

Focus

POS SYSTEMS



POS BUYERS GUIDE

A step-by-step guide to making an informed purchasing decision

HOW TO BUY A RESTAURANT POS SYSTEM

In the not-too-distant past, electronic cash registers were a fixture at most restaurants. However, the tables are rapidly turning. Fueled by increased competition for diners' dollar as well as an overall desire to boost their business, restaurant operators of all types are replacing legacy technology with comprehensive restaurant POS systems. In this e-book, we'll look at the benefits you can expect to reap by deploying a POS system, as well as how to find the right one for your particular needs.

GETTING READY

With a POS system in place, you can expect to:



Reduce costs through improved order accuracy, decreased labor expenditures, improved order accuracy, enhanced cash-tracking and inventory control, and the elimination/minimization of shrinkage.



Increase sales by marketing and upselling more effectively (through access to customer purchase data), enhancing customer service and customer retention (again, by leveraging customer purchase data, as well as by introducing such conveniences as pay-at-the-table check settlement and online ordering).



Gain total control over your business. A POS system affords real-time insight into every aspect of the operation; from sales and inventory to labor.



Now that you know why you should implement a POS system, determine your budget. Here are the rules of thumb:

- **Let your sales volume partially dictate your POS system expenditure.** The industry average investment in POS systems, including a lease or loan payment, totals 1% to 1.5%.
- **Factor in ongoing support.** By some estimates, the total cost of your POS system, including technical support, should equate to the price of one to two menu items daily.
- **Don't be dissuaded by the price of restaurant POS.** A good restaurant POS system pays for itself; for more details about payback, see page 5 of this ebook.



EVALUATING POS SYSTEMS

While POS systems clearly yield big benefits to restaurant operators, not all solutions—or POS vendors—are created equal. What's more, some POS technology is a good fit for certain establishments, but not others. Consequently, a strategic approach to evaluating POS systems is a must.

Begin by determining which POS system features and capabilities are important to you, and which would merely be “nice to have.” To identify these priorities, ask yourself:

- **What issues do I want to address, and what problems do I want to solve, with a new POS system?** For instance, are you losing many customers because of errors in orders, excessive wait times for tables and/or food? Does shrinkage seem to be rampant? Does control of guest checks appear to be insufficient? Are there plans to add new locations or services, or to expand one or more current locations?
- **How much time must I devote to operations-related tasks, and is it excessive?** Such tasks can range from managing inventory, accessing data for/compiling reports, and training/managing staff to identifying areas of theft and waste and reconciling credit card receipts.
- **Which initiatives would I like to undertake to grow my business, if only I had time?** Examples here encompass marketing to customers, developing new promotions and promotional campaigns, and introducing new ordering methods, to name a few.
- **What do staff members think of existing operating procedures?** Do they believe a new POS system would bring improvements? What enhancements to the business and its procedures do they think might result from implementing POS technology?

Rank your identified priorities in order of preference, and benchmark every system you evaluate against the top three or four. While completing this process may take time, it's worthwhile. Why? Your POS system represents a major investment—so you'll want to ensure that it truly meets the needs of your business. Without a list of POS system imperatives, this will be impossible.

Next, carefully evaluate the solutions on your “short list” for several key features, among them:

- **Hospitality focus.** Generic POS systems lack many features and capabilities that are essential if restaurant operators are to make the most of their technology investment. The ability to transmit orders from tables or front-of-the house terminals to the kitchen, or, in quick-service establishments, from POS terminals to the food preparation line, is a prime example. Another example, applicable to table service and fine-dining establishments, is the ability to create and store open checks and track which server is responsible for which tables.
- **Speed.** Look for a POS system that handles tasks in a matter of seconds, not minutes. If ringing up sales and processing payments take time, you're partially defeating the purpose of your technology investment.
- **Reliability.** Good POS systems operate the same way every time and malfunction only very infrequently, if at all. Check with references to be certain this is the case.
- **Customization options and flexibility.** You should not have to modify or change your business/operating processes to suit your POS system; rather, that system must be sufficiently customizable to accommodate existing procedures and practices, as well as your personal preferences. For instance, you should be able to structure reports so that data is presented in a format and order that works for you and is suitable for your restaurant's environment. Using the system's reporting functionality should not necessitate adhering to a rigid template. Similarly, the system should be flexible enough that orders can be revised midstream should customers change their mind about what they would like, and that menus and pricing can be modified on the fly.
- **Scalability.** Insist on a POS system whose configuration will easily allow you to add POS terminals in existing locations and that will support effortless expansion because it can run seamlessly across multiple sites.
- **Mobile reporting.** As stated above, complete control over your restaurant ranks among the major benefits of implementing a POS system. However, gaining such control is impossible unless you can access reports and other critical information from wherever you are, rather than only when you're physically present in your establishment(s).
- **Support for full-feature mobile POS.** Your mobile POS system should be as feature-rich as your stationary POS; otherwise, you will be unable to maximize operational efficiencies and provide stellar customer service. Avoid scaled-down versions of traditional POS systems at all cost.

