#MCON17

MIRUS

Restaurant Solutions

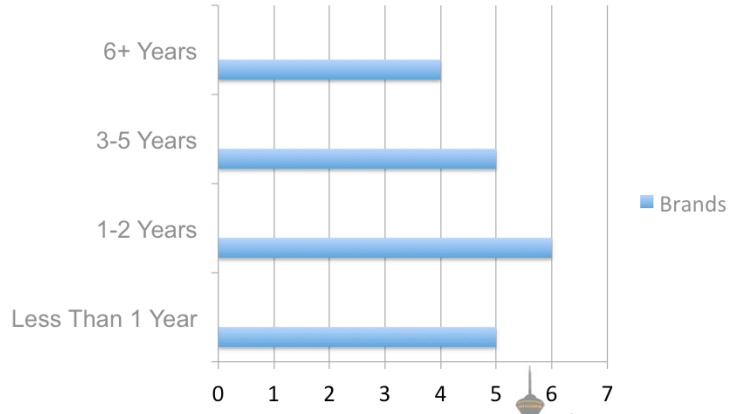
#MCON17

WELCOME


#MCON17
DRM, INC.
Arby's
Church's CHICKEN
DUNN BROTHERS COFFEE
TORCHY'S TACOS
True Food kitchen
BOBBY COX Companies, Inc.
DEWEY'S PIZZA
peter piper pizza
TACO MAC
TW
KONA GRILL
BENIHANA
Portillo's BEEF • BURGERS • SALADS
UNO CHICAGO GRILL EST. 1943
VERTS MEDITERRANEAN GRILL
BUFFALO WINGS & RINGS
FRC
Panera BREAD
WHATABURGER
Willie's Grill & Icehouse
planet hollywood
LAS VEGAS

#MCON17

Time With Mirus By Brand



planet hollywood™

#MCON17

The Mirus Team

Alan Panek, Vice President of Client Services

Emily Duncan Tobar, Integrations Manger

Terri Gonzalez, Manager of Account Services

Delyth Jones, Account Coordinator

Aaron Lynn, Account Coordinator

Jeff Royal, VP of Operations & Development

Dina Misener, Manager of Application Development

Frank Steinruck, Marketing

#MCON17

Dave Bennett, CEO

Welcome to the Mirus User Conference for 2017.
Each year I like to start by saying thank you for taking the time out of your busy schedule to schlep out here to Las Vegas. So, Thank You!

This conference started with a simple concept. Let's get our clients together to exchange ideas and thoughts on how to make Mirus more valuable to our clients. Over the years we acted on dozens of great ideas that originated at this conference, and most of those were implemented without any increase in our recurring fees.

There is a tremendous amount of talent and experience with analyzing restaurant data in this room. The era of analytics in the restaurant industry is still in its infancy, believe it or not. Most restaurant companies are still dependent on Excel for analysis. However, the industry is going through a very fundamental learning curve of how to study and learn from what the data is telling us. I have always believed that Mirus clients represent some of the early adopters of analytics, and that includes you.

Over the next two days, reach out to the folks sitting around you and tap into their collective knowledge. At the end of each presentation you have a chance to ask questions, so please ask! There are no silly questions. The chances are good that someone else in the room is wondering the same thing you are, so you are doing them a favor by being the brave one to ask the question.

As you saw from Leslie's slide, this conference tends to be a good balance between new clients and experienced clients. So, if this is your first or second time attending, don't fret. You may feel like a newbie today, but all of us were newbies at some point. You will find all of the more experienced folks to be supportive and willing to share their experiences, but you have to ask the questions.

More than anything, this conference focuses on ways we can drive restaurant performance using the data we have available. Three decades ago, we only needed simple summarized data to know if things were going well or not. It was a wild, wild west and you could just open more restaurants to get more sales. Competition is now too intense. As an industry every time we open five restaurants, we close four. According to Jonathon Maze at NRN, since the end of the recession in 2010, the number of restaurants has grown 1.7% per year. That is less than the growth in GDP but faster than the population growth. I think this type of data proves that the industry is now mature, and success today is determined by how well a company uses data to find ways to gain an advantage as quickly as possible. The companies who do not evolve to being more data driven will suffer a severe disadvantage.

