

Delivering success, one slice at a time: Performance management at Papa Gino's

Overview

■ Challenge

Papa Gino's needed better insight into its financial and store operations performance, so the company could spend more time on strategy and improving the business.

■ Solution

The restaurant chain sought a complete performance management system; one that would integrate disparate data, provide analysis and integrated planning, and eliminate manual, time-consuming practices.

■ Key Benefits

- *Fact-based analytic and decision-making capabilities.*
- *Improved weekly sales forecasting accuracy and reliability.*
- *Improved planning efficiencies.*
- *Sales and customer information can be accessed quickly and consistently, and shared across the organization to improve results.*
- *Better sales, margins and a new level of best-in-class customer service.*



The retail and restaurant industry is anything but static. With \$558 billion in revenues projected for this year worldwide, restaurants hold a healthy slice of the retail market. And growth is expected to continue.

What's top of mind for chain executives in this dynamic environment? The key challenges: responding to consumer trends, managing unit-level economics and meeting goals for expansion.

To stay ahead, smart restaurant chains monitor operations, analyze results and depend on an integrated planning process to guide their decisions. So they can grow the business, and quickly adapt and evolve as needs arise. With this in mind, Papa Gino's chose Cognos, an IBM company, to power its performance.

Papa Gino's is New England's leading quick-service Italian restaurant and premier sub sandwich chain. It operates and franchises over 370 pizzerias and sandwich outlets throughout the state, as well as in Orlando, Florida. The company's Papa Gino's Pizzeria chain serves pizzas, sandwiches, and appetizers; while D'angelo Grilled Sandwiches serves up sub-style and pocket-bread sandwiches.

Together, D'angelo and Papa Gino's are committed to providing high-quality products; attentive service; clean and convenient restaurants; and premium value for all of their customers.

This case study will focus on how Papa Gino's leveraged Cognos to help:

- *Eliminate time-consuming, manual data collection processes.*
- *Communicate key performance metrics across the company in a timely way.*
- *Gain fact-based analytic and decision-making capabilities.*
- *Improve weekly sales forecasting accuracy and reliability.*
- *Improve planning efficiencies.*

The company now has much better insight into financial and store operations performance. So management can spend more time on strategy and improving the business.

What's more, sales and customer information can be accessed quickly and consistently, and shared across the organization to improve results. The outcome is better sales, margins and a new level of best-in-class customer service.

Business background and the case for change

As part of an IT strategy project, Papa Gino's conducted an audit of its major information systems to see where it could make improvements. The main issue: the company had a lot of valuable data, but it wasn't consistent or connected.

The bulk of the information resided in three core systems: an ERP database, a POS database and an unofficial "corporate system" consisting largely of multiple spreadsheets. The latter component was particularly challenging because of the unreliability of the data.

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*Paul Valle,
VP of Information Technology,
Papa Gino's*

“Everybody was using Excel,” says Paul Valle, VP of Information Technology at Papa Gino’s. “There were multiple versions of everything that was out there. Data was not converging properly or as appropriately as it should have been.”

Beyond data consistency, the spreadsheet system was sapping people’s time – an issue that was felt all the way up the operations chain.

Valle explains the process: “Every day, the restaurants would communicate their data to the district managers. The managers then accumulated the information. It could be from Excel spreadsheets, email or even voicemail; often it was all three.

“Then they had to pass it up to their regional vice presidents. The VPs had to do some work with it and pass it to the division executives, who passed it up to the head of operations. Operations then had to disperse the data to our CEO and CFO. So you can see what was happening as we went up the chain. The whole process took hours each day.”

The challenge was to find a platform that would integrate the data, provide analysis and integrated planning, and eliminate these manual, time-consuming practices. A performance management solution offered the answer.

Finding the right vendor

Papa Gino’s didn’t have a previous Cognos deployment, but the organization was aware of its market presence. The company looked at other vendors, but Cognos was ahead early on.

From the get-go, Papa Gino’s wanted a complete performance management system. And Cognos had the requisite technology and capabilities.

“We weren’t interested in just BI, or planning or a finance package,” says Valle. “We selected a vendor based on performance management. We thought Cognos was well designed in bringing all three products together.”

Most of all, the two organizations were in sync culturally – and that was a big selling point for Papa Gino’s.

“The clear cut difference for Cognos was the cultural fit with our company,” says Valle. “Because of it, Cognos took the lead. For us, it wasn’t a difficult decision at all. Their customer care and customer centricity came through, and it still does.”

The implementation

The restaurant chain began with an IBM Cognos 8 BI implementation, but deployment of IBM Cognos 8 Planning started very soon afterward.

Papa Gino’s decided to focus their initial use of Cognos to benefit finance and operations (stores and delivery). These first projects included streamlining the annual planning process, delivering monthly store-level P&Ls, automating the weekly sales and labor forecasting process and measuring key performance metrics for sales, labor, delivery and call catcher statistics.

