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Steak n Shake stirs up performance with an IBM Cognos system

Overview

■ **Challenge**
Achieve sustained same-store sales growth and prepare for market expansion through a focus on key economic drivers and improved profitability

■ **Why IBM?**
The IBM Cognos solution had the ability to integrate multiple data sources, and also the dashboard, scorecard and self-service capabilities Steak n Shake needed

■ **Solution**
An IBM® Cognos® 8 BI system provides easy access to information that helps 2000 Stake n Shake associates to manage labor, enforce quality, improve customer satisfaction and manage financial operations

■ **Key Benefits**
Ease of user adoption, including a 96 percent rate of satisfaction in the system among pilot store managers; increased efficiency, resulting in more time for value-added customer service; improved competitive advantage through information access and corporate insight; improved flexibility in strategy that has caused overall reduced spending and record-low associate turnover

The Steak n Shake Company (NYSE: SNS) is a full service, casual dining restaurant open 24 hours a day. Offering made-to-order food at the speed and price of fast food, Steak n Shake is one of the oldest restaurant chains in the United States.

Today, Steak n Shake operates 483 restaurants in 20 midwest and southeast states, including 49 franchised units. With more than 20,000 employees, the company's revenue is approximately $700 million.

In 2006, Steak n Shake began executing a multi-year strategy to achieve sustained same-store

sales growth and prepare for market expansion. Integral to the plan was implementation of an enterprise BI solution. With that in mind, Steak n Shake selected IBM Cognos 8 BI to enable the company to focus on its key economic drivers, and help drive performance management and profitable growth.

Challenges faced

To meet its business objectives, Steak n Shake needed to overcome some challenges in its IT, operations and finance groups. Like many mid-size companies, the company's IT department had to do more with less.

Cognos®
software

More specifically, the technical team needed to consolidate internal skill sets, streamline reporting, and provide field users and corporate business units with self-service reporting.

On the operations side, store managers needed to spend less time analyzing numbers and questioning the data, and more time taking care of associates and guests. For finance, the objective was to align corporate strategy with operational metrics and measure performance to plan.

"This is about taking into account all of our key metrics in how we manage our business," says Stephen Pruden, Director of Information Technology Strategy and Integration at The Steak n Shake Company. "Whether it's focusing on improving our leadership, whether it's focusing on retaining associates or whether it's focusing on whether we are hitting our margins. All of these things drive same-store sales for our operators."

The solution? Build two complementary technology assets: an enterprise data warehouse and a single BI platform. The BI platform, in particular, would serve as a key enabler for future growth.

Strategy followed

After considering several BI vendors, Steak n Shake selected an IBM Cognos solution. The company was attracted to the IBM Cognos system due to its

seamless integration across multiple data sources, ad-hoc reporting, and dashboard, scorecard and self-service capabilities.

Steak n Shake then sought guidance from IBM Cognos Platinum Partner, JCB Partners. "We wanted a partner that had expertise, not only with the technical solution, but also within our specific industry, the hospitality and multi-unit restaurant operator space," states Pruden.

To kick off the implementation, Steak n Shake created and loaded its new data warehouse with IBM® Cognos® Data Manager. The company then tapped JCB Partners to help create a "one-stop shopping" portal for employees that included dashboards, reports and analysis cubes. JCB consultants completed the data warehouse design and initial dashboard and report implementation in under 120 days.

To enable employees to take full advantage of their new IBM Cognos 8 BI solution, Steak n Shake also established a Business Intelligence Competency Center (BICC). Sponsored by the company's CFO, the BICC comprises a cross-functional mix of company executives and subject matter experts. The BICC is seen as a model for project prioritization, requirements gathering, strategic alignment and governance.

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Stephen Pruden,
Director of Information Technology
Strategy and Integration,
The Steak n Shake Company

In addition to the BICC, Steak n Shake used several unique strategies to ensure rapid adoption of the new system across the company:

- *Building an infrastructure that would scale to meet rapid demand.*
- *Starting with the revenue-generating business units.*
- *Concentrating on simplification and user perception.*
- *Encouraging organic growth.*

After an initial deployment of 50 sites, Steak n Shake has since implemented IBM Cognos 8 BI throughout all of its stores. The organization has also standardized on IBM Cognos products for all of its dashboarding, reporting and analysis needs.

