ankura

August 2023

Restaurant Sector Quarterly Update

CQ2-2023

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# Executive Summary

Top Level Review

Summary

While there were certainly bright spots across the restaurant sector, **CQ2-2023 proved challenging for the sector as whole** (Restaurant Index down 1.3% vs. S&P Index up 11.3%)

Additionally, several high-profile companies **fell short of comp sales estimates** for the quarter, namely **Chipotle, Starbucks, and Shake Shack**

Not all was lost, however, as several companies such as **Domino's, McDonald's, Yum,** and a handful of casual dining brands came in **above EPS and comp sales estimates**
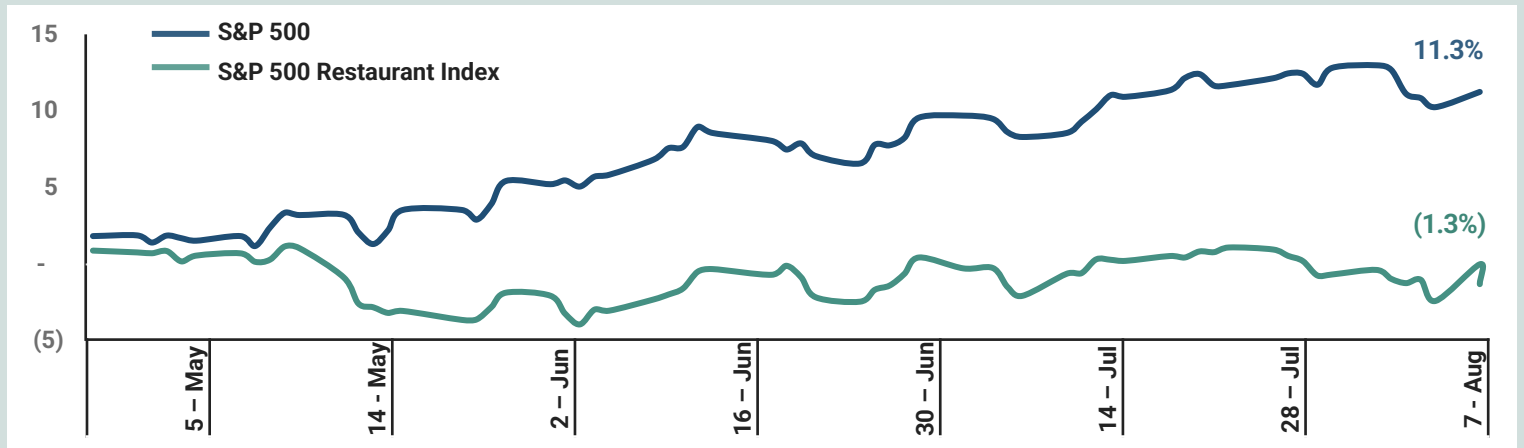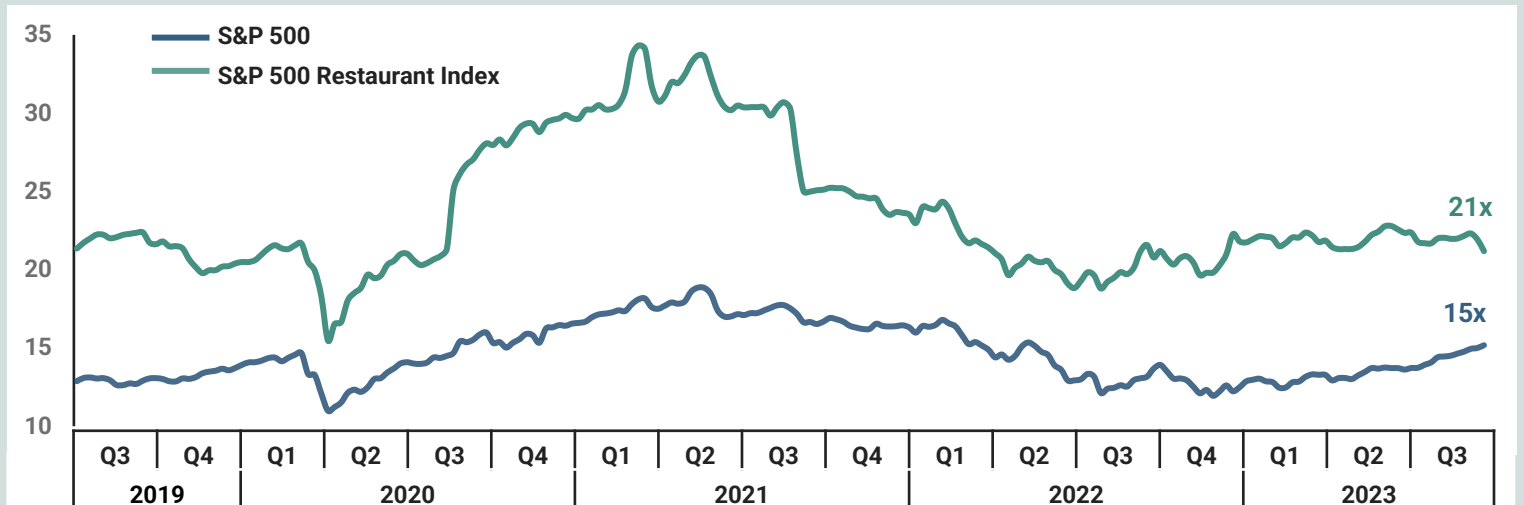
Share Price % Change Winners

