



Food For Thought:

Helping today's food and restaurant businesses realize their potential

By Lisa Kianoff, CPA.CITP

Next time you find yourself at a quick service restaurant, a casual or fine dining establishment, you might be interested in observing more than your food. Check out the operational end of this business that provides your meal to order. The successful restaurant is a delicate balance between service, quality, cost and customer expectations. Various restaurant brands and formats target different markets and use different strategies, but they all have one thing in common: Their combination must lead to strong revenue and strong bottom lines for survival and success.

For your client who owns a restaurant — one or hundreds — that means having trustworthy and timely information that allows them to compare data from location to location for both revenue and expense.

Think about what that could mean to the owner of a quick service restaurant (*QSR is the industry term for what we all call Fast Food*), where what happens hour by hour is important. Monitoring revenue by the hour of operations helps them determine what hours to stay open and how to staff. Restaurants that can access and use this type

of data gain greater profitability, and that can help fuel high employee satisfaction, which can add more stability to an industry where turnover is a chronic employment challenge.

To understand the opportunities to provide service to this market, you must first learn how data can be captured and where it goes among the three main areas of a food service business (sometimes they are combined):

- 1 The “Front Office “ or “Front of House.” This represents the point-of-sale (POS) terminal.
- 2 The “Back Office” or “Back of House.” This is the computer in the office at the local store.
- 3 The “Home Office” or “Back at the Office” corporate headquarters where the traditional accounting or ERP system is housed.

The POS (or cash register) is the most customer-facing part of the system. Some restaurant-focused POS names include the more familiar Aloha, Micros, PosiTouch, QuickBooks and Squirrel to lesser known Cimarron and Dinerware. It is the point of capture for what customers are buying, who is selling it to them and how they are paying. This is where the challenges of a high-cash business and the need for strong cash control meet. Help your clients here by advising good controls, such as Daily Deposit Reconciliation, requiring User IDs at all terminals and cash out by User to put responsibility on the user for their cash.

Under-ringing of sales can also cost a business. This is when I don't ring up the drink that you order at the drive through. I tell you the amount you owe is what you actually owe plus the amount for the drink. You pay me the amount including the drink.

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HERE ARE SOME GREAT RESOURCES:

Nation's Restaurant News
www.nrn.com

**FS/Tec, the Annual International
Food Service Technology Exposition**
www.fstec.com

QSR Magazine
www.qsrmagazine.com

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I put all the money in the drawer and keep track of how many drinks sold that I didn't ring up so I can compute my "bonus." Doing an unscheduled "cash out" during the day that finds too much money in the register may point to under-ringging.

Your client can also reduce this risk with technology such as Price or Order Confirmation Boards. You see these at many Taco Bells, Hardees and other concepts. The person placing the order sees what they have ordered as well as the charge. Confirmation boards also improve customer service by minimizing mistakes on orders.

The Back Office entails the capturing of food usage, item sales statistics, labor statistics, repair costs and more. There are also products that extend the Back Office with a good business intelligence tool like XFormity's QSRx product (www.xformity.com) with roots in the Taco Bell concept. These tools earn their keep with multiple location owners. Tools of this type can give you a real-time look at operations data from angles such as by store, by time, by manager and more. They track average ticket sales and compare

by location. They can also compare actual to theoretical food cost and look at your product sales mix.

Crew rates are also a vital measurement at the store level. A five-cent-per-hour savings can really multiply with more locations. Consider the impact on a 10-location chain, with an average of 30 employees each, that has, on the low side, 70 hours per day total. You are looking at an annual savings of almost \$13,000. This lets you see how a small improvement can have a large bottom-line impact.

All this information then feeds into what we are most familiar with, the home or corporate office, where you can use your accounting or ERP system for analytical information on vendor information to help negotiate multi-store contracts as your clients grow. Track repair costs comparatively, and it will tip you off when you have an aging facility.

Of course, you always have the powerful financial reporting tools that are part of your accounting or ERP system, such as FRx or QuickBooks financial reporting. (See my January/March 2006 column at www.CPATechAdvisor.com, "Financial Statements:

An Often Unused Tool.") You can get financial statement analysis by location, region, product line and concept, and you can move options around for "what if" analysis without having to renumber your chart of accounts. This can be presented in one format for the bank or investors, one way for company owners and another for managers. Each gets to see the data personalized to their need.

So much is available for today's restaurateur. You can be their trusted advisor by guiding them to know what data to capture, how to use it, and how to structure and safeguard their operations. Information at this level can be the difference between success and failure in a tight-margin industry that has high failure rates. You can be the guide to help your restaurant clients or companies better use their data for better business decisions. ■

Lisa is President of L. Kianoff & Associates, Inc., which she founded in 1986. Her computer consulting firm has been a leader in helping companies strengthen their business performance with award-winning accounting and business management systems.