

3 Steps to a Successful Start

At the risk of sounding cliché you are no doubt familiar with the old adage: don't put the cart before the horse. This definitely applies to opening your own hot dog cart business. Before you purchase your hot dog cart, there are some key components you need to keep in mind. So we are going to discuss three necessary steps that need to be taken in order to get your business up and running: 1) you will need to secure the appropriate financing. 2) You need to make sure you have obtained all necessary licenses and permits. 3) Have a good location lined up.

Let us now consider these one at a time.

Secure the needed finances

The reality of the matter is, if you don't have enough funds to run you business, you are not going to succeed. So it may be necessary to take steps to apply for a loan from a financial institution. This can be an involved process, so here is some steps which can help simplify the process

- Review your loan application carefully. Make sure you are aware of all documents you are required to include. Generally this includes your recent financial & bank statements, copies of your business licenses, a copy of your resume and your most recent tax returns (both personal and business). Check for any other information that is needed. Many institutions require that you include an executive summary, a business profile, a repayment plan and business projections.
- Write up an executive summary. This summarizes your overall loan application. Include your business background; the nature of your business, the amount you are applying for, your repayment plan and your plans for how you will use the loan.

Included in your executive summary you may include a start up estimate projection chart. Here is a sample of what that chart could look like:

1	Business License – 1 year Fee	\$100.00
2	Vendor Cart Location License – 1 year Fee	\$95.00
3	Health Department Cart Inspection Fee	\$25.00
4	Health Department Food Handler Course Cost	\$40.00
5	Hot Dog Cart Cost	\$3700.00
6	Initial Food Inventory Purchase – 1 month cost	\$450.00
7	Initial Cost of Other Cart Supplies	\$225.00
8	Commissary Storage – 1 month fee	\$400.00

9	Vendor Cart Location Rental – 1 month fee	\$500.00
10	Business Supplies Cost	\$90.00
11	Business Insurance – 6 month fee	\$550.00
12	Other Business Costs (Bank, Telephone, etc...)	\$75.00
	Total Start Up Costs	\$6250.00

- Write out your repayment plan. Include how long you are planning to take to repay the loan and any details on the intended source of repayment funds. Include details concerning projected budget and cash-flow. Be realistic about your ability to repay. Make certain to commit to what your business can afford.
- Compile the projected earnings and expenses of your hot dog cart. At a bare minimum, project at least one year in advance. The Small Business Administration recommends that you use a profit and loss format for your projections. Include a written explanation, along with any documents that support your projections. The profit and loss format details the sales and income, then itemizes and details the losses. This includes all cost in connection with operations and administration. You subtract your losses from your sales to come up with your profit.

Here is a sample business projection chart

Monthly Sales estimates	\$16700.00
Monthly sales after food costs	\$11022.00
Minus the following estimated monthly costs	
Estimated food spoilage	\$575.00
Commissary rent	\$400.00
Vendor Cart Rental	\$500.00
Business and Health licenses	\$200.00
Business insurance	\$75.00
Business training	\$80.00
Misc. Business costs (telephone, bank)	\$75.00
Cleaning supplies	\$100.00
Clothing allowance	\$100.00
Equipment repairs allowance	\$300.00
Business loan repayment	\$650.00
Total monthly expenses	\$3055.00
Monthly Net Profit	\$7967.00

- After you complete your application do a through review. Check for any spelling or grammatical errors, along with any missing sections or signatures. You might decide to have a trusted friend or family member review the application as well.

- Promptly submit any additional information that may be requested by the financial institution. After you receive your answer, thoroughly review all enclosed documents carefully. If declined, find out the terms for reapplying. If you're approved, diligently review the terms of the loan and complete any required paperwork.

