

CASE STUDY

April 2009

Tropical Smoothie Café Boosts Profitability to a New Level with MICROS's myinventory



Inventory Management Solution Reduces Costs for a Franchise and Manages Inventory from a Central Location

micros[®]

Tropical Smoothie Café, known nationally for its eat better. feel better. insignia and wholesome menu, was looking for a way to control its inventory in order to cut excessive food costs. "Our vision is for Tropical Smoothie Café to be the choice for a higher quality, healthier way of life," stated Jim Valentino, Chief Operating Officer, Tropical Smoothie Café. "However, in order to continue operating a successful business venture, we needed to find a way to reduce the costly food expenses and maximize the profitability of the franchise."

"MICROS's myinventory provides Tropical Smoothie Café with a robust and detailed inventory solution. The results are indisputable; there is improved food cost and increased profitability to the entire franchise."

*-Jim Valentino,
Chief Operating Officer,
Tropical Smoothie Café*

At Tropical Smoothie Café, it's all in the details. Since the first opening in 1997, Tropical Smoothie Café has focused on using the best ingredients around. Their expansive menu features healthy wraps, sandwiches, and salads that are made with fresh veggies, gourmet breads, premium meats, and cheeses. Smoothies are all natural, made with real fruit, and are full of energy. Simply put, Tropical Smoothie Café satisfies customers by providing tasty meals for people who care about what they eat and follow the idea that when you eat better, you feel better. Tropical Smoothie Café has 275 operating locations and with 80 locations in development, the company recognized the importance of an enterprise system that could centrally manage inventory and grow with the continuously expanding franchise.

"MICROS is thrilled to be Tropical Smoothie's exclusive enterprise solution provider for all of the new locations and will continue to work together to upgrade all of the franchisees to the MICROS RES Point-of-Sale and Kitchen Display systems, mymicros.net, as well as continue to roll-out myinventory."

*-Tom Moran,
Executive Vice President,
MICROS Restaurant Sales
and Strategies*

GLANCE

COMPANY:

Tropical Smoothie Café
www.tropicalsmoothiecafe.com

INDUSTRY:

Restaurant

CHALLENGE:

- Continue providing customers with high-quality food, while reducing food cost
- Need for a system that could manage inventory and back office functions centrally
- Explain food shortage and reduce unaccounted for inventory

SOLUTION:

Tropical Smoothie Café chose to open all new stores with MICROS's point-of-sale and is upgrading all locations to include myinventory. The solution will assist in maintaining stock in a cost-effective manner and provide daily reports of all tasks, allowing for a comprehensive analysis of business operations.

RESULTS:

- Inventory is managed in a central location allowing staff to concentrate on customer satisfaction
- Isolates issues that hinder the franchise from maximizing profit
- In a test location, \$8,000 was saved in one year on strawberries alone by reducing food shrink
- In another location, by tracking high-cost ingredients, food cost has decreased by 2%

Challenge

Tropical Smoothie Café's goal is to give consumers healthy choices by providing high quality, innovative food and beverage products delivered with the unparalleled hospitality that they deserve. However, in doing so, some stores were experiencing abnormally high food costs without a clear explanation as to the source of the problem. Of all the cost components associated with back office functions, inventory carries the greatest risk to a restaurant's long-term success. Inventories require cash to produce adequate stock levels, fixed assets to store them, and human capital to manage them. Even if a restaurant is enormously successful, bloated inventories could mean that cash is declining.

Inventory Management Solution

MICROS's myinventory is the perfect solution. "myinventory offers a centralized approach to managing inventory that seamlessly integrates with the MICROS Point-of-Sale (POS) and mymicros.net systems that Tropical Smoothie Cafés already operate on," explained Tom Moran, Executive Vice President, MICROS Restaurant Sales and Strategies. An inventory solution should simplify store-level processes and optimize inventories by providing the necessary information to maintain stock in a cost effective manner. The application provides running and daily totals on all tasks associated with ordering, receiving, and conducting inventory counts, by store, enterprise, vendor, or item, all without installation required at store level; the sole requirement is a web-browser. "MICROS's myinventory allowed us to get comprehensive reporting that provided a detailed analysis of each store's inventory. We could manage this data from a central location, saving us from having to install software in all of the franchisees' systems," explained Jose Rodriguez, Operational IT Director, Tropical Smoothie Café. "myinventory allows us to quickly isolate which items are causing Tropical Smoothie Café to lose money and promptly implement solutions to resolve them." Since the inventory solution is part of the mymicros.net portal, updates are made available through the website and all of Tropical Smoothie Café's 275 locations can benefit from the feature updates.





Case-in-Point

An Abundance of Missing Strawberries

One of the main ingredients to many of Tropical Smoothie Cafés' smoothies is strawberries; one store can go through as many as 18,000 pounds a year! Once myinventory was installed, results from an initial test store showed that Tropical Smoothie Café had a shortage of approximately six cases of strawberries a week, totaling over three-hundred cases every year. Upon analyzing the reports, management realized that employees were using a bigger scoop than recipes called for. After employees corrected the issue by using a standard measuring scoop, the shortage reduced to less than one case per week. By implementing MICROS's inventory management system, Tropical Smoothie Café was able to save over \$8,000 a year at this one location! Tropical Smoothie Café anticipates that all stores that begin to use myinventory will also see positive bottom line benefits and considerable cost savings.

Tracking High-Cost Ingredients

Tropical Smoothie Café has also implemented testing in a Tallahassee, Florida store that runs with solid, meticulous operations and procedures. The detail of the myinventory reports allowed them to analyze their business operations at a new level; they were able to quickly identify their problem areas and implement plans to minimize their losses. Every week a list was compiled and posted of the highest-costing items with the highest variances. Because inventory was being tracked in such great detail, employees were more attentive to these ingredients resulting in minimal missing food supply. In a store that already operated under rigid controls, with the use of myinventory, Tropical Smoothie Café in Tallahassee has dropped their food cost by 2%!

Results

Tropical Smoothie Cafés' business is operated through a community of crew members, managers, franchisees, area developers, vendors, and headquarter staff that work together as stakeholders to serve its customers and contribute toward a healthier way of life in the communities where they live. "myinventory has allowed the Tropical Smoothie team to shift the focus from managing inventory to providing great experiences by delivering unparalleled hospitality," proclaimed Mr. Rodriguez. "Additionally, myinventory has allowed Tropical Smoothie Café to achieve substantial cost savings and has made available a tool to help us improve franchise profitability as we can now see the true food cost of our menu as the prices from our vendors fluctuate. We can also see the true product usage in our stores, which has allowed us to negotiate better pricing for our franchisees. We have been able to look at our inventory in detail and provide solutions for different aspects of our operations."

