

# Restaurant Point-of-Sale Buyer's Guide

*Tips for successfully selecting and implementing POS technology for your restaurant*



## TABLE OF CONTENTS

What POS can do for you *page 2*

When to Upgrade Existing POS *page 10*

How to Select a POS *page 6*

How to Buy your POS *page 12*

# Cashing In On Technology: What Point-of-Sale Can Do for You

In the restaurant business, the tools you use to drive business profitability are as varied your menu. And one of the biggest investments in business technology most restaurant owners make is a point-of-sale system. More than just a cash register, today's POS systems are sophisticated management tools that can streamline your operation and help you manage many areas of your business.

Knowing what a POS system can do for your specific business will guide your purchasing decision. Ask yourself some specific questions. Your answers can help you evaluate what you want in a POS system. For instance:

- What is your sales volume? Do you want to grow your business, but not sure how? How would you manage the growth? A good POS system will help boost sales AND keep control.
- What's your management style? Are you hands-on, or do you prefer to stay in the background? Would you like more time away from the store? Look for a system with remote access functionality.
- How many stores do you have? Are they corporate owned or franchisees? You need a system that centralizes data and tasks for you.

Perhaps the biggest question: Is a new POS system worth the expense? Here are a few ways a good POS system can ease your business headaches and put a few more dollars in the cash drawer:

### *POS Payback: The Bottom Line*

**Eliminate Errors:**

2 orders/day x \$1, each error = \$2

**Ensure Everything is Paid For:**

2 orders/day x \$3, each error = \$6

**Take Orders Faster:**

2 extra orders/day x \$10 each = \$20

**Eliminate Theft & Fraud:**

One prank, bad check, or "pocketed" ticket = \$15

**Improve Labor Management:**

2 hours labor savings/ day x avg. \$7/ hr. = \$14

## Reduce Costs

Needless costs, such as food waste, overtime, theft, and order mistakes all erode the bottom line. A good POS system will reduce, even eliminate, much of this cost for you.

### ORDER TAKING

No one orders the same way and customers might change their mind mid order. A flexible system allows employees to “take it like they say it.” Pop-up boxes, reminders, and other features will ensure everything is charged for and the order is taken properly. The simple elimination of handwriting mistakes and math orders, along with the guarantee that all items are rung in and paid for, makes the investment in a good POS system a simple decision for most restaurant operators. Paybacks are typically as short as a year on these factors alone, compared to a manual order taking system.

### LABOR COSTS

A good POS system significantly increases the speed of order taking, especially with phone orders. This can improve customer satisfaction and reduce labor costs, allowing you to staff less heavily during your busiest times. A reputable system will also give you up-to-the-minute labor data to spot problems such as overtime, put the brakes on timeclock abuses, and speed up end-of-day processes for servers and drivers. Not only that, modern systems let you build a daily schedule based on system sales forecasts.

### INVENTORY TRACKING

Tracking inventory and food costs can be tricky. A thorough inventory tracking module from your POS provider eases the process by helping you track the things you buy and sell, managing the purchasing process, and even simplifying physical inventory. Look for flexibility and accuracy here. A good module will provide “live” data (take an order and instantly see the on-hand quantity of

## *How Many Terminals Do I Need?*

The number of terminals you order will determine the total number of simultaneous orders that can be entered into the system. Think about order-entry terminals in the following locations:

- **Front Counter**—how many customers do you serve at once?
- **Phone Stations**—how many incoming phone lines can you answer at once?
- **Servers**—Ensure good coverage throughout your dining areas. In addition, you may consider adding a terminal for manager’s use in the office.

those ingredients deleted), accurate cost tracking using FIFO accounting principles, and detailed information like food cost analysis and variance reporting. A good inventory tracking package will tell you instantly when food costs rise — instead of waiting weeks or months. And with a system in place, you can find out that you used too much of an item today, and fix it tomorrow.

### MARKETING

They say 80 percent of business comes from 20 percent of your customers. A good POS system can eliminate expensive marketing campaigns and allow you to focus on those customers who form the bulk of your business. Any decent POS system will have at its core a customer database with purchase history, addresses, and other information — all invaluable information in targeted, effective marketing campaigns. To get the most of your investment, look for marketing features that are easy to use, so you will be more likely to take advantage of them on a regular basis.