Here is an example of what a credit application may look like:

Consumer Credit Application

Name/Address

Name			Social Security Number		
Address:					
City:		State:	ZIP:	Phone:	

Employment History

Employer:			Job Title:		
Address:			Supervisor:		
City:		State:	ZIP:	Salary:	
Phone:		Date From:		Date To:	
Employer:			Job Title:		
Address:			Supervisor:		
City:		State:	ZIP:	Salary:	
Phone:		Date From:		Date To:	

Source of Income

Total

Expenses

Total

Source of Income	Total	Expenses	Total
Salary		Loans	
Bonuses & Commissions		Charge Account bills	
Income From Rental Property		Monthly Bills	
Investment Income		Real Estate Mortgages	
Other Income		Other Debts -- Itemize	
Total Income		Total Expenses	

Bank References

Institution Name:		Institution Name:		Institution Name:	
Checking Account #		Savings Account #		Loan #	Loan Balance:
Address:		Address:		Address:	
Phone:		Phone:		Phone:	

I hereby certify that the information contained herein is complete and accurate. This information has been furnished with the understanding that it is to be used to determine the amount and conditions of the credit to be extended. Furthermore, I hereby authorize the financial institutions listed in this credit application to release necessary information to the company for which credit is being applied for in order to verify the information contained herein.

Signature

Date

Obtain all Necessary Licenses and Permits

For obvious legal reasons it is important to make sure that all permits and licenses are obtained prior to opening your hot dog cart business. You will need to consult with your municipal offices to find out what specific licenses and permits are required in your area. But here are examples of some of the types of permits and licenses that may be required legally:

- **Business License:** this makes allowance for an individual to operate a business.
- **Vending Permit (or sellers, certificate of resale, certificate of authority):** along with the business license, some localities also require a vending permit as well.
- **Location Permit:** this makes allowance for an individual to operate at a given location for a defined period of time.
- **Special Events Permit:** this grants an operator special permission to operate at events that will house a number of people for a specific time.
- You may also be required to obtain a zoning compliance permit before you can open for business. You want to ensure that the space you lease is properly zoned for your Hot Dog Cart business.
- The Health Department also requires that you obtain a permit. Your local Health department may also require you take a food handlers course.
- Some local health departments may also require NSF (National Sanitation Foundation) certification. If this is a requirement of your municipality contact us when you order your cart and we can offer assistance in this process.

There are a couple of other points you will need to keep in mind. The first to keep in mind is whether or not you need a DBA. A DBA is (which also known as Doing Business As, or as a Fictitious Business Name) is the legal name that you decide to give your business. So do you need DBA? It is required in most cases, but it would definitely be the course of wisdom to ascertain that info from your municipal offices.

Here are a few of the benefits that come from having a DBA:

- It allows you to operate and advertise under your business name.
- It prevents other businesses from your area using the name.
- It allows you to operate with a bank account under your business name.
- You can maintain a more professional image.

Another question in connection with this, is whether or not you should trademark your business name? It is not required by law and there are costs involved. But it can provide you with protection if another business tries to use your business name.

Also here are some further tips to help you brainstorm a business name:

- List three ideas based on the products or services you plan to provide (in your case it will most likely have something to do with hot dogs)
- List three ideas based on your special niche (once again it will have something to do with hot dogs, but what is it that makes your dogs special)
- List three ideas combining a favourite theme with your special niche

After you've decided which name you like best, ask yourself a few important questions:

- Have you said it aloud to make sure it's easily understood and pronounced?
- Have you received feedback from others?
- Have you had a friend call to see how it sounds over the phone?
- Have you checked your local Yellow Pages to make sure the same or a similar name is not already listed?
- Have you checked with your local business authority to make sure the name is available?
- Have you started your trademark search

Now we will discuss EIN (Employer Identification Number, also known as federal tax ID). This nine-digit number allows you to identify your business on government forms and official documents.

