

- Payroll taxes: 10-12%
- Labor cost per day: 12 hours/day x \$12.00/hour x (112% or 1.12) = \$161.28
- If your average sale is \$9.00 x 65 expected sales/day = \$585.00 sales/day
- Labor percentage = Labor costs/\$ sales per day
- $\$161.28/\$585.00 = 27.6\%$

### Operating Costs-20%

This category includes many of your daily expenses including but not limited to professional services (ex. accountants, fabricator, graphic designer, bookkeeper, attorney, or mechanic). Other expenses include: gasoline, office supplies, linens, liability insurance, merchant services, propane, paper goods, miscellaneous purchases and cleaning supplies.

### Occupancy Costs-10%

These costs will accrue from your commissary, commercial kitchen or depot expenses where you intend to park and service your food truck. You will also need to include special event fees, fuel/propane costs, parking ticket fees, and vending fees.

### Management Costs-8%

This would include the salary that you pay yourself. Be sure to pay yourself for each job that you perform (ex. business manager, owner, and chef), doing this allows for easier fund delegation when you hire on staff to fill each position while you work on ways to grow your business. Using the above formula to calculate COGS you will then be able to calculate your management costs.

- $\$306,000/.8$  or 8% = \$24,480 is the amount of salary you can expect

### Net Revenue-12%

- Your net revenue should fall between 8%-15%; it should never exceed 25%. Be sure to account for depreciation, interest, and taxes.
- All categories should add up to 100%, if not you need to review your expenses and revenues.

## BREAK-EVEN ANALYSIS

*Assignment: Write/Graph your break-even analysis using the guidelines below.*

- You will need to list all of your fixed and variable costs.
- Fixed costs are expenses that occur on a monthly basis whether you do business or not, such as: salaries/wages, commissary/commercial kitchen, phone bill, or insurance.
- Variable costs are expenses that depend on your sale volume, such as: paper goods, gas, merchant services or food costs.