## CASH TRACKING

Knowing where every penny goes is perhaps the most basic yet important way to reduce costs. Your POS system should provide detailed cash management reports, including register reports, paid in/paid out details, and overages/shortages. Not only that, employees should be accountable for every sale, delivery, ticket, void...in short, every cent that passed through their hands. Detailed POS reports can give you that information, ensuring that your hard-earned profits don't walk out the door.

## Increase Sales

What about all the promises that a POS system can boost your sales? It's true. It all comes down to knowing your customers, their likes and dislikes, their ordering patterns — and with providing them the best service possible.

## NEW CUSTOMERS

New customers are potential profits. With a searchable customer database in your POS system, you can call up all new customers and send them a "thank-you" email.

## UPSELLING EXISTING CUSTOMERS

That same database can tell you customers who haven't ordered in 30, 60, or 90 days. You can target a mailing to get them back in the door. With order history information on hand, you can cross-promote your dinner menu to your lunch customers. The possibilities only end with your imagination.

## SERVICE, SERVICE, SERVICE

Of course, the best way to boost sales is with unbeatable service. Your POS system can enhance the customer experience by speeding order taking, ensuring accurate orders, and personalizing service with the customer database.

## MANAGING GROWTH

Adding new stores? Your POS system can be a valuable partner in managing growth. From day one, you can have the technology in place to take orders efficiently, handle servers and host staff, control labor and inventory costs, start marketing, and manage cash flow.

## Reduce Stress

The right POS system can be the best antidote to your business headaches.

## REDUCE ERRORS

Cut out the mistakes and your life is already easier. A POS system should foolproof the order-taking process, eliminate order errors, and ensure the kitchen has the right information to make the orders correctly.

## SIMPLIFY TRAINING

The restaurant business has a notoriously high employee turnover rate. Frequently training new employees can be a pain. Your POS should have a graphical, easy-to-use interface that both video-game loving employees and computer illiterates can master quickly.

## REMOTE ACCESS

A good POS system is one that lets you manage your stores from anywhere. Modern tools and a Web-based architecture will let you access reports, send e-mails, change menu items, even void an order from home or elsewhere, making it easy to manage your operation even when you are not physically present.

## MANAGING MULTIPLE STORES

If you have multiple locations, a POS system is not a luxury. You need a system that provides consolidated store information as well as comparison data for individual locations or regions. Modern systems which take advantage of the internet rather than relying on faulty dial-up technology will take the hassle out of corporate reporting. For franchisors, consistent reporting from all franchisees is a must not only to guarantee compliance with franchisee agreements, but also to spot areas where certain franchisees may need assistance in better managing their operation. With access to information through technology, the franchisor can provide better value-added service to its partners.

## INFORMATION WHEN YOU NEED IT

All the information a POS system provides can be daunting. Your system should provide the most valuable information instantly, in a format that enables you to make good decisions based on real-time data. An up-to-the-minute “dashboard” view of your store with labor percentages, sales data, total voids, and other critical data lets you more effectively manage your business because you can decide to act immediately if and when a problem occurs. A good POS system should help you analyze your business by letting you compare historical data quickly and easily. Your investment in technology will let you make better decisions about how to grow your business.

## THE BOTTOM LINE

Investing in a POS system is, for many restaurant operators, not a matter of if, but when. Reduced costs, increased profits, and a smoother operation make a good POS system a wise investment. And if you know in advance the specific benefits of a POS system for your business, the purchasing decision will be that much easier to make.

---

*“Having a small office staff to support four stores takes a lot of administration time. Our in-store POS system (FireFly POS) saves us a huge amount of time in our daily corporate office operations, because we can access the store systems remotely. We use it to access reports but also to flag customers in the Customer, Database who have written bad checks, update delivery driver License and Insurance expirations, enter large deferred or catering orders, research, shortages in daily deposits and send “email” via the inter-store mail to employees and management.”*

RICHARD BOBO, OFFICE ADMINISTRATOR, WICK'S PIZZA & PUB, LOUISVILLE, KY

# Choosing the **Right POS System** for you

Deciding to purchase a POS system is one thing. Selecting the right one for your business is another. Systems range from the most basic software to high-end “full-service” solutions and include everything in between.