Do you need an EIN? You may be required to have an EIN in some circumstances. But it would be wise to consider using an EIN instead of using your social security number. This can serve as a protection from identity theft. The EIN can be obtained for free from the IRS (Internal Revenue Service). You can check out the following IRS links:

- [IRS – Employer ID Numbers \(EIN\)](#)
- [IRS – Employer ID Numbers \(EIN\) – How to Apply](#)

Finding a suitable location

You may sell the most delicious hot dogs and sausages in the world and offer a wide variety that appeal to a large demographic. But if no one knows you exist, it doesn't matter. Selecting a location which both is visible and accessible is crucial to your success.

Here are some points to consider when selecting a location.

The most obvious point to keep in mind is traffic. This would include heavy pedestrian traffic. But along with traffic, you would need to determine your target demographic. Of course hot dogs are a food with wide appeal, but when doing your traffic analysis is wise to consider the type of traffic you would be generating. Determining your target

demographic can help with deciding what products to offer and how to target your marketing.

Also you would want to determine how you want the business to fit into your life. Of course there is going to be hard work involve with operating a hot dog cart vending business. But the location can also contribute to the amount of effort that may be involved. For example how far are you willing to commute to arrive at your vending location? How much time is involved at a particular location? For example, if you are focusing on factory workers who are on morning and lunch breaks you might be able set up at 10am and close at 2pm. But if you are setting up in a parking lot of a busy mall or shopping center the holiday season, you may have to stay later into the evening. So you have to decide to what degree you want your business to affect your routine.

You would also need to determine where your location is located in connection with potential suppliers and distributors. As much as possible it is best to deal locally. So how close are you to these places?

You are going to have to make sure the location is properly zoned for your business. You would need to contact your local municipality to see what is involved with obtaining all necessary permits.

You would also need to consider whether or not you would be able to build a good working relationship with your prospective landlord. You want to meet with them ahead of time. Open face to face discussions can help determine to what extent they may be willing to work with you.

You also might need to negotiate for the location. The landlord initially may not have thought of his location as a potential spot for a hot dog cart. So you may need to highlight the numerous benefits that your hot dog cart would bring to his business. You could point out that it will keep his employees from leaving the complex and taking long breaks. You could also bring up the fact that your attractive hot dog cart will look good in promotional materials for his business.

Also by highlighting the benefits it may even be possible to negotiate free rent. A lot of this will depend greatly on your approach. But they may feel that by allowing you to set up your hot dog cart, it will improve their productivity if it cuts down on their employee's lengths of breaks.

You are also going to want to be aware of your local competition. Are there any other concession businesses in the area? How similar are their products to yours? How is their business faring?

It is also important to consider the cost. It could be worthwhile to pay more for a busy location, but you will still need to know what your budget is. For instance a busy mall parking lot location would most likely cost more that a location at a busy industrial park

(especially if you can set up there for free). You need to know how much you can pay for rent. It is simple logic, if you can't afford to pay your rent, you won't succeed.

Here are examples of some possible types of location that we may consider:

- Parking lots of factories, malls, shopping centers & large retail stores.
- Industrial parks and commercial complexes.
- Park, beach, pier, zoo and golf course areas.
- Busy downtown street corners
- University, college, high school student areas or cafeterias.
- Court houses, military bases and government complexes.
- Office buildings, hospitals and call centers.
- Bus, train & subway stations, airports, marinas, truck stops, service stations and car washes.

Also at times you may have opportunity to seek out temporary locations for your hot dog cart. These can be quite lucrative, but you will have to go through the same process that we previously discussed to decide if it is a good fit for your hot dog cart vending business. Here are examples of temporary or special events locations you may consider:

- Sporting Events
- Sales Events & Grand Openings Large Construction Sites
- Boat & Car Shows/Rallies
- Conventions
- Music Festivals & Concerts
- Carnivals & County Fairs
- Antique & Craft Shows
- Farm Shows, Flea Markets & Swap Meets
- Home & Industrial Shows
- Parades
- Auctions & Estate Sales

In summary, we want to make sure we give proper attention in looking after the three steps we previously discussed. By making sure we have obtained the needed funds and have all of our business licences and permits and have lined up a suitable location, you can be sure of getting your hot dog cart business off to a good start.