You will hear a lot of good ideas throughout this conference. Please, try to jot them down as we go along. I can assure you that it is too easy to forget some of the key points by the time we get to the end of the sessions. We actually have some forms on the tables you can use to record the best ideas.

Next slide

Before we get into this year's presentations, I would like to start with a quick review of the state of the restaurant industry and the macro environment we operate in.

A lot has happened in the 52 weeks since we were last together. A new president sits in the White House. The stock market shows us that longevity records are meant to be broken, and the indices sit in record territory. This is now the third longest recovery since before the Civil War. But, the restaurant industry is fighting some tough head winds. Traffic has been declining for almost two years and shows no signs of jumping back to the positive. In addition, the competitive threats are increasing with traditional competitors like grocery stores opening fast casual styled restaurants inside them, along with beer and wine bars. Home preparation threats like Blue Apron are a new category of competition that has the potential to bite off a chunk of market share. And, Amazon and the various home delivery businesses are evolving and could introduce further erosion of eat-in customer traffic.

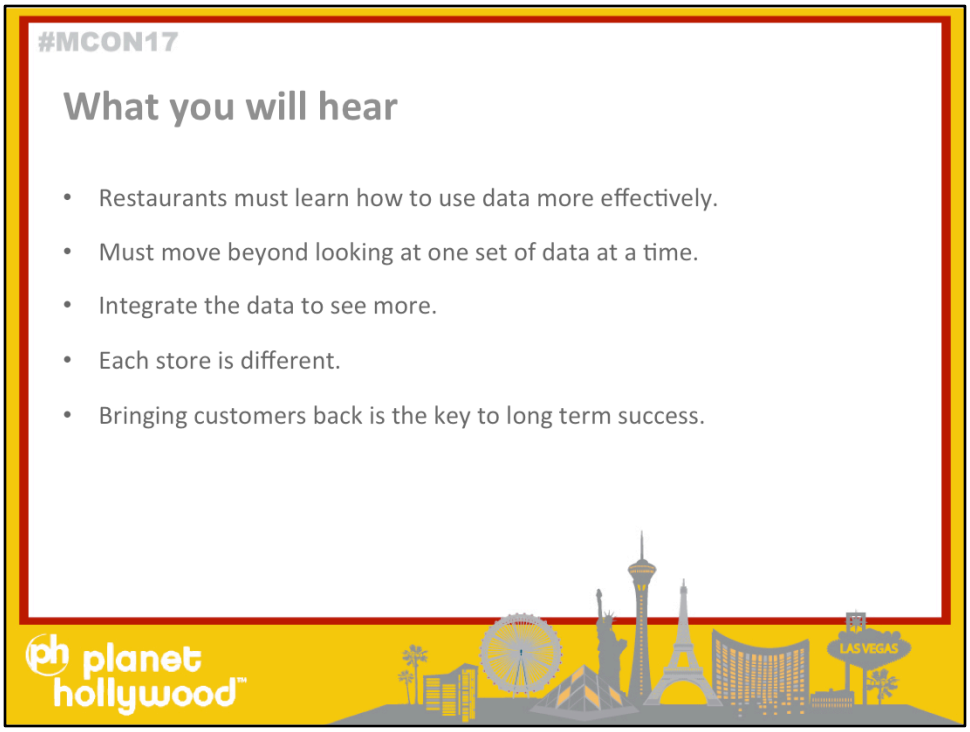
From 2013 – 2016 commodity prices fell. Not all commodities fell, but each year another category of food decreased in pricing. One year it was Beef, another vegetables, another eggs and cheese. Well, those days seem to be over, at least for a while. The industry has relied on this de-inflationary cost trend to keep the market basket of goods they buy the same or lower than the previous year. Without this commodity deflation, the gross margin of many restaurants are at risk.

