



## Case Study: Decision Support

Running a small business requires constant decision making, often under pressure and without perfect information. Choices that you make today can put your company on a future path to profitability or a downward spiral to crisis. At OMS we believe in helping our partners make informed decisions. You can never know the future with certainty, but you can use timely and accurate information to proactively reach for the future you want. Empower yourself to make better business decisions today.

### Problem

With a vision for success and a passion for fine dining an entrepreneur purchased a small café. When he bought the café, it was a two-day a week operation with buffet style dining. Within a year he had transformed it into a 5 day a week table service restaurant, with live entertainment. With all of his enthusiasm, effort and innovation he thought profits would come rolling in. However, what he got were regular 15 hour workdays, bloated operating costs and growing losses from operations. Needing an objective perspective on how to address his business challenges the entrepreneur engaged OMS.

### Optimal Solution

The entrepreneur knew that he was "losing money," but couldn't pinpoint the drivers, rate or magnitude of his losses. After a careful interview process the OMS consultant quickly identified short-term steps to understand the key issues. One critical problem was the lack of a standard process for analyzing business records. While this entrepreneur had an outside accountant that prepared his income, sales and payroll tax filings, there was little analysis of daily income, expense and traffic data for management purposes. OMS worked with the entrepreneur to create a custom decision support package of services that included tracking, reporting and analysis of the café's revenues, expenses, staff scheduling and customer traffic.

Capturing and analyzing this data enabled OMS to help the entrepreneur identify and address several key issues in his business. The table below summarizes those findings and solutions.

Area of Operations	Key Issue	Optimal Solution
<b>The Kitchen</b>	<ul style="list-style-type: none"> <li>The kitchen generated a combination of waste, returned plates, and house compensated checks totaling nearly 10% of sales. On an annual basis these items represented nearly \$25,000 of food items produced but not sold.</li> </ul>	<p>Enhance Standard Operating Procedures</p> <ul style="list-style-type: none"> <li>Create a log for all uncompensated food items.</li> <li>All returns must have the shift manager's approval.</li> <li>Managers must immediately address root causes of food returns</li> </ul>
<b>Staffing</b>	<ul style="list-style-type: none"> <li>Inefficient staff scheduling and wage rates created burdensome operating costs that exceeded industry averages by nearly 30%.</li> </ul>	<p>Utilize Staff Time and Skills More Efficiently</p> <ul style="list-style-type: none"> <li>Match waitstaff scheduling to traffic patterns.</li> <li>Cross train staff to increase versatility and skills.</li> <li>Reduce kitchen staff hours.</li> </ul>
<b>House Band</b>	<ul style="list-style-type: none"> <li>House band increased overhead substantially but did not spur sufficient sales and traffic to meet costs.</li> <li>Traffic increases were concentrated on weekends,</li> </ul>	<p>Increase Average Expenditure per Customer</p> <ul style="list-style-type: none"> <li>Institute a cover charge to offset the cost of the band.</li> <li>Reduce band to weekends, where traffic volume is highest</li> </ul>
<b>General</b>	<ul style="list-style-type: none"> <li>Competitive Analysis revealed that the average entrée at the café was nearly 15% lower than its closest competitors.</li> </ul>	<p>Price Efficiently</p> <ul style="list-style-type: none"> <li>Increase prices moderately to capture additional revenue, while preserving pricing advantage</li> <li>Over the longer term- Introduce complimentary products to increase sales. (Take-out menu, House bar)</li> </ul>

### Results

OMS' proposed combination of cost savings and new revenue opportunities put the restaurant on the path to increased profitability. Equally as important, the precise understanding that resulted from OMS' regular reporting and analysis of the restaurant's business results empowered the entrepreneur to make informed decisions and take a proactive rather than reactive approach to management.