Serving up profits

Industry outlook

Each day, the restaurant industry rings up $1.5 billion in sales at nearly 1 million locations around the world. So it's no surprise operators need visibility into their performance—to sustain profitability while growing market share.

The critical issues for chain executives: developing a unified mission statement, managing unit-level economics, and meeting expansion goals. Market changes, consumer trends, and optimizing the dining experience are also critical factors. And they don't accommodate slow decision-making.

To stay ahead, smart chains actively monitor their operations and depend on a dynamic, integrated planning process to guide their decisions and performance. So they can quickly adapt and evolve as needs and challenges arise.

Planning for profits

Cognos performance management—planning, scorecarding, and reporting—provides the foundation operators need. It allows them to budget, manage performance, assess alternatives and model the financial impact of business scenarios, and monitor results across the organization.

The powerful and flexible platform lets chains quickly communicate changing goals and expectations, helping close the loop between corporate strategy and field execution.

With enterprise planning, companies gain an accurate forward-looking view of the business. They create a dynamic roadmap, where goals are clearly communicated across the organization. And everyone collaborates to make better strategic and operational decisions.

For smart chains, accurate plans, timely re-forecasts, and effective decision-making deliver competitive advantage and better results.

Quiznos

Quiznos is a fast-growing restaurant chain with over 5,000 outlets in the U.S. and worldwide. The company provides fresh sandwiches and other items, using chef-inspired recipes and premium quality ingredients.

To better manage its rapid rate of expansion, the company implemented IBM Cognos Planning to replace a time-consuming spreadsheet-based process. IBM Cognos Finance was also used to integrate the General Ledgers, create standardized reporting across the organization, and automate the consolidation process.

IBM Cognos Planning supports driver-based planning. That is, the company uses a key set of business metrics, including same-store sales and franchisee sales, to drive its financial plans. Finance is able to integrate historical data into the planning tool for better insight into past and future performance.

Other benefits? The planning cycle is much faster. A process that used to take several months is now completed in three to four weeks. What's more, the company's 35 separate reporting entities use the same set of assumptions for their individual plans, resulting in greater consistency and fewer errors.

"All of our business units use the same assumptions and the same drivers when building their budgets and their plans," says Davis Shepherd, Financial Reporting Manager. "We have also improved version control on our budgets and forecasts. And we have a tighter relationship between actuals and budget.

"So not only can we see our variances. Because we're using drivers to create our budget, we can actually begin to understand what these variances are telling us about the business."

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Ruth's Chris Steak House

Founded in New Orleans in 1965, Ruth's Chris Steak House has become a premier fine dining restaurant with 117 locations worldwide. The chain is known for its signature USDA prime steak and southern hospitality.

Financially, a key challenge was to bring the company out of an Excel-driven client environment and create a faster, collaborative process that integrates all operating units and department cost centers.

"This is how we solved our planning problem," advises Tim Dungan, Director of Financial Planning and Analysis. "First, we created a single data source for all planning applications. Second, we involved our field team to ensure restaurant-level accountability and visibility. And third, we are spending less time consolidating Excel worksheets and more time working with the team to assess performance, strategize, and plan for growth."

Since deploying IBM Cognos Planning, the company has been able to reach its goals. And with less time spent on consolidation and reconciling numbers, finance can now focus more on strategy and analysis of business drivers: traffic, operations, and percentage of sales benchmarks.

The automated system has also helped the company improve collaboration between restaurants, corporate departments, franchise operations, capital expenditures, and finance.

"We've been able to reconfigure on the fly as franchises and other business acquisitions have been made. It's something that used to be very time-consuming in Excel. And we're able to update our plans at any time during the planning season to reforecast based on actual results as soon as they become available."

About JCB Partners

To assist with their implementations, smart companies like Quiznos and Ruth's Chris Steak House leverage the services of IBM Cognos associates such as JCB Partners.

"In terms of selecting a partner, experience with the software application is critical. But you also need experts with specific industry experience and best practices such as JCB Partners to assist in the rollout," says Tim Dungan.

JCB Partners is a business consulting firm that specializes in helping businesses leverage the data that drives their business through reporting and planning. The company is also a Cognos Platinum Partner. JCB's breadth of operational, technical and industry expertise is unmatched. Consultants combine Cognos product knowledge with industry and business process expertise, so customers can better understand the data that drives their business.

About Cognos, an IBM company

Cognos is the world leader in business intelligence and performance management solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand, and manage financial and operational performance. Cognos was acquired by IBM in January 2008. For more information, visit **www.cognos.com**.

Cognos, an IBM company, is a recognized leader in delivering performance management software for the retail industry. In fact, hundreds of restaurant and retail chains around the world use Cognos to optimize their business.

For more information

For more information on Cognos solutions for retail companies, please **visit www.cognos.com/retail**

Request a call

To request a call or ask a question, go to **www.cognos.com/contactme**. A Cognos representative will respond to your enquiry within two business days.