And, of course the labor cost pressures continue their upward climb market by market. Passing on higher labor costs is simply not an option for some brands with the new forms of competition.

Finally, where have our customers gone? By our measurement, traffic today, on average is 8% lower than it was in 2015 at this time. The industry cannot sustain this trend endlessly. If customers do not return to restaurants, it will mean immense change for most companies.

It is a tough time to be a restaurant operator. Mistakes are very costly, and need to be avoided if possible, or fixed quickly when they are made.

Next slide



We talk a lot at this conference, and some themes are common. You will hear a lot about how companies have to learn to use data more effectively. Or how they must move beyond just looking at one set of data at a time, and get better at blending their data so they can see things that are not visible to them today. I encourage you to think of this process of change as a journey into data analytics. A very long journey that is a progression of phases and rarely offers you the chance to jump ahead or skip over big parts of the trip.

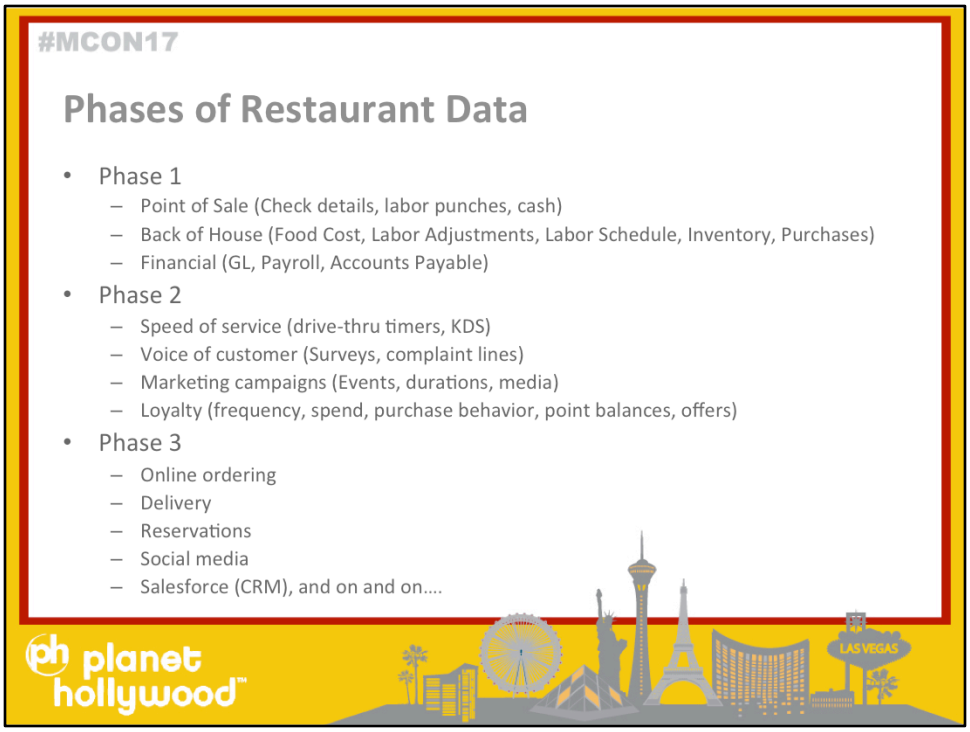
Most of you have your eye on integrating more of your data into your solution. This is a never ending process. Clients are adding new sources of data even after they have been with us for 10 years or more. Perhaps you will hear of one or two examples of integration you can bring back to the office and act upon.

Another thing you might hear through the presentation is an appreciation for how each restaurant is different. This may sound small or even obvious, but it is a fundamental shift away from the model the industry used through the growth phase of restaurants. Back then, everything was designed so it could be replicated over and over to produce what was expected to be the same result. The same sales volume, the same food cost, the same labor cost and so on. More and more companies are realizing today the uniqueness of each location. And, if they want to get the most of each of them, they have to adjust their thinking. Cookie cutters don't work as well as they used to.