The right partner

Cognos partner QueBIT Consulting LLC played a critical role in implementing the system.

Their expertise was essential to ensuring a smooth operation and getting the product on board. They also helped communicate the whys and wherefores to maintain management confidence in the process.

“It was important to us to be able to communicate project status to our executive team,” says Martha Lieber, Director of Business Systems for Papa Gino’s. “Our implementation partner would come in and help explain best practices and why the projects had different timelines. That helped us ensure our executive sponsors were comfortable with what was going on.”

Valle adds that one early Cognos competitor was dropped from consideration because its implementation partner wasn’t considered the right material by Papa Gino’s.

Marrying IT and business

One of the value-added decisions made by Papa Gino’s was to form a strong partnership between IT and the business. “We built that bridge purposefully,” says Valle. “Martha Lieber helped run the project, so she could translate the business needs to the IT group; and she could translate IT requirements to the business group.”

The advantages are many-fold. A cross-functional team helps sustain critical two-way communication between stakeholders. IT has a better understanding of corporate strategy, user needs and requirements, and how the technology can improve the business. Users gain relevant capabilities that help them improve business outcomes and results.

That leads to deployments with higher success rates and that deliver more value to the company, at less cost.

Valle adds: “Up until a year and a half ago, there were four mandates or goals that ran the company. And they had to do with growing our business, such as building sales and building franchises.

“Then management added a fifth one: to leverage information technology. And so we had buy-in all the way from the top. Not just with the finance group and IT. It was a true company imperative to leverage information technology in any way that would benefit Papa Gino’s.”

Business impact

The Cognos solution has given district managers and regional VPs more time to focus on strategy and improving the business.

“Instead of spending hours in the morning gathering data, they actually get to use the data and can do productive work sooner,” says Lieber. “They’re also getting much more immediate feedback.”

Another benefit: the ability to produce timely, accurate estimates for the upcoming week. A shared platform ensures all managers input their weekly estimates in the same way, and there is consistency across the business. And users can compare estimates against actuals very quickly.

Valle notes that being able to correlate past history with forecasting capability also greatly aids the process. Rather than “plucking numbers out of the air,” integrating past data (what did the store do that same week last year?) and future pieces of information helps management make estimating decisions in a more holistic, logical way.

Valuable insight

As Lieber explains, with the help of Cognos, the estimation process also revealed just how valuable insight into company data can be.

“One of the things the executives noticed was that their sales estimates and labor estimates in some cases were inversely proportional. So if they were forecasting sales up, they were forecasting labor down; and vice versa. In fact, if one goes up, the other should go up too.”

“When this was discovered, the first thing they did was to say the tool was wrong. Once we proved that it wasn’t the tool, everyone realized the data was telling them something. They simply had not had access to this information before and couldn’t act on it. So this actually gave them some problem resolution very early on.”

Valle says both sales and labor budgets are strategic to the organization – you have to get the formula right.

“If I’ve estimated sales too high, or if I estimate labor too high, I’m throwing out a lot of money. It’s costing the bottom line. If I underestimate sales, I underestimate labor – I don’t have enough in house to cover it and the customer suffers. So between the two, accuracy is very important. By being able to focus on both, management has gotten a lot better at the estimation process.”

Tracking sales, improving service delivery

Tapping into reporting and metrics capability has helped the chain improve its analysis of comparative sales – store sales compared to last year – new store performance, and impact of store remodels.

Another key area of focus is tracking guest surveys, monitoring and estimating delivery times, and tracking phone operations. In the latter case, staff can monitor whether calls for take-out and delivery orders are being answered quickly enough and how many calls are being abandoned every week. All of this feeds back into the service side of the business.

“Management thought they were doing better at answering the phones than they actually were,” Valle explains. “They were doing well. But they wanted to be best in class, and they weren’t there.”

“Now that they have a tool that helps them measure how they’re doing, it’s been a very quick ramping up to get to be best in class. They’re doing extremely well meeting benchmarks and providing quick service to our customers.”

Next steps

What are next steps for the company? The plan is to spread planning and analysis capabilities further across the organization.

“We’re thinking very strategically about trying to help users focus on what they need to be doing; bringing issues to the forefront as soon as possible to give them the most time to respond,” Lieber explains.

That means delving into customer survey details and operational areas where “money might be slipping through the company.” On the finance side, the team is working to move paper-based financial statements into a more dynamic dashboard environment. “Using a tab on their dashboard, if they see an item on their P&L and they have a question about it, they can drill through to the detail and get answers right away.”

Valle sums it up this way: “I think our biggest goal is to help people get straight into the issues. They need to be able to look into things that are working and not working so they can share that throughout the company.

“They shouldn’t have to sift through all that extra information anymore to get to where the problems are. We’re going to continue to push towards truly reporting by exception. So users can just focus on what they really need to work on with less administrative burden. We want to get them down to no more than 20 percent data collection; and 80 percent of their time on analysis.”

About IBM Cognos BI and Performance Management

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