

Make More Money

WITH YOUR

Point of Sale System

BY RICH PETERSON

In the current economy, restaurateurs can no longer afford to be indifferent to evolving business practices. Making more money with your point of sale system is doable and here's how:

Stop Treating Your Point of Sale System Like a Cash Register

A paradigm shift must occur in which POS evolves into the hub of business operations. It must become the rules engine that monitors your processes 24/7 with interfacing or integration to exterior systems to the POS, transforming it into the most powerful profit and loss (P&L) tool in your business.

Many restaurateurs still view their point of sale system as a cash register and a cost center versus a revenue producing tool. They use it merely to ring items up, calculate taxes, and pull simple daily reports but do not get a reliable picture of the health of the business.

The systems and processes must be created around the POS to ensure accurate, non-human intervention to produce the Key Performance Indicators (KPI's) for your business. Human intervention should be limited to data input to the POS from the server, bar tender, cashier, and manager.

When POS changes from a cash register into the hub of the business, seamlessly accepting all critical data input, measurable and manageable processes emerge.

Rely on Your POS Provider

If your provider maintains proper training and certification, and understands the business challenges you face that eat away

at your profits, they then should have the expertise to assist you in identifying and developing procedures that will help you manage your business.

They should have the experience to build and implement the necessary tools and either teach you how to manage those tools or be able to manage them for you. It's easy to teach a feature and explain its functionality—its quite another to ensure that feature produces consistent and measurable results daily. Building those processes is vital.

Periodically perform business audits to discover critical processes that can be improved. Since software is dynamic and rapidly changing all the time, periodically reassess your system to evaluate new and more powerful products and features you can exploit to your advantage.

No one can be an expert in every facet of business, surrounding yourself with knowledgeable and skilled resources simply makes sound business sense.

Understand the Six POS Groups

The challenges that steal money from your bottom line or don't add to your business lie around six important POS groups:

Operational

How do you run your business? Strive for operational efficiencies at all times. The POS must be the rules engine that defines how you want to operate your business. It must encompass and enforce the knowledge of the business owner and resulting policies and procedures, such as how the guest is greeted, how they are served, how the food is prepared,

how the food is delivered, how payment is taken, and how cash is accounted for.

That information flow must then be automated into the inventory, labor, and accounting systems, resulting in a manageable P&L. Every business operates differently; however, the following critical areas are constant.

Greet

Do you use a manual reservations or wait list? Guest management software automates reservations and wait lists to better fulfill customer requests, track buying habits, seat guests more quickly, and turn tables more efficiently. According to George Venezia, Director of Operations for **Brewzzi** and board member of the Palm Beach Chapter of the FRLA, "The guest management software we installed last year paid for itself in no time in table turns."

In a counter service restaurant, do you have a standard customer display? A confirmation display ensures accurate orders, speeds payment, and allows you to use advertising to suggestively up-sell. John Tims, Director of Operations for Lime Fresh, says, "Our order confirmation display has increased our gift card sales through advertising."

Serve

Do your servers manually ring up hand written orders? Hand held terminals allow servers to ring orders at the table, reduce the number of servers on the floor, and enhance the guest experience.

Prepare

Do you use remote printers in your kitchen? Kitchen video is not just for counter service

anymore. Kitchen video allows better and more accurate ticket times, course ordering, and alerts on current kitchen operation and exact reporting on historical performance.

Deliver

Is your main revenue stream derived from one profit center? Additional profit centers such as delivery, take-out, and curbside can increase revenue while at the same time building customer loyalty. Says Carlos Gazitua, owner of Sergios, "With our new takeout and delivery system, we are now able to track our sales more easily for takeout, delivery and catering."

Payment

Do you use server banking or a cashier environment? Using mobile payment devices, the credit card never leaves the customer's sight and reduces credit card fees.

Cash Management

Do you have cash accountability in your restaurant? POS features to manage cash accountability include blind drops, specific bar and cashier numbers, cash reconciliation, and deposit management.

Management

How well is your business running? If all six operational areas are integrated or interfaced, then reporting becomes a by-product of the daily activity of your staff. In effect, it becomes instantaneous and at your fingertips. Management then has the time to address the two largest and most controllable costs in a restaurant: food and labor.

Are you using a spreadsheet to manage your inventory? Did you know that there are many different kinds of Inventory, from simple Product Mix reporting to Usage to Quick Count to full Perpetual Inventory. (But that's a complex subject well beyond the scope of this discussion.) Says Sylvano Bignon of GreenStreet, "We track our inventory on a weekly basis. We can now see variances on all liquor, beer, and wine and get weekly costs by menu item and category."

Are you using a tool that is not integrated or interfaced to your POS to produce your labor schedule to enforce punctuality?