I think everyone can agree that the reason we dive into the data is to find out more deeply what pleases our customers and how to encourage them to visit us more often and spend more with us. Using data to improve cost management is well and good, but if there are fewer customers each year, you will reach the point where you cannot cut costs enough to make a profit. We need the customers to come back.

This journey, as I mentioned, consists of phases. So, let's take a look at what I mean by phases.

Next slide



Over the years we have seen a steady expansion of the types of data our clients put into their data warehouses. Today there are about 80 or so systems of various types that have been integrated into Mirus Enterprise. I have organized the use of those integrations into three phases. While each company's journey is unique, these phases are quite typical of a Mirus user's journey into data analytics.

When Mirus started, the data we collected was mostly sales and labor information from the POS, back office systems and financial systems. Those systems capture most of the minute by minute activity in a restaurant, and creates a rich set of data to study. This continues to be the first integrations for all of our new clients.

In Phase 2, the focus turned more towards the customer. Data from drive thru times and kitchen display systems are added along with a lot of data from loyalty systems and customer feedback systems. We even see a number of companies putting their marketing campaign data into the data warehouse to make it easy to evaluate the relative success of a promotion or advertising campaign. If Phase 1 was about measuring performance and profitability of the restaurant operations, Phase two focused on how well the customer is being serviced.

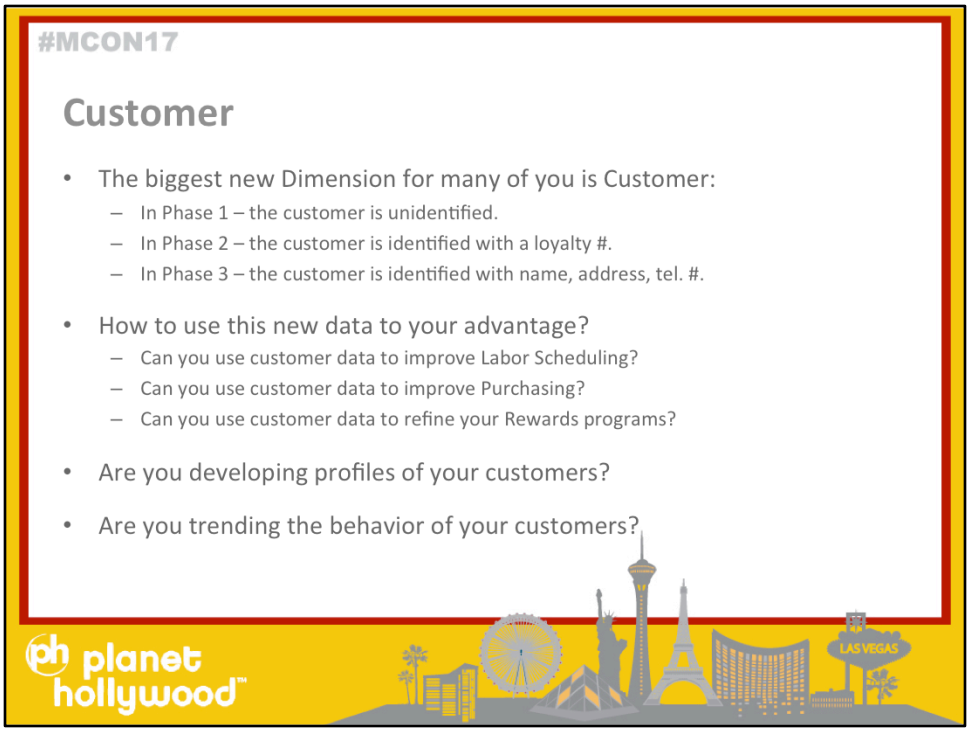
In Phase 3 we see an expansion of the customer-facing data. Integrations with online ordering, delivery, reservations, and social media are all about getting a more complete picture of the customer, wherever they may be. We even see Saleforce being used to collect and track customer engagement data.

There is still lots of data to be captured and examined that is not in these three phases. The employee is part of Phase 1 data, but there is much more data to identify the best performers, and the potential managers of the future. Recruiting and Training systems are filled with employee information that can help you identify how to get the most out of your team, and keep them engaged.

