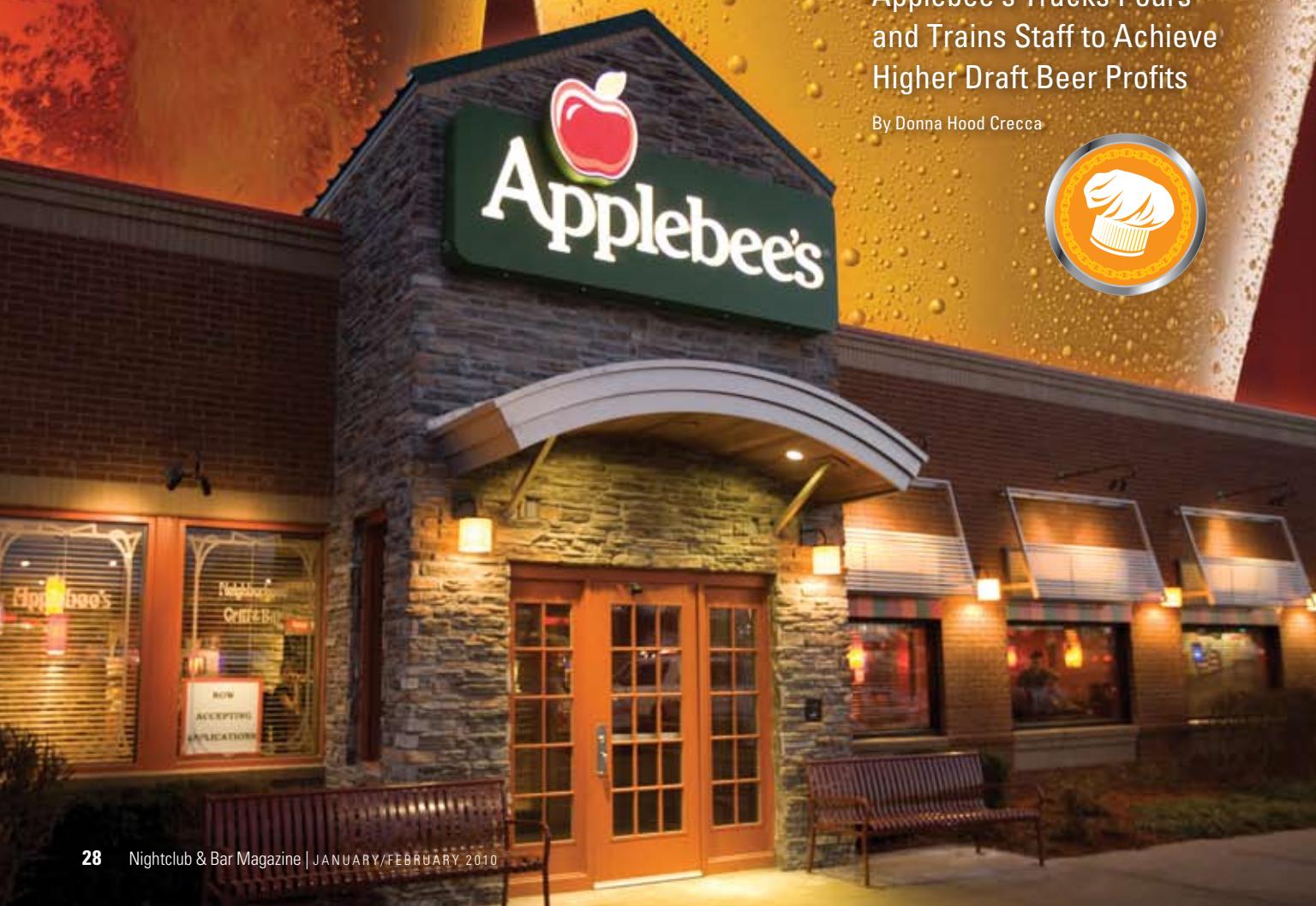


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Applebee's Tracks Pours and Trains Staff to Achieve Higher Draft Beer Profits

By Donna Hood Crecca



Want to make more money on draft beer? Pay attention to it, and not just casual attention; know what's happening to every drop from keg to glass. That's what Applebee's, the nation's largest casual restaurant chain, did with a program implemented last year. The results are significant thus far, and they certainly are not out of reach for operators of any size.

"Fifty percent of the adult beverages I sell are draft beer," says Sam Rothschild, senior vice president of operations for Lenexa, Kan.-based Applebee's Services Inc. "It's one area where we can make or lose a lot of money." Indeed it is, considering that Applebee's sold \$540 million worth of adult drinks in 2008, according to research firm Technomic Inc.

"We've always done a lot of bar training on draft beer and also promotions, but I had observed what I call poor draft management by bartenders and managers," Rothschild shares. "And not just in our restaurants. It's everywhere. This is a huge opportunity for the industry."

With that in mind, Rothschild and his team began looking closely at the Applebee's beer program three years ago, kicking off what's now called the Applebee's Draft Beer Optimization program. "We wound up with more questions than answers, but we ultimately decided we wanted to spend a lot of time and focus on making sure our beer was cold, poured properly and optimized for profit," he explains. "The bottom line is that beer is living food,

although people don't see it that way. It's got to be handled properly to ensure quality and profits."

