

E-book

# Taking a Calculated Approach to the Off-Premises Revolution

How restaurants can tackle disruption, and come out ahead

Sage

  
THE ANSWER COMPANY

Sage Business Partner



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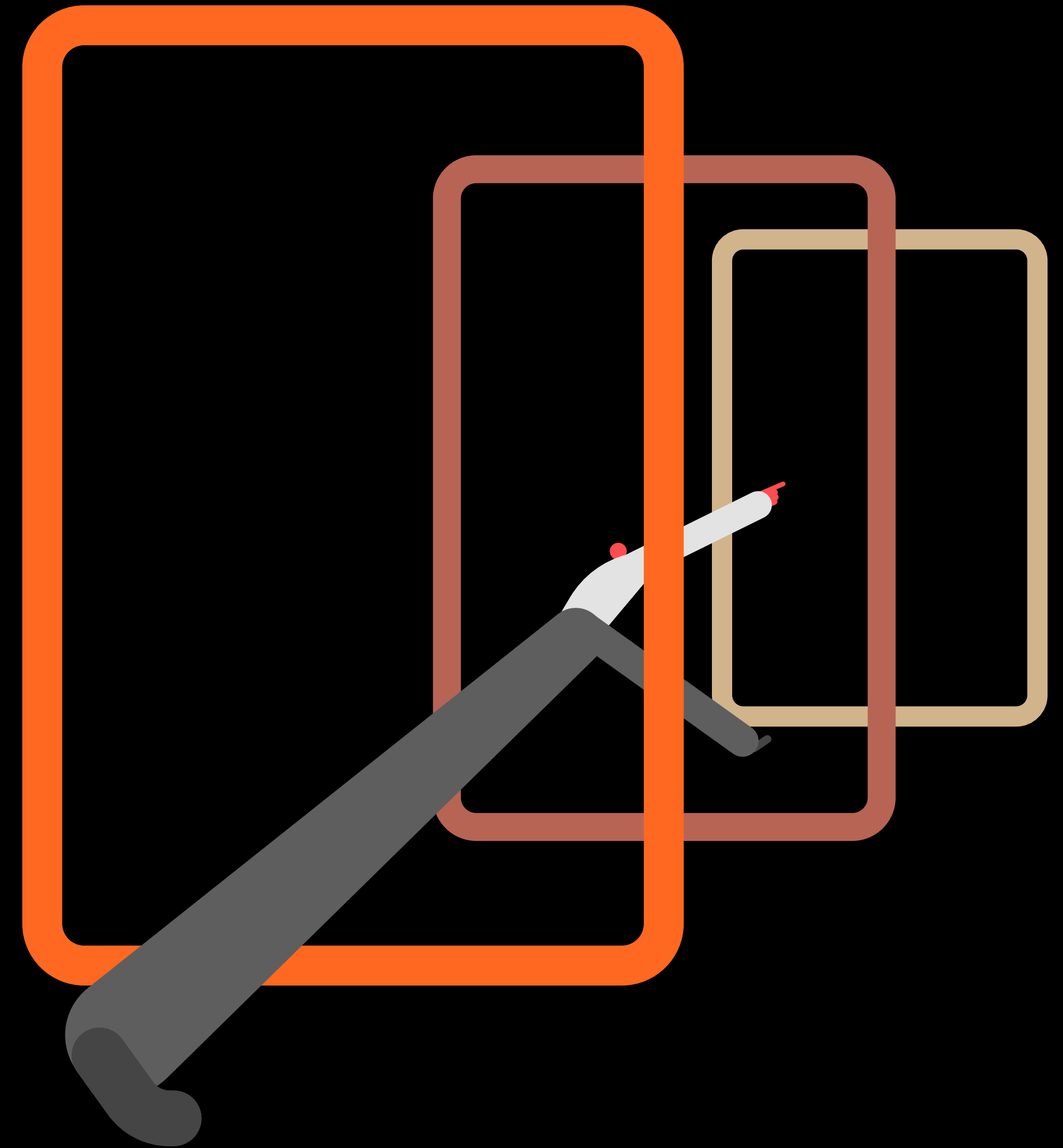
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## Introduction

# A shift in how consumers eat out

The off-premises dining market is enormous, and it's not going away.

Options such as fast-food drive-thru and phone-in pizza orders have long been around, but busy lifestyles, technology—and consumer's comfort with technology—have been driving increasing demand for convenience and more efficient options. With 60% of restaurant orders now off-premises, restaurants are rethinking their strategies around technology, operations, real estate, and finance.<sup>1</sup>



**79%**  
of consumers get delivery at least once a month



**53%**  
of consumers use a third-party delivery provider



**55%**  
of delivery is provided by the restaurant's own staff

<sup>1</sup> National Restaurant Association and Technomic, "Harnessing Technology to Drive Off-premises Sales" 2019

Source: National Restaurant Association and Technomic, "Harnessing Technology to Drive Off-Premises Sales," 2019

## Key decisions

# Weighing the pros and costs of off-premises dining

Customers love off-premises dining because of the convenience. Restaurants also benefit from incremental sales as a result—getting stomach-share of customers who normally would not have dined out. They can decrease costs by way of shrinking real estate dedicated to dining space and potentially reducing the need for front-of-house staff.