## What Do You Need?

### PRICING A POS SYSTEM

Your sales volume will partially dictate the right price point for a POS system. A monthly investment of 1-1.5% is an industry average. For instance, if you do \$40,000 per month in sales this would dictate a \$400-\$600 per month budget for your POS system, including lease or loan payment. When budgeting for a POS system, don't forget ongoing support costs. Support is critical in maximizing your POS investment, but the costs can add up. The total cost of your system, including technical support, should be about the price of one to two menu items per day. At this price level, you can be sure that your investment will pay off for you in increased profits.

### CHOOSING A SYSTEM

Like most things, you get what you pay for in a POS system. The degree of sophistication you select in a system depends on what you want and your level of involvement in system installation and maintenance. For the budget-conscious “do-it-yourself,” a lower-end system may be a good choice. In this case, the POS system is simply software that you download onto your hardware. You provide all the equipment, often working with multiple vendors to get the system you want. You may be responsible for setting up the network so your computers to talk to each other as well as for configuring the menu and software to your specific needs. It's a “learn-as-you-go” process. Technical support may be minimal, limited to e-mail, and only available during limited hours. For restaurant operators with less computer expertise or less time to dedicate to implementing a POS system, a “full-service” solution may be the way to go. A single company typically provides all components of the POS system: hardware, software, installation and training, and ongoing support. Instead of dealing with multiple vendors, you rely on a single supplier. With an on-site trainer/installer, a higher end system can be up and running in a few days. And you can expect full-service support at nearly any hour of the day or night.



# Which POS Company Should You Select?

Knowing the kind of system you want and can afford will narrow down the list of vendors significantly. Still, the market is full of POS offerings, and making the right choice can be tricky. Here are a few things to look for.

## FEATURES

Comparing features between systems can be overwhelming. To simplify the process, make a list of the top three problems you want the system to solve for you, and get specifics on how that system will help. You'll quickly discover if the POS vendor really understands your business or is just full of "techie" who understand computers. Another way to find the right vendor is to get specific. If you have a unique coupon, pricing, or complex menu, or other unusual feature, ask how the system will handle that.

## REFERENCES

Talk to references. They'll give you a realistic picture of how the system works in a restaurant environment. Be sure to ask about the system and the company itself. Support should be reliable and the company should be easy to work with.



## *POS Purchase Checklist*

### Don't forget these essentials!

- POS Software for each workstation
- Dedicated Server (main computer)
- Server software
- Workstation Computers
- Keyboards
- Mouse
- Touch Monitors
- Cash Drawers
- Kitchen printers or monitors
- Receipt printers
- Report printer
- Card Readers
- Employee swipe cards
- Network router
- Battery back-up
- Surge protectors
- Data back-up
- Communications tools
- Virus protection
- Data conversion
- Customer Database
- Menu setup
- On Site Installation
- On Site Training
- Support
- Software Maintenance (updates)
- Hardware Maintenance
- Hardware warranty

# The **Big** Picture

## REMEMBER THE LONG-TERM RELATIONSHIP

When evaluating POS systems, keep in mind that this is not a one-time transaction with your systems vendor. It's a long-term relationship, so choose a vendor with whom you feel comfortable and with whom you'll be able to work for the next five to 10 years as your needs and their systems evolve.

## DON'T SKIMP ON TRAINING

You are paying a lot for your new POS system. It's worth a few extra dollars to get thorough training and to ensure your system is set upright the first time. The investment in training will go a long way to easing your staff's stress about the transition. You also will get the most out of your purchase, because you'll understand how to use your new system's many features.

## UNDERSTAND THE NATURE OF TECHNOLOGY

Software by its nature is complicated. The best of systems may have a few bugs. And unfortunately, computer hardware is not getting any easier to manage. That's why it is critical to choose a vendor that will support you, be available on Friday night, and continue to develop the software.

When choosing your hardware provider, especially if you are considering a general market provider rather than the same company providing your software, make sure that they are equipped to support you long term. It doesn't do any good to get a computer part replaced overnight if the result is that your hard drive is wiped clean and your POS software is no longer configured as it should be.

## CHOOSE A COMPANY THAT UNDERSTANDS YOUR BUSINESS

We can't say it enough. It's difficult to find someone who understands restaurants and computers, but it's critical that you do so. It seems that every year there is a new vendor that is really just a couple of food-loving programmers who thought it would be cool to develop restaurant software. But do they really understand the restaurant business, or do they just talk "tech talk" that you can't relate to?

