



Avoid These Critical Mistakes that Cause Food Trucks to Fail

If you're an entrepreneur, there's nothing worse than that gut-wrenching feeling of knowing your business has failed.

In the food truck industry, the failure rate is around 60% in the first year.

That means most new food truck businesses will go belly-up in the first year.

It's a sobering statistic.

Like many small business owners in other niches, food truck owners get into the field because they want freedom.

Freedom to work wherever they want, when they want, and how they want.

Being your own boss can be incredibly rewarding.

But it's important to remember that being your own boss means you are running a business.

Without the proper mindset, it's easy to allow a new business to fail for any number of reasons.

However, if you're considering launching your own food truck business, there are several things you must avoid doing to ensure you won't be one of the unfortunate ones.

This article will give you six reasons why many food trucks fail.

Being aware of these can help you avoid them and make sure your food truck business flourishes.

In no particular order, here they are:



Reason #1: They Didn't Take Health Codes Seriously

For some reason, food truck owners often feel they're exempt from local and state laws.

Just because a food truck is a mobile service doesn't mean they don't have to follow many of the same health codes as restaurants.

Do yourself a favor. Wherever you plan on taking your food truck, be sure to stay current on all health codes for that area.

Even in the same county, there is a chance that each town has its own quirks that must be followed.

And if you're traveling to different counties or different states, research all the laws.

Take care of the paperwork before you ever turn the key and drive your truck to those areas.



Reason #2: Bad Choice of Partners

What looks like a fun project to do between friends often collapses when money is involved.

Choosing the wrong partner can have disastrous consequences for your business.

Friends often find they can't work together in a structured format that a true food truck business requires.

And many new food truck owners make the mistake of not checking out the history of a potential partner.

They find out later that they've gotten in bed with a person with a colorful and checkered past.

Before you partner up with anyone, do your due diligence and check the person or person out carefully. You can:

- Run credit checks
- Talk to other people they have done business with
- Check into past business dealings if there are any

What if you're considering starting the business with someone you know such as a family member or a friend?

Be prepared to sit down and have a serious – sometimes difficult – conversation about the realistic expectations you have for this new business.

Reason #3; They Underestimate the Time Commitment

Many people starting a business of any kind go into it with the idea of it being a hobby.

Their mindset is the new business is going to be something with total freedom – do whatever you want, whenever you want.

The truth is, for any business to succeed, it must be treated as such.

- Schedules must be kept
- Cash flow must be solid to keep the business going
- Paperwork must be kept.
- Health codes must be followed.
- Taxes have to be accounted for.
- Supplies must be monitored and ordered.
- Your truck must be maintained.
- You need a great deal of effort put into marketing

The list goes on and on, but the point is this.

It's a business and businesses take time.

Reason #4: Underestimate the Money Needed

Some people who decide to start a food truck business don't consider how much money is needed to both start and maintain the business.

It starts with the truck itself.

New food truck owners may find what looks like a great deal on a used food truck but fail to consider maintenance.

A used food truck with 200,000 miles on it will probably require a great deal of maintenance to keep it going.

Remember, a food truck's average life span is 250,000 – 300,000 miles.

If you buy a used food truck with high mileage, know going in that you're living on borrowed time.

Additional expenses include:

- Your food

- Cooking equipment
- Food storage equipment
- Gas
- Marketing
- Taxes

Once again, the list goes on.

Know going in that your new business is going to be expensive. Do your homework and find out what those expenses will be to the penny.

Then plan for additional capital to get you through the initial lean months as your business builds.

Having that extra cash will also help for the unexpected issues that will crop up as you launch your new business.



Reason #5: They Lack Accounting Knowledge

Accounting is its own separate monster.

Accounting for a small business is vastly more involved than your personal taxes.

If you don't have adequate accounting experience, trying to learn as you launch your new business is a recipe for disaster.

For one, you'll already have far too much on your plate to give the accounting the attention it deserves.

Second, making an accounting mistake can result in severe penalties that can soak up massive amounts of your cash reserves.

It's best to hire an accountant – one who understands the ins and outs of small business taxes.

Before committing to an accountant, have an in-depth conversation with him or her. Find out how long they've been doing work for businesses.

Have they ever had a food truck, or any kind of restaurant, as a client?



Reason #6: They Didn't Plan for Winter Months

While not all parts of the United States see snow each year, know that the food truck business can be very seasonal.

Some food truck owners follow a similar path as fairs – going from state to state depending on their seasons.

Others stay in one general area.

Regardless, the successful ones plan for downturns in business.

Many small towns in tourist areas serve as ports for the cruise ship industry. The people there make all their money during the months of the “cruising season” when a new cruise ship docks every day.

The rest of the year these business owners found other things to do and sock away that well-earned seasonal money to prepare for the inevitable lean times coming.

The savvy food truck owner also plans for the downturn in business during the year.

They either:

- A) have another source of income for those months or
- B) they have built their business to the point where they can 'coast' until it's time to open the food truck business once again.

What's Next?

There you have it – six common reasons why food truck businesses fail. If you avoid these critical mistakes, you'll drastically increase your chances of long-term success.

If you're looking for a place to advertise your food truck, let us help! Click [HERE](#) for more information on how we can help raise your food truck's visibility.