For companies who franchise, the franchisee is almost a mirror of the customer in terms of a focus for analysis. The data are different, but identifying who your best franchisees are, and how to make more of them successful is central to your business strategy.

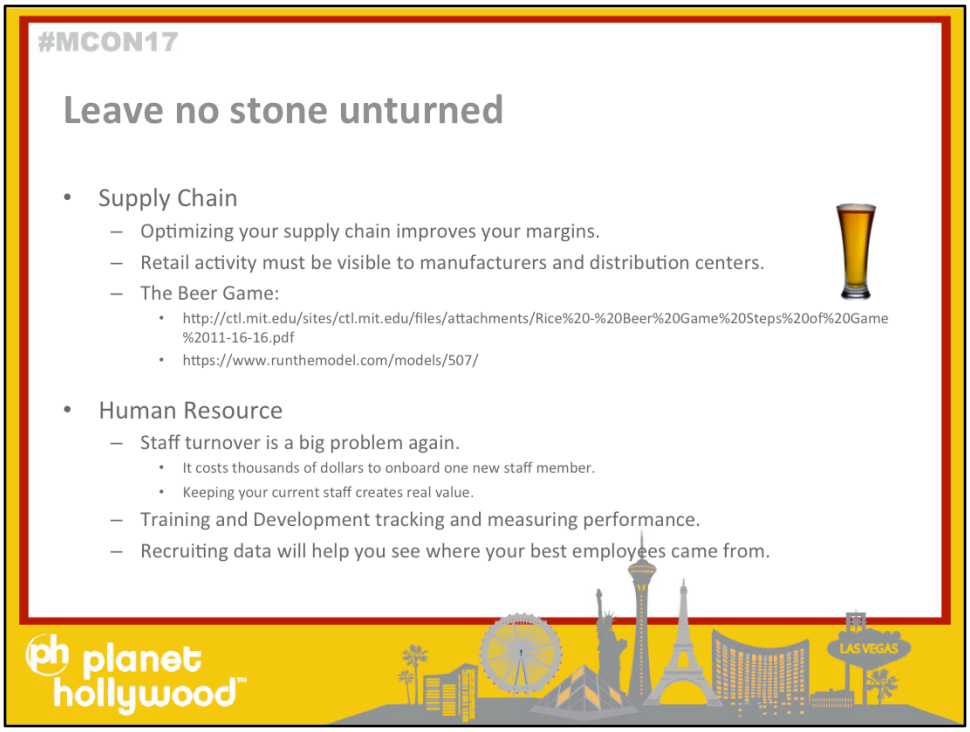
There is also much more data related to the supply chain of food and non-food items that should be explored. Identifying where there are shortages and excess inventories allows you to manage the supply chain more efficiently.

Next slide



So, the evolution of restaurant data is taking us deeper into the Customer data sets. For some of you, the Customer dimension is a new, important focal point for analysis. Using the phases I defined on the previous slide, we don't know much about the customer in Phase 1. We see the sales transactions but for most operators, the customer has no name, no contact information. Nothing that allows us to track them individually.
In Phase 2, we can identify the customer through the Loyalty or Rewards system. We might only have their email address, but at least there is something we can use to start measuring the number of visits and what they like to buy.
In Phase 3, we know where they live, their phone number, and some personal information such as anniversaries and birthdays. The picture of the customer is starting to be detailed, and more complete.
In Phase 1, the amount of data related to the customer is near zero. Virtually all of the data is about the sales and labor transactions.
In Phase 3, the volume of data about your customers is growing rapidly if you have multiple streams of transactions, such as loyalty, delivery, reservations and online ordering.
So, what do we do with all of this customer data? Certainly we can use it to measure how frequently the visit, and whether the trend is increasing or decreasing. Most companies want to ensure their customers receive a consistent, quality experience, and the customer data makes this all possible for the first time.
But, how else might you use this data? Can you use it to improve forecasting that in turn can improve labor scheduling? Is there a way to employ your customer data when forecasting purchases? And, can we use this data to ultimately find the right offers for each customer? Something that leverages all that we know about them, and gets them to visit or order one more time, or gets them to up their spending by a few percentage points? This is the frontier that many marketing executives are exploring today, and you should start planning for this progression if you are not already executing it today.

