

Additional Resources

■ James Irvine, head of finance and IT at Wendy's, initially goes to the internet for background information when undertaking a project like the company's business intelligence tool rollout. His chief research assistant is Google:

www.google.com

■ Abundant information can be found online about IBM Cognos TM1, starting here:

www.ibm.com/software/data/cognos/products/tm1/

■ Wendy's suppliers Interactive Systems and Cortell Group are important sources of product intelligence:

www.interactive.co.nz

www.cortellgroup.com

■ Irvine, a chartered accountant, gains useful information from contact with peers and the New Zealand Institute of Chartered Accountants:

www.nzica.com



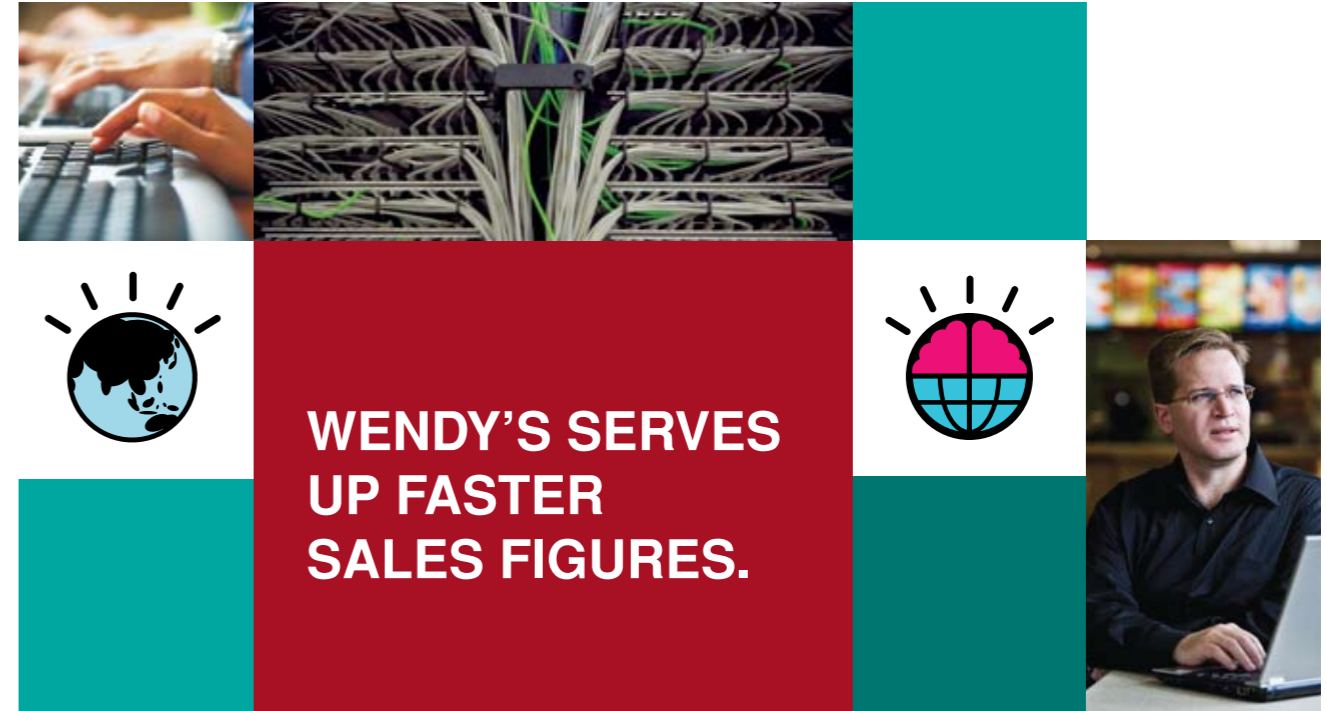
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WENDY'S SERVES UP FASTER SALES FIGURES.

Reader Value

- A business intelligence tool can provide restaurant operators with sales information in near real time
- Armed with timely and detailed sales data, marketers can quickly see the effectiveness of product promotions
- A successful business intelligence tool rollout calls for a supplier with a clear grasp of your information needs

Key Benefits

- IBM Cognos TM1 is providing Wendy's managers with sales data in a day that they used to wait a week for
- Using Cognos Executive Viewer, Wendy's managers can easily extract a wealth of sales information relevant to their particular needs
- With timely and detailed information at their fingertips, the restaurant chain's marketers are able to make robust decisions about future sales promotions
- As IBM Cognos TM1 is rolled out further into the business, it will help with human resources, supply chain and budgeting decision-making

Key innovation

Hamburger restaurant chain Wendy's is using a business intelligence tool to analyse sales data in near real-time, enabling it to improve marketing decisions in a competitive market.

Wendy's

- US-based restaurant chain sells "old-fashioned hamburgers" through a New Zealand franchisee with 15 outlets
- New Zealand franchisee Wendco (NZ) opened its first restaurant in 1988
- Wendco is owned by the Lendich family
- Head office in West Auckland has 15 staff
- The chain has 650 New Zealand employees

wendys.co.nz

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Old-fashioned hamburgers might be what lures Wendy's customers through the doors of its 15 New Zealand restaurants. But it's a new-fangled business intelligence system that Wendco, the New Zealand Wendy's franchisee, is deploying to ensure customers keep coming back.

