

# CASE STUDY: THE KEG STEAKHOUSE & BAR

## CENTRALIZED, WEB-BASED INVENTORY MANAGEMENT

### Background

Headquartered in Vancouver, Canada, The Keg operates more than 90 upscale steakhouses across the US and Canada. The steakhouse and bar concept focuses on great steaks, a casual atmosphere and friendly, very knowledgeable service. Founded over 40 years ago, the Keg's corporate team is concerned with making its restaurants more efficient. As Senior Operations Director for The Keg and responsible for financial analysis, business and strategic planning as well as the IT department, Ron Varley must uphold the Company's charter of keeping customers satisfied as a primary objective, then running a profitable business. After spending most of his 27 years with the Company using a DOS-based combination POS and food & beverage management system, he felt it necessary to begin the process of updating their old systems.



### The Catalyst: Replacement of Aging Systems

Simply updating their current systems would require replacing their Squirrel POS systems with the Windows® versions along with purchasing a new food & beverage management system. According to Varley, "In deciding on a replacement system, we wanted to evaluate all options. We were comfortable with an "all-in-one" solution like our previous system or we were open to a "best of breed" solution or even combining a "best of breed" with an all-in-one solution. But, we knew that if we chose to stay with Squirrel that we would have to find a compatible "best of breed" food and beverage management system."

### The Goal: Acquiring a Centralized, Web-based System

Because The Keg had already decided to implement a centralized food and beverage management system, this requirement narrowed the playing field. "Due to our history and great partnership with Squirrel, we wanted to look closely at staying with them and finding a company that was a Squirrel Preferred Partner, worked closely with Squirrel and whose product met The Keg's requirements," Varley added, "In addition, we wanted a system that provided critical inventory management features and offered a Web-based interface. Because we chose to manage our systems centrally, functionality was a key component. With over 90 stores across Canada and the U.S. accessing and sharing information, a Web-based interface was not an option, it was mandatory."

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*-Ron Varley  
VP Planning and Systems*

### The Solution: The FOOD-TRAK System

"After extensive research and evaluation, we settled on SCI's (System Concepts, Inc.) FOOD-TRAK System as our inventory management system," says Varley, "The reasons we chose FOOD-TRAK were the fact that it was the best product on the market for a Web-based system, and it was definitely the software that was best able to handle our complex purchasing requirements. The most attractive feature was the system's flexibility in assigning existing or user-defined units and their corresponding vendor item codes to purchased items in order to match the varying pack sizes we receive from distributors that supply our concept. We know from past experience, it can be a major headache if the system isn't flexible enough in this regard."

"Tracking key inventory items was one of the most critical components for selection. FOOD-TRAK's comprehensive variance and key item tracking features played a major factor in our decision. We wanted a Web-based interface because it seemed to be the direction that our industry was taking. Users at the headquarters location and store managers from our restaurant sites throughout North America and Canada can connect to FOOD-TRAK and easily access the system over the Internet from any PC, at home or at the store. Plus, we do not have to maintain bits of code at the store level."

“The Keg’s centralized enterprise approach to managing and sharing information takes one more piece of software out of the stores,” Varley continues. “Store level support goes to a team of three or four experienced Keg corporate users and the store managers are happy with this level of support. It’s a win-win situation. Plus, FOOD-TRAK’s ability to manage two-way flow of data from enables us to update multiple stores simultaneously.”

#### The Plan: Pilot, Train, Roll-out

Before engaging in a full roll-out, The Keg chose to perform a pilot with the FOOD-TRAK System and the Squirrel POS system to experience firsthand the level of functionality they would be receiving. Per Varley, “Demos and sales meetings didn’t equate to real world scenarios. We specifically wanted to evaluate actual daily variance information on key items and monthly variance after inventory as well as test the integration in a “best of breed” environment.”

The pilot was done at the store level and consisted of three units, representative of their Canadian market, US market and lunch and dinner business. According to SCI’s Chief Technology Officer, “With a significant roll-out planned, SCI offered a “try and buy” approach, whereby we ran the pilot on our internal datacenter, so The Keg was able to experience FOOD-TRAK’s capabilities installing it on their equipment. This enabled them to evaluate functionality and finalize the system configuration before taking possession of the database. In addition; we wrote an interface to their POS system using the latest .NET framework from Microsoft® which greatly improved the rate of data exchange.”

As part of the pilot, SCI also trained The Keg team on FOOD-TRAK to enable them to perform their own training during the full company roll-out. The Keg’s Varley noted, “We took the information that SCI provided and wrote our own FOOD-TRAK store manual and training course. It included step by step instructions for the initial roll-out and an introduction to FOOD-TRAK. We hold a course each month for stores to be upgraded in that month. On the pilot as a whole, we were extremely pleased with SCI’s willingness to work so closely with us on this project and to iron out any potential issues before they were replicated throughout the units. It was definitely a team effort.”

#### The Result: Increased Efficiency and Centralized Management

“The Keg is pleased with the results seen from FOOD-TRAK,” according to Varley, “We are able to manage the key information from our corporate location and quickly and efficiently communicate changes to our stores. Since we had used a food and beverage management system effectively before, we were looking for unique gains out of FOOD-TRAK. For example, the biggest single benefit of our centrally managed database allows us to analyze variances by store. They can immediately detect and resolve a problem based on these comparisons. In our old system, recipes managed at the store level were often incorrect and lead to store managers wasting hours on recipe management. Centralized management has saved the stores hours on end.”

At the store level, the results mirror that of the corporate FOOD-TRAK experience. According to The Keg’s Operations Director - Alberta, Glenn Ostrander, “Since implementing the system in my region, the store-to-store variance reports are way more accurate. Even if the recipe isn’t perfect, everyone is working from the same base, so it allows us to assess and track “real” versus “paper” issues.” A 33 year veteran of The Keg, Ostrander has a good historical perspective on the subject. “Our variances are more accurate than they have ever been. I have more faith in our variances now than I have ever had.”

A contributing factor to customers’ achieving their goals for the system is the willingness of the vendor to listen to and respond to their needs. Per Varley, “SCI has been a great partner in this effort as well. As a participant in their last focus group, I experienced firsthand their commitment to hear and act on their customers’ requests. When we asked for additional security key changes to restrict stores from making changes to the database, SCI was responsive to our needs.”

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Operations Director - Alberta*

#### About The Keg Steakhouse & Bar

Vancouver-based Keg Restaurants Ltd. is the leading operator and franchisor of steakhouse restaurants in Canada and has a substantial presence in select regional markets in the United States. KRL continues to operate The Keg restaurant system and expand that system through the addition of both corporate and franchised Keg steakhouses. Keg Restaurants Ltd. has been named one of the “50 Best Employers in Canada” by the Globe and Mail’s Report on Business Magazine. For more information, visit [www.kegsteakhouse.com](http://www.kegsteakhouse.com).