Scrutinize POS vendors with equal diligence. The “right” vendor:

- **Specializes in hospitality POS and offers a POS system that was built from the ground up for restaurant use alone.** POS systems that are adaptations of generic POS technology offerings will never function as well as their restaurant-specific counterparts.
- **Demonstrates an understanding of your business instead of talking up technology bells and whistles.** To gauge this understanding, share with vendors the top three problems you would like to eliminate via a restaurant POS system, and ask them for specifics on how their system will address these difficulties. If your establishment has a unique pricing structure or complex menu, inquire about how the POS system will handle it.
- **Has a comprehensive training and support program.** Ask about this when conducting vendor reference checks.

REPLACING YOUR EXISTING POS SYSTEM

No matter how well your existing POS system or electronic cash register has served your restaurant business, there will no doubt come a time when a major problem—such as a hard drive crash—leads you to consider replacing it. But how do you know whether doing so is the right course of action, or if you can still “get by” with a repair of the technology that’s already in place? Answering the following questions should help to steer you in the right direction.

- **Does the existing system lack capabilities that could benefit your business by saving you time and money?** Today’s more advanced POS systems offer a range of business-boosting features, including (but not limited to) integrated inventory control, employee scheduling, remote access to data, and improved store-to-store communication. This is an important consideration if your present system is no longer being enhanced via the integration of new modules and software features.

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- **Have breakdowns become a regular occurrence?** Frequent minor hardware malfunctions—such as printers that will not print or monitors that simply won't switch on—can be indicative of an imminent system-wide failure. Even if these components can be fixed, the cost of replacement parts and lost business will eventually exceed the price of another POS system.
- **What is the availability of replacement parts?** Many older operating systems, networking technologies, POS peripherals and other parts have become obsolete and may no longer be supported by vendors. Even if certain components are available, they will become more difficult to procure as your POS system ages—forcing you to manage your restaurant business with fewer POS stations, preventing you from backing up and restoring data, and opening doors for other headaches. The end-result: a high risk of major system failure, not to mention the potential for lost business due to downtime/or and a less-than-adequate cadre of POS technology.
- **Is technical support still available?** No matter your familiarity with your existing POS system, you won't be able to handle major issues—say, a corrupt database—on your own. Without access to experts who can perform complex remediation tasks, you're probably better off jumping on the replacement bandwagon.
- **What's your financial picture?** From a financial standpoint, acquiring a new POS system may prove to be a viable idea if your current technology is fully depreciated. Tax savings from depreciation can make such a purchase affordable. So, too, can reusing existing system components, from printers and cash drawers to battery backups.

Pave the way for an easy transition to a new POS system by partnering with a provider that can convert customer data from your old system. Choosing a system whose front-end “flow” is similar to that of the legacy POS system will facilitate adoption by employees, as will selecting one whose features mirror or closely resemble those found on the original. The ability to streamline employee training by setting up your restaurant's menu in a configuration that's similar to the old one is also preferable. Additionally, try to deal with a vendor that is amenable to looking at your original POS system to ensure that its setup replicates the setup of your legacy model.

CONCLUSION

Whether you operate one restaurant or multiple establishments, having the right POS in place is as important as having the right food preparation equipment in the kitchen. Without it, every aspect of your business runs at a handicap. Careful attention to selecting the best POS system for their needs—and knowing when to deploy a new one—positions operators for growth in both the short- and long-term.