But there are other considerations restaurant finance teams need to make. How will the food need to be packaged or prepared for its journey, and how will that affect cost of goods sold? Should your restaurant opt for third-party delivery, keep it in-house, or do a mixture of both? Off-premises options can also introduce less predictable demand, which can hit prime costs with waste and staffing challenges.

Competition is fierce and customer expectations are high, putting added pressure on the back-office. Here are 4 ways finance and accounting teams can take a calculated approach to tackling the off-premises dining disruption.



Take a calculated approach

# Ensure line of sight across your business

An integrated, best-in-class financial management system serves as a central hub of information.

Many operators have their point-of-sale (POS) systems integrated with the financial management platform for visibility of real-time data with minimal effort and errors. With delivery aggregators increasingly integrating with POS systems, or operators opting to keep the ordering in-house, integrating the POS systems with the financial platform makes sense. In a fully integrated ecosystem where a cloud financial management platform like Sage Intacct is the hub of transactional information, the restaurant can fully leverage reporting and dashboarding capabilities with real-time data used to measure profitability, demand, and ideal price point—all while minimizing error-prone data rekeying.

**“The beauty of Sage Intacct is its open API framework and its ability to connect with other systems. What I quickly found was that Sage Intacct was becoming the nucleus of our systems.”**

~Sean Skuro, Controller, Tender Greens



Take a calculated approach

# Track the effects of your channels

Dimensional, custom reporting should capture information as quickly as your business conditions change.

By partnering with third party delivery aggregators, not only do restaurants save on the costs of driver fleets, they expand their reach to customers who may not normally have dined with them. In deciding whether to opt for in-house delivery, restaurants need to examine if the added labor and technology costs outweigh third-party fees. Restaurants need tools to take a data-driven approach to understand the mix that works for them.

Sage Intacct dimensions and custom reporting enable you to quickly analyze the performance of cost and revenue drivers, so you quickly gain an understanding of what's working and what's not. With rolled up summary views of entities at any time, you maintain visibility of program performance in various locations—to make sense of different customer behavior and price point.



Take a calculated approach

# Keep a handle on indirect costs

Got a ghost kitchen strategy? Streamline how you get insights on performance.

Ghost kitchens, facilities that solely produce food for off-premises orders, are growing in adoption as an offshoot of the off-premises trend. These facilities serve to reduce the strain of added delivery orders on a restaurant's kitchen. Or, they're a way to help restaurants test new concepts without the typical costs of highly trafficked location rent and equipment.

But the costs associated with ghost kitchens are not as transparent as the name implies. Sage Intacct Dynamic Allocations capabilities can help restaurants understand their true business performance in complex scenarios. Take for example a business that runs several delivery brands from a single ghost kitchen. Calculating complex cost allocations, creating journal entries, and troubleshooting can take 1 to 2 days per month when done in spreadsheets. Automating the cost allocation of overhead, such as membership fees, marketing expenses, and non-hourly wages, saves time and gives the ability to get a more accurate understanding of the profitability of each brand. When you simplify the steps to getting insights, you can make dynamic, informed decisions.



Take a calculated approach

# Monitor revenue behavior with automated daily reports

Spend more time as a forward-looking strategist, rather than a financial historian.

Third-party delivery services help restaurants reach customers they otherwise would not have. But these bring service fees that can range between 10% to 30% of orders. Contract terms with third-party services dictate how restaurants should account for their sales and fees. Throw loyalty programs into the mix, and restaurants have new revenue recognition standards to grapple with.

Only with visibility of current information can restaurants find ways to ensure profits, such as through higher prices on delivery items, delivery surcharges, or unique delivery menus. Sage Intacct simplifies revenue recognition challenges through automation, allowing you to spend less time creating reports and more time on analysis and strategy.

