FOOD•TRAK®
Food & Beverage Management System

CASE STUDY: ARRIBA MEXICAN GRILL®
Reacting to Price and Inventory Variances in a Multi-Unit Restaurant Environment

Background
Arriba Mexican Grill® is a family-owned restaurant concept that has served the Phoenix area since 1995. The four locations offer traditional, authentic New Mexican cuisine with full service bars and non-food retail outlets. Since its inception, Arriba handled most of its business processes by hand. They eventually realized that manual procedures were limiting their operational performance and profitability. Steve Morales is the Executive Systems Administrator for Arriba Mexican Grill. He has extensive IT experience and spent many years in restaurant operations. Steve has been with Arriba since its inception and is responsible for the concept's corporate operations. He was tasked to identify a food and beverage management system that was deployable in their environment and would enable them to increase overall profitability.

The Catalyst: Timely Price Variance Knowledge and Inventory Control
As a young and relatively small restaurant company, Arriba Mexican Grill conducted most of its business through manual processes. "We are very hands on," states Steve Morales, "so we performed most of the work, analysis and reporting manually because we had no connections to our POS or accounts payable systems. With four locations in place, we started experiencing huge variances between stores. But, there is only so much you can do by hand. Because of the time involved with manual processes across four units, we were always late in reacting to significant price and inventory variances. Over time, this cost us a significant amount of money. We really needed a system to automate our processes; enable us to react to variances and plan our menu more effectively."

The Goal: Control Inventory and Price Variances to Increase Profitability
Arriba Mexican Grill wanted to increase accountability and profitability through the implementation of a food and beverage management system. Morales goes on, "We first documented our priorities for the system. Our four main requirements included centralized system deployment; ideal usage variances information; vendor price exception and bid variance reports; and POS and accounts payable integration capabilities. We wanted a system that would enable us to react to cost-related issues immediately."

The Selection Process: A Best-of-Breed Inventory Management System
According to Morales, "Our selection process for a system was fairly straightforward—if it didn't meet our stated method of deployment, then we ruled it out. We looked at several types of systems. We evaluated POS inventory management systems. Because deployment for these systems fell at the unit level, they did not meet our needs. Our environment mandated a system that could run centrally at our corporate facility and be accessed remotely by the units. With inventory control at the stores as a critical need, we believed that our best approach was to implement a best-of-breed inventory management system. I read about the FOOD-TRAK® system from System Concepts Inc. (SCI) in a food industry publication many years ago. After revisiting its capabilities, we decided that it was definitely the best solution for our needs."

> *"Because the FOOD-TRAK system has enabled us to react quickly to price changes, we believe our food and beverage costs are 2-3 % lower than they would have been without the information provided by the system."*
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> *Steve Morales*
> *Executive Systems Administrator*

The Plan: A Flexible Client-Oriented Project Plan

Once Arriba finalized their decision and gave the go ahead, SCI developed a project plan to meet Arriba's objectives. According to Jeff Nichols, Chief Technology Officer for SCI, "Per Arriba's request, we designated Steve Morales as the primary database construction lead with SCI providing assistance in this phase as required. As the database construction progressed, SCI was brought in on demand. Steve requested to perform the majority of the database work, so SCI provided flexible services that focused on assisting Steve with data and report reviews to ensure a smooth implementation."

"Arriba chose to deploy the FOOD-TRAK system in a centralized Microsoft® Terminal Services/SQL environment," Nichols continues. "Steve followed the project plan provided by SCI, but did a lot of the work himself. During the configuration of the first store, SCI assisted with the corporate database creation, personnel training and interface integration. When the FOOD-TRAK software installation was complete and running on Arriba's corporate server with the initial store, it was rolled out to the remaining three sites. Steve set up a VPN so that the stores, which have broadband capability, have access to the corporate FOOD-TRAK system. The system was then configured to interface with t he Aloha® POS systems in thestores and the ACCPAC® accounting software at the corporate office."

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> *Chief Technology Officer for SCI*

The Solution: The FOOD-TRAK System

"The FOOD-TRAK system enabled us to address all of our corporate and store level considerations," Morales continues. "At the store level, FOOD-TRAK is used for full inventories, key item tracking and consistent recipe preparation. We use the system to create the corporate recipe books that the stores use for recipe preparation and execution. We have a very high emphasis on inventory control. Each store tracks food, bar and retail items—even chemicals, in order to compare the chemical usage between stores to ensure proper usage. The stores are required to take daily counts on twenty-five key items. In addition to the daily inventories, the stores perform a weekly liquor inventory and a full inventory bi-weekly. The FOOD-TRAK forms for inventory counts as well as information on store variances and required actions are communicated to the stores via email through the FOOD-TRAK system. "

"For now, all FOOD-TRAK data entry work is performed at the corporate level," says Morales. "Our corporate team maintains the database of vendors, purchased items and recipes. They also enter invoices. We still have some vendors who supply handwritten invoices and don't extend them, so the corporate staff double-checks these invoices through FOOD-TRAK. Also at the corporate office, we import the sales mix from the POS systems and export the A/P data to the financial system." Steve said, "Our corporate people love the A/P interface! All of our invoices run through FOOD-TRAK and it is very easy to use. All POS data is sent to the corporate office on a daily basis, so we can control key inventory items by tracking down variances as soon as they occur."

