

POS ANALYTICS

Real-Time Data, Customizable Reports and Increased Efficiency
...Closer Than Your Nearest Server



by Amitava Chatterjee, CHTP

The POS device has evolved from a cash register to the full-fledged restaurant management system of today. This advance, coupled with business and economic drivers, has resulted in the need for access to data and operating metrics on a timely, proactive basis. This is one of the critical paths to becoming an on-demand organization. Indeed, the modern-day foodservice operator with a POS analytics suite has access to a digital dashboard¹ of information, providing the ability to make accurate decisions based on near real-time occurrences.

What drives a POS analytics suite? What advantages does it offer? Since this is a foodservice topic... what *mise-en-place* is required? What does one need to look for while shopping for a POS analytics suite?

What Drives a POS Analytics Suite?

POS analytics suites are centrally hosted applications that provide access to near real-time operational data. With the greater adoption of Internet tools and technologies, it is possible for multi-unit foodservice chain point-of-sale system to automatically send data to a central warehouse, where it is processed, sliced and diced in different ways—only limited by the dimensions captured in the data model. Analyses are made available for viewing across the chain at will. The end result: store managers and corporate officers have access to current and historical data.

Why would anyone be interested in a POS analytics suite? The advantages are numerous and range from the previously mentioned near real-time availability of standardized analytics, to the more in-depth, personalized business parameter-driven reporting of key performance indicators. The main advantages are as follows:

Availability of standard and customizable reports.

Companies that implement POS analytics suites can use standard report options or they can configure their own reports to suit their operating conditions, business requirements, etc. Further, POS analytics suites allow the mapping of data elements (such as serving periods) across geographies, such that they always compare apples to apples and oranges to oranges. This type of comparison ensures an accurate portrayal and interpretation from the analytics suite and prevents skewing of results.

Near real-time access to data. POS analytics suites poll the POS servers across a chain. Uploaded data is massaged and presented in a myriad of ways for consumption by store-level managers and corporate executives alike. Polling frequency is configurable, and is dependent upon the importance of access to fresh information. The data mining technology employed in these analytic suites assists in the delivery of pertinent and relevant data. For example, a store-level manager could compare his store's performance with others in the chain, based on their geographic location (assuming locale information is stored and available) and can make better-informed decisions instead of resorting to gut-feelings or instincts.

Enhanced restaurant efficiency. There is a definite upside to the ability to make better-informed decisions—a positive impact on restaurant operations efficiency. Analytics suites can be customized to provide e-mail alerts if certain key threshold levels are reached, for example if sales do not rise above a certain level, or if sales of key items rise above a certain level, the suite may be configured to send an e-mail to the purchasing manager to proceed with a purchase order. This timely alert allows management to make decisions that improve restaurant efficiency. Instead of being reactive, restaurants are empowered and can be proactive.

The Importance of Proper *Mise-en-place*

Any chef worth his bouillabaisse knows his *mise-en-place*, ensuring that all the ingredients are prepped and available. Similarly, it behooves anyone embarking on a POS analytics initiative to have done the preparatory work and due diligence. It's important for the company to ensure and commit to a very high level of data integrity. Michael Lukianoff, senior consultant for Revenue Management Solutions, said, "Companies that commit to a high level of data integrity, down to the item level, open themselves up to the opportunity to have more sophisticated analyses – therefore securing a profound advantage over competitors that don't."

What to Watch for While Shopping

So, just as *Monsieur Le Chef* takes special care to select the best lobster, it is important to carefully choose a POS analytics suite. Is it compatible with the existing POS? Does it have an open or closed architecture? Lukianoff said, "(A) closed architecture prevents the implementation of a best-of-breed solution." The right system must be capable of tightly communicating and integrating with your existing investment. Further, the analytical systems must be capable of checking anomalies in uploaded information prior to generating reports. Beware GIGO.

POS analytics suites are a boon to multi-unit foodservice operators; however, care must be taken when selecting such tools. They harvest, process, analyze and present results in near real time, giving their owners pertinent access to data, allowing them to make better-informed, strategic decisions. The end result—a more efficiently run restaurant. Yum.

Amitava Chatterjee, CHTP (amitava.chatterjee@us.ibm.com) is an advanced consultant with IBM Business Consulting Services' Hospitality and Leisure practice, based in Fairfax, Va.

¹ In information technology, a dashboard is a user interface that, somewhat resembling an automobile's dashboard, organizes and presents information in a way that is easy to read... is more likely to be interactive... Source: <http://www.searchcio.com> definitions.