"Over a 9-month span, the IBM Cognos solution was deployed to 2000 users in our restaurants, corporate and other offices," notes Pruden. "This deployment was not scripted ahead of time, but grew organically from our initial implementation. We believe our overall success was due to the speed at which we deployed the BI solution. This would not have been possible without a very scalable infrastructure providing trusted information through a simple reporting portal that meets the needs of restaurant managers, executives and analysts."

Benefits realized

Using the IBM Cognos system, Steak n Shake has been able to standardize its reporting process and provide users with a single and complete view of the business. "With IBM Cognos 8 BI, our reports are being delivered faster and in a more efficient way with little IT overhead," explains Pruden.

Specifically, 2000 associates in 500 locations use IBM Cognos reports to manage labor, enforce quality and cleanliness standards, improve guest satisfaction, and manage financials. Analysis tools are used by marketing, payroll and finance. And senior executives use IBM Cognos dashboards to stay on top of daily performance and strategic trends.

"Our IBM Cognos implementation has shaped all major business units at Steak n Shake," says Pruden. "Most importantly, our executives have the faith in information delivered through the IBM Cognos system to drive our corporate strategy and measure our progress."

The IBM Cognos self-service reporting capabilities provide employees with easy access to information that is more accurate and timely. Equally important, store managers can now judge the day-to-day health of their restaurants quickly. Armed with this new insight,

staff is able to make better decisions and support the growth targets and corporate objectives of Steak n Shake.

Pruden notes that information access and corporate insight are a real competitive advantage in the current economic climate. Restaurant operators use IBM Cognos dashboards to measure sales and average check performance; manage food, labor, and other controllable costs; understand customer satisfaction based on third-party surveys; and increase speed of service for drive-though sales to maintain and grow market share.

"Our IBM Cognos implementation gives us the ability to change behavior quickly in our restaurants, measure the impact of these changes relative to our strategy and refine as needed to drive results," says Pruden. "During these tough times, we have reduced overall spending through doing more with less. Associate turnover is at a record low of 128 percent, overall guest satisfaction levels are near record levels and speed of service times has decreased substantially."

Further, the IT department has gained efficiencies and now has more time to devote to other projects. "Because of the IBM Cognos BI single report-authoring tool set, we have been able

to reduce the number of tools that we support," says Pruden. "We have also found the IBM Cognos system to be very-user friendly and intuitive, so it is easy to train employees."

The IBM Cognos solution has also helped put IT on the map at Steak n Shake. "Steak n Shake restaurants now view IT as enabler of the business," states Pruden. "Previously, we were often seen as a bottleneck to securing valuable information. Now we have employees lining up outside our door because they want more information and support for streamlining their business processes."

Pruden sums up the company's experience with the IBM Cognos solution: "Employee satisfaction is very important to Steak n Shake, so the IBM Cognos system has been a big win. Not only did IBM Cognos 8 BI score an impressive 96 percent rate of satisfaction among our pilot store managers, 91 percent believe it is easy to train new users and 85 percent state the solution saves them time every day."

About JCB Partners
JCB is a business consulting firm that specializes in helping organizations use the data that drives their business through reporting and planning. The company is also an IBM Cognos Platinum Partner.

JCB's breadth of operational, technical and industry expertise is unmatched. Consultants combine IBM Cognos product knowledge with industry and business process expertise, so customers can understand the data that drives their business better.

About IBM Cognos BI and Performance Management
IBM Cognos business intelligence (BI) and performance management solutions deliver world-leading enterprise planning, consolidation and BI software, support and services to help companies plan, understand and manage financial and operational performance. IBM Cognos solutions bring together technology, analytical applications, best practices, and a broad network of partners to give customers an open, adaptive and complete performance solution. Over 23,000 customers in more than 135 countries around the world choose IBM Cognos solutions.

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