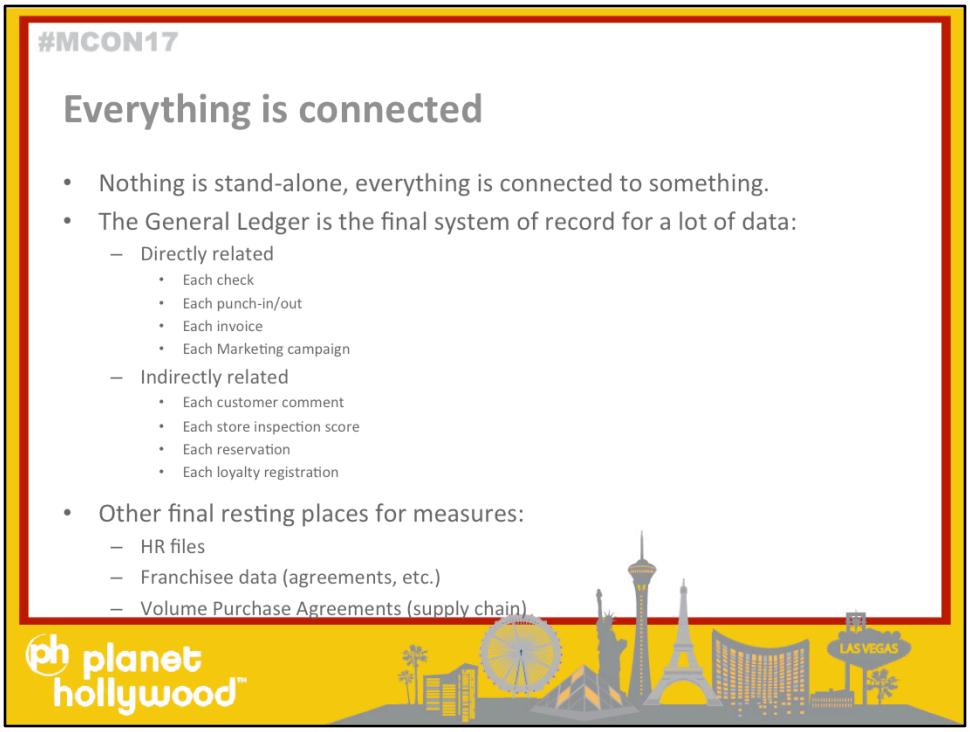
Next slide



Before I finish up, there are two other ideas I want to leave you with. Two areas of all restaurant companies that are not top of mind when thinking about analytics.
The first is your supply chain. Your restaurants order a lot of food virtually every day. If you are a bigger company you may have someone responsible for working with the suppliers to make sure they have in stock what the restaurants need, when they need it. That supply chain executive relies on data to do their job, just like any other function. What data do they use? In my experience the suppliers provide much of the data in summaries of what the restaurants purchased over the past month, or quarter. They may not be looking at supply levels within the restaurants to identify where inventory bubbles may be developing, or where levels are too low to be sustainable. Either of these two conditions will likely affect ordering in the near term, and the warehouses need to know. Not knowing will occasionally cause big problems – either too much or too little stock in the chain. The Beer Game captures this dynamic in an interactive simulation. MIT, Cornell, Wharton all have links for materials related to the Beer Game. I played it over 30 years ago and I still recall the lessons it teaches.