## REMEMBER WHY YOU BOUGHT THE SYSTEM

Don't just use your new system for mere order taking. After the installer leaves and you've mastered the basics, take the time to learn and set up the system's advanced features such as marketing and inventory. You want to get your money's worth. Using the system to its fullest potential is the best way to do that.





# What Features Should You Look For?

Trying to compare features between systems is almost impossible. But at some point, you're going to have to decide which system you like best. Look at a few key, specific features to help you make the right choice.

For instance:

- How flexible is the order taking? Can customers change their order midstream, or do you have to start over? What if you want to modify what is on an item? Think of how your customers order and make sure that will be easy on the system.
- How easy is it to find and recall a past ticket?
- What are the steps you **HAVE** to do to close your day?
- How are reports archived? That is, what are the steps to find specific data from a previous day? Last month? Last year?
- What is the back-up routine to ensure your data is never lost?
- **Configuration:** How difficult or easy will it be to manage your own menu and pricing?
- Is this something you can do on the fly, or will you have to call for assistance?
- **Remote access:** What is involved if you want to see your system remotely? What functions can you do or not do remotely? Does remote access require an additional terminal license and/or tie up a terminal in the restaurant? Does it require a third party company to set up? Will restaurant personnel be aware that you are on the system remotely?
- What features are integrated, and which ones cost extra?
- What other third-party software is used or incorporated into this package: payroll, inventory, mapping, customer marketing, credit card processing, on-line ordering, multistore reporting? Will you be referred to that vendor for support?
- If you are purchasing hardware and software from the same vendor: How do their warranty policies work? If equipment has to be replaced under warranty, will the new equipment come configured for the software, or what will the steps be to get the software reloaded? Does the vendor provide "cross-ship" replacement to ensure you are up and running as soon as possible?
- What is the process for software updates? How does the vendor prioritize which features to update? Are updates included in your initial purchase, and for how long? What is the update process: Will they be sent automatically or do you have to request them? How often do updates come out? (Take the answers with a grain of salt; often, promised updates take longer than expected to materialize. And, the sales process can be full of promises that don't come true once you've written a check. If there is something you can't live without, see it in action before you buy!)

## THE BOTTOM LINE

No single POS system is right for every restaurant. Determining the right choice for you takes perseverance, some hard questions, and a little research. But if you know beforehand what you need, you'll save untold time and money. And that's what successful business is all about.

# Now or Later?

## When to Replace Your POS System

It's happened again. Your hard drive has crashed. What do you do? Call technical support? Replace the hard drive? Throw the computer in the trash and look for a new system? How do you know when it's time to replace your existing POS system? The answer depends on a number of factors, such as the age of the hardware and software and the system's functionality. Financial considerations and availability of parts and technical support can also influence your decision.

### CURRENT SYSTEM LIMITATIONS

Is there a newer system that offers features your current system doesn't...features that could really improve your business? Many older systems are no longer being enhanced and may not have the features that newer technology offers. Maybe you're used to living with these limitations, but newer features could really save you time and money. Imagine how inventory, caller ID, scheduling, and alerts could benefit your business. Many advanced systems also offer remote access to system features, instant access to data, and better communication for multi-stores.

### SYSTEM BREAKDOWNS

Is your current system breaking down on a regular basis? It might just be a printer or monitor. But these constant minor hardware failures are annoying and cost you money in lost business and replacement parts. Even worse, these breakdowns could be a sign that the whole system is about to go. Plan ahead before a major system shutdown forces you to move quickly.

### PARTS AVAILABILITY

Are you still able to acquire needed parts for your system? Advancing technology makes obsolete older operating systems, networking technologies, peripherals, and other hardware parts. These parts may no longer be supported.

And the older a system gets, the harder it is to find replacement parts. Because of limited parts availability, you may be working with fewer stations you need. Or maybe you can't perform certain functions such as restoring and backing up data. Either way, you may be at risk for a major system failure.

### TECHNICAL SUPPORT AVAILABILITY

Is technical support for your current system still available? Even if you know your system inside and out, what would happen if a major issue such as database corruption or loss of data occurred? Are there experts available to help out?

