

Your local municipality may have its own requirements before your food truck can be open for service, including:

» Parking permits
» Fire safety review
» Registration with Advertising and Promotion Commission (“A&P”) or other body that collects local food taxes
Fire Protection

Make fire safety a priority. To protect your truck from a fire event, consider the following:

» Maintain 10 feet of clearance away from buildings, vehicles, structures, and combustible materials.

» Ensure clearance is provided for the fire department to access fire hydrants and connections.

» Make sure your fire extinguisher and fire suppression systems are installed correctly and routinely inspected.

» Ensure that workers are routinely trained on how to respond to a fire event.

Finding Your Truck

If you don’t already have a truck, Facebook food truck groups and roaminghunger.com are good places to search for used food trucks for sale.

Aesthetics

Since your business is on wheels, make it a mobile advertisement.

Consider the impact of investing in a graphic artist to design an eye-catching logo and vehicle wrap for your truck.

RESOURCE

Check out this Food Truck Safety Fact Sheet from the National Fire Protection Association to learn best practices for reducing the risk of fire to your food truck.

nfpa.org/downloadable-resources/fact-sheets/food-truck-safety-fact-sheet
Food Safety

Knowledge of food safety and proper food handling is critical for successful food truck operations and reduces the risk of illness among staff and customers. You’ll need to know your responsibilities and best practices for food handling, and both you and your employees will need to obtain certifications, including:

» Owners and managers are required to obtain a food manager certification.

» A best practice is to require that all staff involved in food handling activities obtain a food handler certification. However, you do have the option to train them on food safety through an in-house training and reporting system.

Food Liability Insurance

Obtaining food liability insurance is another risk reduction strategy. A food liability insurance policy provides protection against customer illness, employee injuries, and property damage.

Factors such as the food you sell and the value of the truck and equipment will affect the policy rate. Contact your insurance agent for a quote, but research other companies to find the best rate and coverage for your food truck. You may want to request quotes from boutique insurance companies that specialize in the food industry, such as the Food Liability Insurance Program (FLIP). Learn more about FLIP at fliprogram.com.
In Arkansas, the UA Division of Agriculture Cooperative Extension Service and the Arkansas Hospitality Association deliver the National Restaurant Association’s ServSafe® training and certification in person, making this an accessible option for your staff to obtain or renew their food handler certification.
THE KITCHEN

Plan Your Kitchen Operations

Write out how you plan to operate the kitchen by developing standard operating procedures. These will include information on health and hygiene policies for staff, how to operate equipment, and how to properly clean after a shift. Also, review the ADH Rules and Regulations for Retail Food Establishments to make sure you have included all of the necessary food safety measures for the truck, such as fresh and gray water tanks, plumbing, and handwashing sinks.

During this process, decide whether you will prep and cook in the truck or rent time at a commissary kitchen.

Check out the list on the next page for commissary kitchens in Arkansas. Plan a visit to see if one is right for your business.

To operate a food truck, you will need to submit a Retail Food Plan Review and apply for a Retail Food Establishment Permit with the Arkansas Department of Health. This application includes a checklist for the establishment plan, an example of how to draw a plan, a permit application, and a Service Area Letter. The Service Area Letter is used to demonstrate where mobile facilities will dump their wastewater, where they will store dry goods and extra food, and where they may do some of their prep work. All of these areas have to be approved by ADH for food safety.
Commissary Kitchens in Arkansas

» Little Rock - Arkitchen
» Marshall - Kitchen of the Arkansas Ozarks
» Rison - Share Grounds
» Springdale - Arkansas Food Innovation Center Market Center of the Ozarks (coming soon)
» West Memphis - Delta Cuisine
You will need to identify a wastewater disposal site. Operating a mobile unit requires collecting the wastewater (also called gray water) that is generated from the kitchen. This water contains grease, soap, bacteria, and food particles and will need proper disposal. There is also a requirement for freshwater tanks to be drained, sanitized, and filled with water from an approved source every 14 days and documentation to track this activity.

Reach out to local restaurants and commissary kitchens to ask if you can use their approved fresh and gray water system. Also, ask the local Environmental Health Inspector for help designing your water system and identifying an approved gray water facility.

**Wastewater Disposal**

The size of your truck and wastewater system may limit the size of your menu. Start with just a few main dishes to streamline production and efficiency. This will help to lower your ingredient costs, inventory management, storage space, and waste output.
THE BUSINESS

Accepting Payments

Most consumers pay using a credit or debit card. Others enjoy the flexibility of using mobile wallets such as Apple Pay. To set up systems for accepting these types of payments, first consider whether you will accept payments on the spot, online, or both.

Compare different point-of-sale (POS) systems and review the security features, the hardware required, contract terms, customer service features, and the cost of pricing plans and fee structures. There are also systems made solely for food truck operations.

Paying Others

When starting a business, you will also need to open a business bank account. If you don’t have a bank, research banks in your area and ask other food truck operators about their banking experiences. Being an on-the-go business, ask about online money management systems.

Consider applying for a business credit card and using this account to pay vendors and purchase supplies. There are several rewards and perks associated with using a credit card. Talk with your bank associate to see which card works best for your business purchasing needs.

If you are negotiating contracts with suppliers and need help, reach out to the Business Innovations Clinic at the UA Little Rock Bowen School of Law. They provide free legal assistance for entrepreneurs and can help you draft contract agreements and other legal documents to protect your business.
Paying Taxes

Food trucks in Arkansas must remit sales tax payments to the State Department of Finance and Administration.

» Register your business on their payment portal, atap.arkansas.gov.