The Applebee's Draft Beer Optimization team identified three goals: improved quality, reduced waste and improved margins. One year after rolling out an aggressive initiative to all 398 company-owned Applebee's restaurants, Rothschild reports that draft beer waste is down 50 percent and the sales increase is "making us happy. We began seeing ROI very quickly." Several franchisees also have jumped on board, eager to tap into such improvements.

To achieve those three goals, Rothschild and his team mustered internal resources including training and beverage management talent, but they also believed monitoring every pint pulled was the key. After meeting with numerous beer suppliers and equipment vendors, Applebee's engaged San Francisco-based TapDynamics to implement its TapAdvisor Service in a pilot program that began in early 2008; systemwide rollout began in spring 2009.

At the restaurant level, the process began with a detailed survey of the draft system. "We did a full system

audit from keg to glass with a score on each component," explains TapDynamics CEO Michael Cann, who notes that in many cases, high levels of waste were correlated to older equipment. Equipment was replaced as needed, as was glassware.

Next, monitoring equipment was installed, including flow meters — usually one per tap — and TapAdvisor appliances were mounted in the cooler or keg box to collect and transmit data from the draft equipment to secure servers. Micro Matic USA, TapDynamics' strategic partner, installed the TapAdvisor monitoring equipment at each location through its National Dealer-Installer network. The meters track every ounce of beer that goes through the lines



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by brand, time, location and size of pour; the TapAdvisor appliance relays the data to a secure data warehouse. POS data is then sent from the restaurant to a secure web site, ensuring the protection of guest credit card information; TapAdvisor integrates the POS information into the flow meter data to develop a

series of reports. Daily reports are delivered to the restaurant, with a summary going to the corporate office. According to Rothschild, the goal here was the ability to quickly identify and address losses. For example, the Draught Beer Scorecard tracks what was poured versus what was sold, and when variances occur, it includes insights into the probable cause — overpouring, equipment or line maintenance issues.

"Once we started receiving this information, we quickly learned that our original hypothesis was correct: Beer lines weren't being cleaned as often as they should, beer temperatures fluctuated and, in many instances, there were high rates of pours without sales rung," says Rothschild. "That was the most shocking — how much beer is given out as buy-backs or free to the bartenders' friends. Also, how much is poured off as foam or wasted because of improper pouring techniques."

The Applebee's training team went to work, educating bartenders and managers on issues such as proper pouring via traditional and video training materials; the TapDynamics' team tutored them in how to use the daily scorecards to immediately address problems. For example, if the scorecard identifies a variance and attributes it to overpouring or pouring without ringing a sale, managers can review the time it occurred and correlate it to labor schedules to see who was working and revisit pouring and policies with those staff members.

Increased Awareness Drives ROI

"Once we started sharing



The “neighborhood chain” intends to deliver more neighborhood bar feel with its next program, Tap Optimization. Through this, Applebee’s will examine what should be on tap in each venue, including craft and regional brews.

these reports with the bartenders, it was amazing how quickly everyone snapped into shape,” Rothschild quips. “It’s really an awareness issue. Everyone has to be aware that beer needs to be handled properly so the guest is satisfied and comes back time and again. Also, this type of monitoring reduces the bartender’s ability to give beer away.”

Such daily reports also help keep managers focused on draft. Since restaurant manager compensation at Applebee’s is tied to unit sales and profits, demonstrating ways to easily improve both metrics grabs their attention and keeps draft high on the priority list, Rothschild says.

The ROI on the Draft Beer Optimization initiative was also quick because the investment was fairly low. Applebee’s made capital

investment in draft equipment on an as-needed basis and pays a monthly fee per tap, per location for the monitoring and analysis, with no equipment or installment costs. “Now, our beer is consistently cold, we’re wasting far less of it and making more profit on it,” says Rothschild. “We’re more profitable because we’re paying close attention to our draft beer program, which is something any bar or restaurant can do.”

The next phase of the initiative, which Rothschild refers to as Tap Optimization, involves an examination of what should be on tap in each location, both from a nationally branded and a regional or craft beer perspective. Local restaurant operators are engaged in the process, and Rothschild also is working with Applebee’s suppliers to

Preventing Unprofitable Pours

Paying attention to draft beer pays off, as the team at Applebee’s found. TapDynamics CEO Michael Cann offers more insights and tips for making the most of draft beer.

- Establishments that have not cleaned their draft beer lines in 30 days or more tend to have much higher losses due to equipment issues and over-pouring.

- Sites that run 100 percent CO2 often

lose product due to over-carbonation on products that have been on the line more than seven days, not to mention the fact that the bar staff has to deal with the wild, foamy, over-carbonated beer until the keg is finally pulled. Having the optimal gas mix (which differs depending on the type of equipment dispensing the beer, as well as the actual beer product) is very important to the overall quality

of draft beer as well as reducing loss.

- Temperature imbalance is one of the leading causes of foamy beer. Because a small fluctuation of just a couple degrees Fahrenheit can impact the pour-ability and quality of draft beer, bar staff should get in the habit of checking the pour temperature of the beer on a regular basis to ensure that the beer is pouring at 36-38 degrees Fahrenheit.

identify the brands that will drive sales and profits in each location. He then plans to extend the effort into wine and spirits.

“Some people think I’m a little crazy — we’re a huge

casual chain and we’re looking at what should be on tap in each location? But we’re a neighborhood bar and grill at heart, so we need to serve the neighborhood,” he explains. **NCB**