### EASE OF USE ON NEWER SYSTEMS

It's true your staff may be used to your old system and that adjustment to new technology takes time. But newer systems are often easier to use. They usually offer a graphical interface that simplifies training for both employees and managers. Within a few days most employees are comfortable with the newer technology. Important features like inventory and marketing are also more accessible and easier to learn on newer systems. That means that you are more likely to use them and get more out of your investment. If your new system offers remote access to system features, you can even use them at home or your office.

### FINANCIAL CONSIDERATIONS

Financially, it may be a good time to update your equipment now. If your current system is fully depreciated a new system may cost less than you think when you consider the tax savings. And if you can reuse some of your current system's components such as printers, cash drawers, touch screens, surge strips, and battery backups, the cost may be even lower. Is your lease recently up or about to be up? Nowadays it is practical to consider technology as a regular,

## *For Multi-Store Businesses*

If you own multiple stores, replacing your existing POS system takes on multiple dimensions. A corporatewide transition to a new system depends on several factors:

- Employee training/ ability to work at different stores
- Different reporting and communications methods, across stores
- Different configuration of menus, items, pricing, and coupons for each location Careful planning will ensure a smoother transition to your new POS system at all locations. Plan on installing the new system in one or two stores at first to be sure that the menu and features are set up correctly. Then you can schedule installations for the rest of your stores over the course of several weeks or months, or as long as is reasonable so that your staff has a clear idea of the plan. This includes your corporate office accounting staff who will be working with data from two systems.

ongoing expense for a business. With a lease, you can pay about the same amount each month for a new system as you are for your older one. The benefit is that you keep up on technology instead of letting your investment deteriorate with an out-of-date system.

### **WHEN SHOPPING FOR A NEW SYSTEM...**

When you do decide to finally invest in a new system, keep in mind the following:

- Can the new POS system provider convert customer data from your old system?
- How similar is the front-end flow so that employees will easily adapt?
- How similar are the features; does the new system have all the features your old system does?
- Can your menu be set up in a similar way so that training is easier? How will the trainer do this? Can the company look at your old system to make sure everything is set up the same?

### **THE BOTTOM LINE**

As technology advances, older systems become obsolete. Breakdowns, irreplaceable parts, and limited features can make your old POS system more trouble than it's probably worth. Newer systems have up to-date features that can save you time and money. Their ease of use will ensure a smoother transition for your employees. And today's flexible leasing options make a new system affordable for just about everyone.

# The Transaction: How to Buy Your New POS System

It's a fact. The larger the purchase, the more complicated the transaction. A POS system is a major investment, so once you've chosen the right system for you, it's important to plan carefully for the transaction, installation, and training processes. Here's how to ease into a new system.

## THE TRANSACTION

Get all your costs in writing. Ask for a breakdown of specific costs, so you know exactly what you are getting — and what you are paying for. This includes making sure there are no additional unexpected costs, such as cabling, training, or travel expenses. Also be sure you understand what warranties are included with each piece of equipment and how that warranty will be serviced. Will you be without that piece of equipment while it is repaired, or does the vendor offer provisions for loaners or replacements? Like many other large-ticket items, the price of a POS system can be negotiable. Don't be afraid to wheel and deal; most companies have specials or a few "freebies" they can throw into the transaction. If you are working with a publicly traded company, the last two weeks of the quarter are always the best for negotiations. Before you sign on the dotted line, there are a couple of things to check. Make sure the system you're buying uses a currently supported operating system. For instance, Microsoft no longer sells DOS or Windows NT®, but some systems still rely on these. How are the vendors obtaining this software, and are they providing you, with a legal copy? Also look into technical support and software updates. Are they included in the price of the system? What level of technical support does your purchase include? How many updates will you receive?

## PAYMENT OPTIONS

There are several ways to pay for your system: cash, credit cards, bank loans, and leasing. If you're paying by credit card, use one that will earn you miles or rewards for the purchase. Don't rule out leasing as an option. Using your

own or the POS company's leasing sources, you can work out an affordable lease-to-own program. Since a lease is considered an operating expense, it is fully tax deductible as long as you pay your monthly payment. Another advantage of a lease is that it preserves your cash savings and does not tie up your credit. Leases do not even report as outstanding credit on your credit report. If you purchase your system outright, the Section 179 equipment purchase provision of the IRS code enables you to deduct all or a large portion of your equipment purchase this year. If you expect to have to pay taxes on your company's profits, keep these savings in mind:

**System cost: \$15,000**

**Tax rate: 30%**

**Tax savings this year: \$4,500**

Most companies will require a deposit or "pre-fund" from your leasing company before scheduling your install. Depending on your lease terms, your payments may begin at this time. Final payment is usually due upon completion of the installation.