"Theoretically, the stores have the technology to access the central FOOD-TRAK system, but we took a different approach initially. We chose to train three corporate people to do the invoice and data entry work for all four stores. If we had this function at the store level, we would have to train five or six people per store. We are pleased with this division of labor— the work is consolidated, more efficient and more accurate and I know that I have three FOOD-TRAK experts to count on. My district manager and culinary director have access to the FOOD-TRAK system while they are in the stores. This adds convenience to our report analysis."

"FOOD-TRAK's Menu Engineering Reports enable us to analyze menu performance. Once a month we sit down with the reports to examine our menu pricing strategy. These FOOD-TRAK reports allow us to evaluate our menu by product contribution, gross margin, cost percentage and selling price to substantiate changes to prices or menu offerings. The system also enables us to take our true monthly sales mix, model in some changes and create 'what if' reports."

The Results: Substantial Cost Savings by Price and Inventory Variance Recognition

"Before we implemented the FOOD-TRAK system, we did most of the work manually and paid dearly for our lack of ability to identify and react to variances in prices and inventory," according to Morales. "The FOOD-TRAK system enables us to compare our historical averages on certain items, like chips and salsa, against averages between stores, making it easy to identify areas that are out-of-line.
Because I know my FOOD-TRAK and POS systems inside and out, I have complete trust in the quality and integrity of the reports I generate with the FOOD-TRAK system. Our overall experience with the system has been positive. If an issue arises, SCI is very responsive to our needs."

> *"Since we have been using the FOOD-TRAK Management Summary Report to manage the top fifteen over-used items, our company has saved about 1% of sales."*
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> *Bill Renard*
> *District Operations Manager*

"We use the FOOD-TRAK system to do more detailed analysis than we could ever have done manually. Keeping close track of invoice prices is critical for us in order to correct vendor errors or respond with a menu adjustment to address trends towards rising prices. The time required to recognize and address these fluctuations is just as critical. Because the FOOD-TRAK system has enabled us to react quickly to price changes, we believe our food and beverage costs are 2-3 % lower than they would have been without the information provided by the system."

"Inventory control at the stores is just as critical," according to Bill Renard, Arriba's District Operations Manager, "Since we have been using the FOOD-TRAK Management Summary Report to manage the top fifteen over-used items, our company has saved about 1% of sales. One of our stores was experiencing high liquor pour costs, so I asked them to take daily bar inventories to combat the problem. As a result, they reduced their bar pour cost by 6% with this aggressive inventory approach."

The Future: Expanding the Purchasing Cycle

There are many areas where Arriba can recognize additional benefits from their FOOD-TRAK investment. According to Morales, "We may consider expanding the use of FOOD-TRAK's purchasing functions to create more store level involvement or to automate invoice entry. But for now, our approach works wonderfully with our Culinary Director centrally managing menu item specification and pricing. Arriba is also interested in expanding into a nutritional analysis of our menu items. The FOOD-TRAK system can provide us with the tools to accomplish this. There is so much more the system has to offer, we have just begun to take advantage of its breadth of capabilities."

About Arriba Mexican Grill

Specializing in New Mexican cuisine, Arriba Mexican Grill has been serving the Phoenix valley with spice since 1995. Arriba Mexican Grill uses fresh Hatch Green Chiles that are brought in directly from Hatch, New Mexico - "The Chile Capital of the World". All of the restaurant's dishes are prepared daily from scratch, using only the best quality of ingredients. Whether you prefer your entree mild, hot and spicy, or just a little bit on the lighter side, Arriba has something for everyone. For more information, visit www.arribamexicangrill.com

About System Concepts, Inc.

System Concepts, Inc. (SCI) is the developer of the FOOD-TRAK® system and is one of the world's first companies to specialize in the field of food and beverage management automation. Now celebrating its 25th anniversary, the company provides software and consulting services designed to help all types and sizes of food service operations maximize food and beverage profits. SCI utilizes a project approach, incorporating a diverse set of documented steps and procedures customized for each client to help ensure success. Headquartered in Scottsdale Arizona, the company has more than 10,000 clients in over 18 countries. For more information, visit www.foodtrak.com

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