» Look up your tax rate to make sure you charge the appropriate rate to your customers.

» Depending on the community in which you intend to operate, you may be obligated to pay a local retail food tax, also known as a “hamburger tax.” Each city’s Advertising and Promotion Commission (“A&P”) usually manages the collection of this tax.

Managing Employees

To help manage staff and expectations, create an employee handbook. The ASBTDC website has an easy-start HR Guide with templates to help you get started.

Local Business Permit

You’ll need to apply for a business permit with your local municipality. Contact the city or county office to make sure you have met all of the requirements to operate a food truck within their area. If you plan to travel to additional communities, reach out to each city to ask if additional permits are required for their jurisdiction.
**Startup Costs**

You can use our **Startup Cost Worksheet** that can help you develop an estimate of your general startup costs. Listed below are additional items that were covered in this guide. Be sure to customize your budget to fit your specific business needs.

- Truck
- Food safety training
- Licensing and permits
- Insurance
- Point-of-sale system
- Marketing
- Equipment
- Paper goods and cleaning supplies
- Maintenance and repairs
- Fuel
- Commissary fees (if renting kitchen space)
- Wastewater disposal fees
- Parking expenses
- Professional services such as legal, accounting, and graphic design

Developing an operating budget is critical for managing your food truck business, and **will be necessary to get financing**. One of the most appealing aspects of a food truck business is that costs like rent and utilities are more variable and adjustable than a traditional brick-and-mortar restaurant. However, that doesn’t mean that you won’t still have recurring costs.

You can use the “Monthly Income Statement (Budget) Projection Worksheet” from the ASBTDC New Business Guide resources page to develop your first-year operating budget. You’ll find the worksheet at [asbtdc.org/new-business-guide-resources](http://asbtdc.org/new-business-guide-resources). Be conservative and realistic as you develop your budget. Remember that most new businesses take time to build up a customer base and reach sales targets.
STARTUP CHECKLIST

This checklist is a great starting point but is not necessarily complete or in chronological order. Add your own items and reorder them as needed. If you plan to apply for financing, wait for loan approval before signing contracts. The timeline for financing can shift unexpectedly, so don’t obligating yourself to any purchases you can’t afford before you’ve received the loan.

RESEARCH
- Find locations to park the food truck during off-duty and open hours
- Contact local municipality about food truck requirements and sales tax on prepared food
- Create a business name and conduct a name search on the Secretary of State’s website
- Seek advice from an attorney about incorporation options and liability risks
- Install or inspect commercial hood ventilation and fire extinguishing systems
- Contact local Environmental Health Inspector for guidance on fresh and gray water systems
- Find an approved location to dispose of gray water
- Obtain commercial vehicle insurance for the food truck
- Get quotes from designers for the creation of your logo, brand, and website

CREATE
- Write out your kitchen operations plan (standard operating procedures)
- Create your employee handbook
- Write out your employee training plan
- Develop your food menu
- Create a logo and brand for the business
- Set up social media account(s) for the business
- Create your business on Google Business Profile (if you plan to stay in one location)
BUY

- Purchase a truck
- Purchase kitchen equipment
- Purchase fire suppression equipment
- Hire a designer to develop your logo, branding, and website (or use a DIY option)
- Obtain general liability insurance
- Obtain food liability insurance

DO

- Register for an EIN (federal taxpayer ID) for the business
- Register your business with the Secretary of State’s office
- Open a business bank account
- Register the vehicle with the Arkansas Department of Motor Vehicles
- Food manager certifications (owner or manager)
- Employee food handler certifications or in-house training
- Apply for a permit with the Arkansas Health Department and prepare for inspection
- Apply for a sales tax permit with the Arkansas Department of Finance and Administration
- Register your business with the local municipality and prepare for inspection (if required)

ADDITIONAL TASKS
CALL ON US

While you prepare to launch your new food truck business, take advantage of ASBTDC’s no-cost, confidential, one-on-one professional business consulting, available through our network of offices. Visit asbtdc.org or reach out to us at 800-862-2040.

A great place to begin is with one of our startup training sessions.

Check our event calendar at asbtdc.org/training for upcoming programs in your area and live webinars, or take advantage of on-demand options.
ADDITIONAL RESOURCES

» Arkansas Department of Health Food Protection: healthy.arkansas.gov/programs-services/topics/food-protection

» Internal Revenue Service Small Business and Self-Employed Tax Center: irs.gov/businesses/small-businesses-self-employed


» Arkansas Department of Finance and Administration Sales and Use Tax: dfa.arkansas.gov/excise-tax/sales-and-use-tax/

» ASBTDC e-books: asbtdc.org/e-books

» UA Division of Agriculture Cooperative Extension ServSafe Training: uaex.uada.edu/life-skills-wellness/food-safety/servsafe-training/

» Arkansas Hospitality Association ServSafe Training: arhospitality.org/servsafe.html

Arkansas Hospitality Association

The Arkansas Hospitality Association is the state’s leading trade association for the restaurant, lodging, and tourism industries. AHA is dedicated to protecting and improving the hospitality industry. AHA members can access exclusive workshops, webinars, and resources, networking through local chapter meetings, and discounted ServSafe training.
The Arkansas Small Business and Technology Development Center is funded in part through a cooperative agreement with the U.S. Small Business Administration through a partnership with the University of Arkansas at Little Rock College of Business, Health, and Human Services and other institutions of higher education. All opinions, conclusions, or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA. All ASBTDC programs are extended to the public on a non-discriminatory basis. Language assistance services are available for limited English proficient individuals.