

“IBM Cognos TM1 gives us insight and information on which we can make better, faster decisions. The simplicity, flexibility, and speed of reporting is just incredible. But in the end, the biggest benefit of IBM Cognos TM1 is that it gives everyone confidence in the reliability of the data.”

Don Roberts, Director of Financial Reporting and Analysis, Bertucci's



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Bertucci's Brick Oven Ristorante, an American pizzeria and trattoria based in Northborough, MA, started in 1981 in Somerville, MA, as a place for friends, family, and neighbors to gather. Today, the company operates 92 restaurants in 11 states and the District of Columbia.

Built on a passion for quality and authenticity, Bertucci's has succeeded because of its simple, uncomplicated recipes; a passion for Italian cuisine; and an uncompromising attention to detail.

Attention to detail applies to the entire organization. Don Roberts, Director of Financial Reporting and Analysis at Bertucci's, has carried the company's business approach into the finance department. Roberts's goal was to improve financial reporting and analysis, get the company to view financial data as part of an overall performance management solution, and gain insight into company operations.

Bertucci's has been using IBM Cognos TM1 for a number of years. Before using this solution from Cognos, an IBM company, Bertucci's relied on nightly batch processing for profit and loss (P&L) reports at each location. This typically involved waiting as long as 12 hours for information, with the added disadvantage that batch-processing failures were usually not discovered until the next morning.

Today, with IBM Cognos TM1, Bertucci's estimates it works with 200 distinct lines in each P&L report per location. This means the performance management system handles nearly 20,000 lines of data without any performance degradation. Bertucci's team can now load data models and produce detailed P&L reports for each of its 92 locations within an hour.

Industry:

Restaurant chain

Geography:

United States

Information needs:

- Flexible and speedy reporting and analysis
- Ability to import and export data from heterogeneous IT systems
- Capacity to leverage spreadsheet data
- Scenario planning
- Multidimensional analysis

Solutions:

- IBM Cognos TM1

Benefits:

- Faster, simpler budgeting and reporting
- Immediate views into individual restaurants' profits and losses
- Immediate views into regional variances in sales and product preferences
- Ability to predict profitability for new locations and new plates
- Reliable data

Challenges faced

Before implementing IBM Cognos TM1, Bertucci's relied on nightly batch processing for the financial reports for each location. The process was slow, with waits of up to 12 hours for reports, and inflexible. The company wanted to accelerate the speed of its reporting, it wanted

to be able to be able to perform ad hoc analysis and reporting, and it wanted metrics for a company-wide approach to high-caliber performance.

Strategy followed

Bertucci's TM1-based performance management application pulls real-time information from several core systems, including Epicor for general ledger, UltiPro payroll software, and a data warehouse. In total, the application accesses about 450 MB of data.

Bertucci's has configured IBM Cognos TM1 to update key data on a regular basis. For example, credit-card data are summarized daily so that Bertucci's can calculate the rate it pays merchant services for credit-card processing. Area, regional, and corporate roll-ups are generated weekly and monthly and e-mailed to managers in the field.

Bertucci's implementation of IBM Cognos TM1 is not, however, limited to P&L reports. For example, survey data are gathered from guests on a daily basis so that the company can take immediate steps to increase customer satisfaction. Similarly, the company combines operational information with financial results, factors in corporate metrics, and uses this information to understand what and who contribute to the bottom line. Bertucci's then uses these and other tracking metrics to set managers' bonuses and to do scenario planning, among other things.

Benefits realized

Successful businesses like Bertucci's do not manage on gut feelings, estimates, or guesswork; instead, they gather critical empirical data, research trends, and use the latest tools and technologies to maximize opportunities and minimize surprises.

IBM Cognos TM1 allows Bertucci's to run real-time, ad hoc reports on the status of restaurants, areas, and regions. This means that the financial and operational information that feeds into corporate metrics is literally at the fingertips of the Bertucci's team, enabling the company to respond rapidly to business fluctuations.

The cell-level and administration-level security of IBM Cognos TM1 gives Bertucci's peace of mind that it has an audit log of changes, dates, and agents, ensuring compliance with SEC and Sarbanes-Oxley requirements.

Bertucci's relies on IBM Cognos TM1 to forecast the chances of success, particularly for new restaurants and menu items. For example, when considering a potential location for a restaurant, Roberts uses TM1 to perform scenario planning. With its in-memory architecture, TM1 can recalculate on the fly and rapidly generate a scenario-planning report.

For new locations, Roberts averages financial and operational data from four similar locations. This predictive ability helps Bertucci's executives decide if they want to open in that space or walk away from the opportunity. If the company does move forward, it uses IBM Cognos TM1 to manage and monitor all the construction and opening costs.

Ultimately, though, the "bread and butter" of the restaurant industry is food, and success is not as simple as full tables and sold plates. Instead, it is often about margins and the successful management of menus.

Roberts has built a menu model in IBM Cognos TM1 that allows management to look at the number of plates sold by type and by restaurant. This helps the team understand regional variations in sales and consumer tastes. Roberts and the Bertucci's team also produce reports on monthly totals; these totals can be examined in any number of ways — for example, by restaurant, area, and region, or by "Dine In" versus "Takeout."

Roberts and the Bertucci's team have also incorporated data on weather into their financial planning. As a New England-based company, Bertucci's is well aware of the impact weather can have on sales. One snowstorm can cause a dip in restaurant sales; a bad winter of multiple snowstorms can have a chilling effect on quarterly profits. However, a weather-related dip in sales is very different from a performance-related sales issue.

Looking back at sales reports, Roberts realized it's quite hard to remember when storms happened in previous years. So Roberts made a small, but incredibly strategic decision: he decided to track the weather in key cities with Bertucci's restaurants. Roberts visits the National Oceanic and Atmospheric Administration Web site every month and downloads text weather reports with daily weather detail to attach to the relevant TM1 model.

When quarterly and annual business reports are reviewed, Bertucci's executives have information on weather-related events that affected sales. This allows them to rule out, at a glance, slower sales due to weather and focus instead on performance issues across the business.

As Roberts summarizes, "IBM Cognos TM1 gives us insight and information on which we can make better, faster decisions. The simplicity, flexibility, and speed of reporting is just incredible. But in the end, the biggest benefit of TM1 is that it gives everyone confidence in the reliability of the data."

About Cognos, an IBM company

Cognos, an IBM company, is the world leader in business intelligence and performance management solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in February 2008*. For more information, visit <http://www.ibm.com/software/data/> and <http://www.cognos.com>.

**As a result of the acquisition, product names have now changed to reference IBM at the beginning of the software or service.*