Human resources is another part of your company that could probably benefit from the data you already have in your data warehouse. Hopefully, you have automated the flow of data from the restaurant into Payroll. But what about HR? You might not need to add any data, just give them access to the system and a bit of coaching. OR, maybe you want to add some hire/fire data from your Payroll system so you can report on turnover. Staff turnover and employee retention are problems for everyone. You likely have every punch already in the system. Have you considered looking at your employee data from the perspective of who stays with you and who leaves? Can you help HR identify which staff members might be candidates for MIT positions?
What about training systems? Are they working? Is there any evidence based on performance whether the staff who completed training are any better? And in a similar way, integrating your recruiting data may give you insight as to the types of backgrounds your best performers had before you found them.
HR is about people, and you have a lot of data on your employees.

Next slide



You might not think of data in this way, but in the restaurant business, everything connects to something. All of the things a restaurant does every day is related to serving its customers. So, it kinda makes sense that the data created in the process is also connected. I am not saying that all of the connections are clean and easily understood. Just the opposite. It's more like a bowl of spaghetti, some of it gets pretty tangled up.
The final system of record for a lot of data is the General Ledger. I can't think of any other system that collects more types of data. Inside the General Ledger are two key repositories, the Balance Sheet and the Profit and Loss Statement. These two financial documents are the sum of all the checks, all the time punches, all the invoices and all the expenses that take place in a company in a given period. Those are examples of data that are Directly related to the financial statements. However, you can also link data indirectly to the P&L, like customer comments. The relationship to the P&L and data like customer comments are not necessarily immediate. There might be weeks, months or even years between cause and effect. If you see an increase in customer complaints, it might lead to reduced sales, but not necessarily right away. The same goes for store inspections, reservation comments, and loyalty program registrations. Examining these indirectly related measures in relation to the data feeding the P&L and Balance Sheet can reveal problems early, when they are still easy to solve.

The P&L and Balance Sheet are not the only artifacts that are the final "system of record". There are others scattered around the company. Sometimes in file drawers, sometimes in spreadsheets, and sometimes in formal systems.

Understanding these connections is key to unlocking the value of integrations. As you add sources to your data warehouse you expand the number of indirect and direct relationships that exist between the various pieces of data. Let me give you an example of using a two pieces of data not commonly linked. Let's say you want to measure the productivity of the various stations in your kitchen across all of your stores. A Kitchen Display System would make it easy because it would provide direct, detailed data for that analysis. But, we don't have a KDS, so are we out of luck? No, there are ways we can use indirect relationships to estimate productivity. Note I say estimate. This is not going to be as accurate or precise as a KDS, but it will give us a reasonable measurement of productivity.

As you listen to the presentations over the next couple of days, look for examples of direct and indirect measurements and relationships between data. Sometimes discovering big value only takes a bit of imagination.

Next slide

We have a full agenda for you over the next two days. We have increased the amount of training in the agenda, in response to requests. We have two training sessions this morning, two more this afternoon, and again tomorrow.

Loss Prevention is covered in several ways, including a roundtable discussion following a case study by Mike Scafidi from Unos.

Other topics include workflow automation, menu analysis, the value of integrations, and changing your corporate culture of using data.

We spend the end of today presenting information on the roadmap for Enterprise. I want to take a minute here to ask you a question about the direction we are taking with Enterprise. Six years ago I stood up here and described how our long term product development plan included bringing all of the functionality of the Edit Pages out to the Dashboard so you could create and edit reports directly from the Dashboard. First, does everyone understand what I mean by Edit Pages? Any confusion there?

Okay, so the question I want to ask you is whether eliminating the Edit Pages is a good thing, or maybe not so good thing in your mind?

Dina is going to give us an update on where we stand with regard to exposing more editing capability within the Dashboard, later this afternoon.

Tonight we have a reception in the Santa Monica meeting room starting at 7pm tonight. I hope you can come and network with everyone, and we present some awards this evening as well.

I have been up here too long, so let me hand this back to Leslie and get you on to the first session. Thank you for coming, and I hope you enjoy the conference.

Next slide

#MCON17

Up Next

9:30 Training
Option 1: You Have Mirus, Now What? (Beginner) – Wilshire B
Option 2: Utilizing Your Data For Loss Prevention – Wilshire A

10:30 Networking Break

10:45 Uno Case Study: How We Identify Theft