Managing labor through your POS enables you to enforce punctuality at the Front of House, get overtime reporting, scheduled versus actual reporting, and accurate labor data throughout the day. Steve Kamelhair, owner of the Original Pancake House, says,

"We use an integrated labor scheduler and it has helped control our labor costs."

Marketing

How are you bringing in new customers and creating repeat customers? Marketing continually finds and retains new guests and when integrated or interfaced into the POS tracks their purchasing habits and steers them into choices that are good for them and the business. Your POS vendor can give you products and services that enhance the customer experience while you serve them and give them compelling reasons to return over and over again, driving more revenue straight to the bottom line, making you money and building a stronger P&L.

Stored value, or gift cards, can increase business and make a profit for the restaurant, since up to 35% of gift cards traditionally go unredeemed.

Loyalty, or frequency, programs, stimulate repeat business, drive sales of high margin items, and can develop targeted marketing

Loss Prevention

How are you keeping money you've already earned? Businesses are constantly challenged by theft and store liability eating into profits. Loss Prevention contains or eliminates shrinkage and drives recovered revenue straight to the bottom line.

Video Surveillance, integrated with the POS, allows you to match transactions with associated video, monitor employee performance remotely, and investigate security and liability issues. Curt Ayrey of Sonny's Bar-B-Q depends on video surveillance: "We can easily go back and see transactions that may have been conducted improperly. We can drill down into very specific data, such as voids, the over use of discount keys, or under-ringing."

Audit reporting provides detailed tracking of individual transactions that occur in the front of house, including an audit trail for checks that are empty and have been deleted from the system.



programs. "Our loyalty program is critical to our business," says Abe Moussa, owner of Mugs on Missouri. "Integrating it into our POS saves us thousands each month over our old paper based system."

Online ordering is fulfilled at the point of sale, using the same processes as in-store sales, and can be converted to work orders and back orders with the option of notifying the customer by e-mail. It can appear on in-store sales reports and can also be segmented from in-store sales using existing reporting tools.

Above House

How well is your business making money? Above House provides necessary accurate financial reporting. If the business systems are integrated into the POS, information should flow seamlessly into payroll, G/L, A/R, and A/P. You can export it to a report portal for hourly or daily review.

You can even set up alerts to notify you immediately of exception conditions. "I use our Above House software to manage the key performance indicators of my restaurants daily," says Fred Karimipour of Houlihan's



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Restaurant and Bar. “I also use the Alerts module to get automatic emails when certain thresholds are breached.”

Information Technology

How well do you keep your systems running? With your entire business depending on the health of your systems, maximizing up-time is crucial. Many restaurateurs cannot justify an in-house information technology function. However, your network must be managed.

Compliance issues. The moment you plug your POS into the Internet you expose yourself to data security issues. Compliance with the Payment Card Industry (PCI) Data Security Standards is not a luxury—it's the law.

Non-compliance presents an enormous financial exposure to any operator accepting credit cards. “We had trouble complying with the new PCI standards,” says Nina Carroll, owner of **Nina O's Grill and Bar**. “Our POS vendor walked us through it and showed us what we needed to do to stay compliant.”

Internet Security provides protection against current and future computer viruses, worms, Trojan horse programs, and related security threats.

Monitoring software provides 24/7 monitoring and alerts to you or your POS provider with crucial and vital statistics regarding your systems.

Make More Money

Making more money with your POS system can be as easy as 1-2-3, but it requires commitment. You can take it as quickly or slowly as you are comfortable with, but the rewards are tangible. Identifying and accurately measuring and managing critical KPIs, such as top line sales, net revenue, and food and labor costs, is an imperative first step. Find the “low hanging fruit” that is easiest to exploit, gives you the biggest bang for the buck, and drives revenue to the bottom line fast, then move on to more sophisticated challenges.

Using a POS system as a P&L tool is not a destination, it is a journey. Constantly defining and refining business processes and procedures day in and day out is a fact of business life. It does not have to be difficult, but it does have to be accepted.

Rich Peterson is President of Abacus Business Solutions and a member of the Florida Restaurant and Lodging Association.

Special Event

FRLA SYMPOSIUM

“How Do You Make More Money With Your Point of Sale System”

Dates: September 11-13

Florida Restaurant & Lodging Show

Where: Orange County Convention Center, Orlando, FL

Times: 1:00 pm Friday, 1:00 pm Saturday, noon Sunday

Come to this eye-opening seminar in which Rich Peterson reveals how making more money with your point of sale system can be as easy as 1-2-3. Rich is President of Abacus Business Solutions. For 27 years, he has guided restaurant owners in their point of sale decisions, helping them improve operations and build greater profitability into their businesses.