Since the middle of the year, Wendy's head office staff have been using a state-of-the-art business analysis tool to keep daily tabs on which burgers are selling best from which stores.

The software that is giving them new insight into customer behaviour is IBM® Cognos® TM1, which Wendy's financial controller James Irvine says is bridging the information gap that used to exist between stores and the company's Te Atatu headquarters.

It's not that the Aloha point of sale system in use in the restaurants wasn't recording abundant data. The difficulty, says Irvine, who is responsible for Wendy's information systems, was extracting the data in a timely and useful fashion.

"Aloha records every transaction, telling you how the customer paid – cash or eftpos – and every line item of what they ordered." The problem was, despite being able to store a year's worth of transactions, there was no automated way of accessing and analysing them.

In an effort to get some of that information into management's hands, the restaurants were linked via a wide area network to head office, and

provided with email access. At the end of each day, restaurant managers would manually enter sales figures from Aloha into a spreadsheet, that they would then email to head office. And once a week a more detailed – but basically formatted – file would be exported from Aloha and sent to Te Atatu.

"We started this about two-and-a-half years ago, and it worked quite well, but we realised there was still a gap in terms of detailed information. Using a spreadsheet, we weren't able to

"It was a very powerful demonstration. We had all of our management team in ... and straight away they saw the potential of this tool."

James Irvine, Wendy's financial controller

get detailed reporting of, for example, hourly sales or individual transactions."

Of the enormous amount of data in Aloha, they figured they were using only about 10 percent. By the blunt instrument of spreadsheet reports, they were able to see what product mix the chain as a whole was selling. But because creating customised reports was too hard for non-expert users, a great deal of useful data was going begging.

"It was difficult to select and drill down to individual stores," Irvine says "or compare sales week by week, day by day."

A first step in making better use of store data, accomplished early this year, was to transfer it from Aloha into an SQL Server database. Once more accessible, they would either continue to crunch the numbers by spreadsheet, or they would implement a business intelligence tool.

The spreadsheet limitations were soon apparent. While pivot tables

could be used to view the data in a variety of ways, manipulating the information was slow and, if a new view was wanted, that required expert help.

IBM Business Partner Cortell Group, which had set up the SQL Server database, gave Wendco management a demonstration of how they could take analysis of the business to the next level. Using IBM Cognos TMI, and the Cognos Executive Viewer, they showed the managers some

of the company's own data in ways they'd never seen it before.

"It was a very powerful demonstration. We had all of our management team in – marketing, human resources, facilities management and our CEO – and straight away they saw the potential of this tool."

Within a month, Cortell had put together a formal proposal, which was accepted by Wendy's CEO Danielle Lendich, and by July user acceptance testing of the system had been completed.

A feature of the quick-service hamburger business is that the better information you have about the product combinations customers like, the more targeted the promotions you can come up with.

"If a person orders a hamburger, what did they order with it – a coke, or an orange juice? For us it's a matter of trying to understand customer order patterns."

Armed with that information, now being served up by IBM Cognos TM1, Wendy's can fine-tune its marketing and promotions, and place orders with suppliers with greater certainty about demand.

What's more, the tool lets Wendy's marketing manager Fay Stretch see the effect on sales within a day of a promotion beginning. "It gives me the ability to analyse many aspects of the business that I couldn't look at previously so I can make more robust decisions," Stretch says.

Reports are displayed by the Executive Viewer dashboard in a highly visual easy-to-read way, and the dashboard can also be readily user-customised. As financial controller, Irvine has an alert set up to highlight cash variances between store takings and recorded sales. District managers, for their part, might want to be alerted when speed-of-service targets aren't being met.

Wendy's could have carried on without the detailed business information it now enjoys, Irvine says, but that would have left it "flying blind" in an increasingly competitive market. Having successfully deployed IBM Cognos TM1 in marketing, sales and operations, early next year it will extend it to human resources, the supply chain and deeper into the financial side of the business.

With all the business insight they could want at their fingertips, Wendy's management will then be in a better position to serve customers the old-fashioned burgers they enjoy.

"That's always been the difficulty of our business – people were always waiting for information. Now they no longer have to."

Key Business Insights

- Wendy's financial controller James Irvine says the hamburger chain set itself on the path to a successful business intelligence tool rollout by taking a number of key preparatory steps.

- He was careful to choose an implementation partner, Cortell Group, that could demonstrate a good understanding of Wendy's business. After an initial briefing, Cortell researched the quick-service food sector Wendy's operated in.

- "They came back with industry-related examples of what they could do," Irvine says.

- Also important was to fully canvass end-user requirements before the rollout began.

- "The success of any business intelligence rollout is really going to be the user so it was important for us to get the right people involved in a full scoping day."

- Being clear about the end goal was also vital.

- "Prior to the rollout we identified what our critical business objectives were and the phases we would do it in."

- With phase one completed, Irvine says feedback from users is that the IBM Cognos TM1 tool is providing sales information in a timely and flexible fashion that was previously unattainable.