## THE TIMING

Timing your system installation is critical. Allow plenty of time for evaluating systems, getting on the POS company's installation calendar, and for training. You should plan on 3 to 6 weeks to evaluate POS companies and make your decision. After signing a contract, it will take 4 to 8 weeks before your system will be delivered (this applies to full-service systems that include hardware, software, and on-site training). If you are planning a grand opening, time the system delivery so that the trainer/installer will be there during your opening to support you "going live." This will help you get more out of the training than if the installer was there before your store was open.

## *Timing is Everything!*

A POS system is not an impulse purchase. Plan on the entire research and purchase process to take quite a while— and plan ahead if you are trying to meet a store opening deadline! 2 weeks—Initial research online to select top 3-4 companies to contact 2 weeks—Wait for demo info & materials to arrive. 2 weeks—Follow up, review pricing, etc. 2 weeks—Call references on top 2 companies, make final decision.

1 week—Complete final paperwork & obtain lease approval 6 weeks—Typical POS company lead time to order equipment, build menu & schedule installer 1 week—Install

**Grand Total: 15 weeks—nearly 4 months!**

## THE INSTALLATION

### System Replacement

Replacing your old system raises different issues than if you are buying a new system for the first time. If you are replacing a system, ask the POS vendor how they plan to transition from one system to the other. For instance, is there space in your restaurant to set up both systems side by side? How will the installer train on the new system before the old one is removed? Will you need to close business to make the transition? What data will be converted from your old system to your new one?

### During the Install

The time your installer is on site is valuable. Staff heavily during the installer's visit to allow for training, and make yourself available to answer questions or resolve issues. Keep in mind that this transition may affect your bookkeeper and payroll staff as well; plan for extra time as they learn the new system.

## GETTING THE MOST OUT OF YOUR SYSTEM

Because a POS system is such a major purchase, you want to get the most out of your investment. Here are a few tips:

- Invest in training and support. Trainers will teach you the system's basics up front. Support provides a safety net for any questions or issues that arise. Both are well worth the expense.
- Take the time to get to know your system. Read the manual, talk to support, explore the system's many features. You'll be pleasantly surprised at how much time and money a POS system can save you.
- Expect some employee fallout. Adjusting to a new system takes time, but they'll soon be navigating the system like pros.
- Be patient while the bugs are worked out. No system or installation is perfect, and it takes time to iron out the wrinkles. Technical support can be an invaluable aide in getting things just the way you want it.
- Be realistic. A lower-end system will require more ongoing maintenance from you than will a full-service solution. You get what you pay for.
- Take advantage of any user training, conferences, training videos, or other tools your vendor may offer. Ask if they have additional manuals, documentation, or training materials.
- Don't forget, once the dust settles, to take advantage of some of the more advanced features you purchased the system for, such as marketing, inventory, employee scheduling, and remote access. Set a goal to learn one new feature each month until you are fully using all that your system has to offer.

## THE BOTTOM LINE

Selecting, buying, and installing a POS system is a major process. But with careful evaluation of your needs and the POS market, you can find a system that's just right for you.

## *Getting Ready!*

You've made your decision, sent in your deposit, and you have your installation scheduled. Time to sit back and relax while waiting for technology to transform your life? Not quite! You still have some work to do to prepare your restaurant.

- **Cabling**—most POS companies require that you have the building pre-cabled with CAT5 network cable to all computer & printer locations
- **Electrical**—make sure your systems are up to par for sensitive computer equipment by installing a dedicated, grounded circuit.
- **Internet**—If your system takes advantage of broadband internet, schedule your install right away— this can take up to 60 days.

This guide brought to you by Granbury Restaurant Solutions a technology company focused on innovative point-of-sale, online ordering, and customer loyalty solutions for restaurants. Our Vital Link, DiamondTouch and FireFly POS systems are full featured solutions that assist thousands of business owners nationwide in achieving control over their business while building their customer base.