**“Sage Intacct puts real-time financial information into the hands of our managers so they’re more apt to take ownership and be proactive.”**

~Tammy Getschman, Director of Accounting, S&L Companies (a Culver’s franchisee)





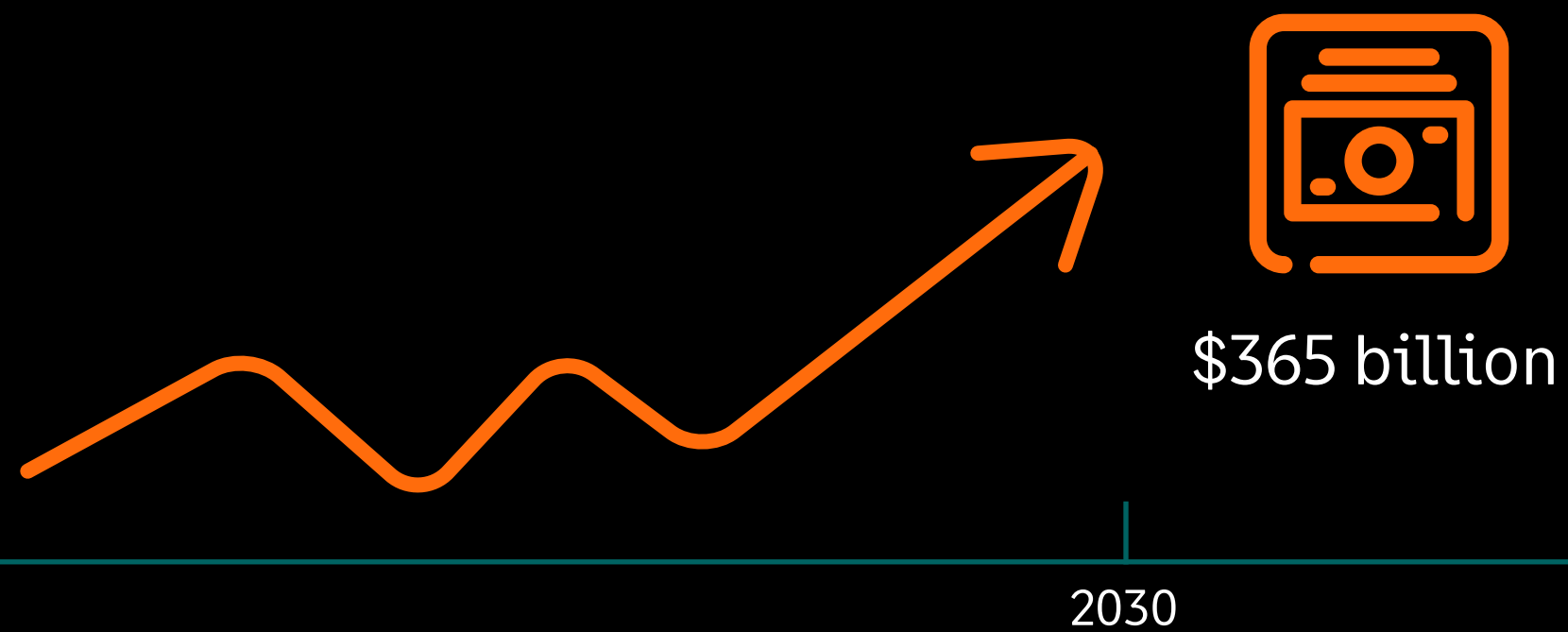
A look ahead

# What's next with off-premises?

As customer appetite for convenience increases, the restaurant industry will continue to evolve as well.

It's estimated that the global online ordering market will grow tenfold over the next decade, to \$365 billion in 2030.<sup>2</sup> Off-premises ordering is here to stay and will only keep growing.

In an increasingly complex business environment with various off-premises models, restaurant finance teams need modern, connected technology to ensure they are taking a data-driven, calculated approach to growing their off-premises business.



<sup>2</sup> UBS, "Is the Kitchen Dead?" 2018



## Takeaways

# Flexibility and automation so you can adapt and thrive

Whether you've just started to consider venturing into off-premises or have dived in and stood up your own delivery fleet, challenges lie ahead in tracking the added revenue streams against new costs. Sage Intacct provides the tools to understand restaurant performance in complex scenarios so you can set your restaurant business up for success in driving customer satisfaction, even as business conditions change.



**Sage Intacct is the innovation and customer satisfaction leader in cloud financial management. AICPA-endorsed and best-in-class, Sage Intacct is a scalable and extensible system that provides multi-dimensional analysis and industry-specific capabilities to automate complex processes and improve company performance, so data-driven finance leaders can focus on strategic initiatives.**





THE ANSWER COMPANY

## About The Answer Company

For nearly 30 years, The Answer Company ERP consulting group has been transforming businesses with custom technology solutions. Our team of experts combine their deep industry knowledge with a wide range of cutting-edge tech solutions to drive tangible results. From designing and deploying robust ERP systems to optimizing workflows, automating manual processes and leveraging real-time data and insights, we give our clients the power to make informed decisions, enhance productivity and employee satisfaction, and achieve sustainable growth to drive profitability.

For more info, visit: [www.theanswerco.com](http://www.theanswerco.com)

To speak to one of our experts, contact:

✉ [sales@theanswerco.com](mailto:sales@theanswerco.com)

☎ 1-866-670-6686

Head Office:

502-233 Nelson's Crescent  
New Westminster, BC V3L 0E4

Local staff in every major city across Canada