Odd Burger	sweetgreen	KURA REVOLVING SUSHI BAR
68%	61%	45%
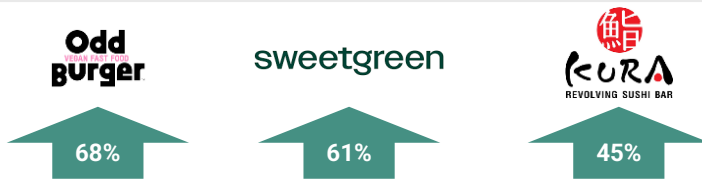
Share Price % Change Losers

noodles & company	BT BRANDS, INC. BETTER TASTING	WINGSTOP
28%	27%	21%

Source: Capital IQ; trailing 3 months ending August 7, 2023

CQ2-2023 % Price Change: Restaurant Index vs. S&P 500 Index

Source: Capital IQ; includes Q3 2023 calendar data through August 7, 2023

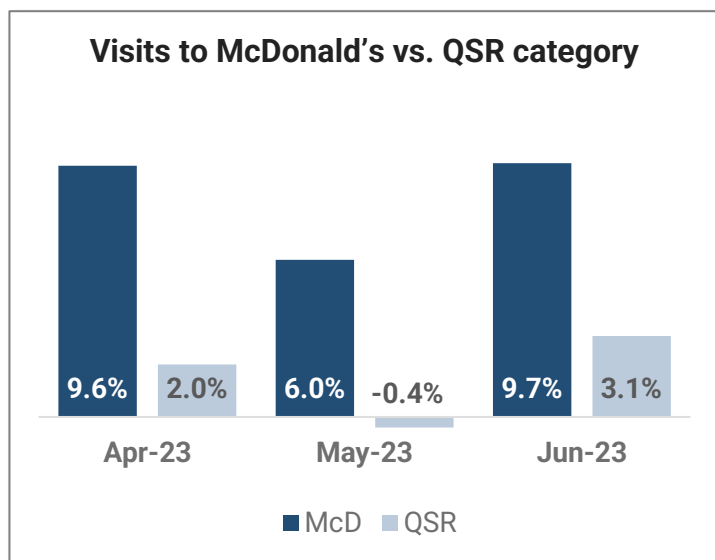## Historical EV/EBITDA Multiples: Restaurant Index vs. S&P 500 Index

Key Themes

1 Separating the wheat from the chaff

If 1Q was described as "a rising tide lifts all boats," then 2Q may be described as **"separating the wheat from the chaff."**

Despite the improving macro-outlook, **several companies**, including Wendy's, Dine Brands, and Bloomin Brands, **reported a decline in traffic.**

But some players – such as **McDonald's** – were able to drive **strong performance compared to their broader categories.**

Visits to McDonald's vs. QSR category

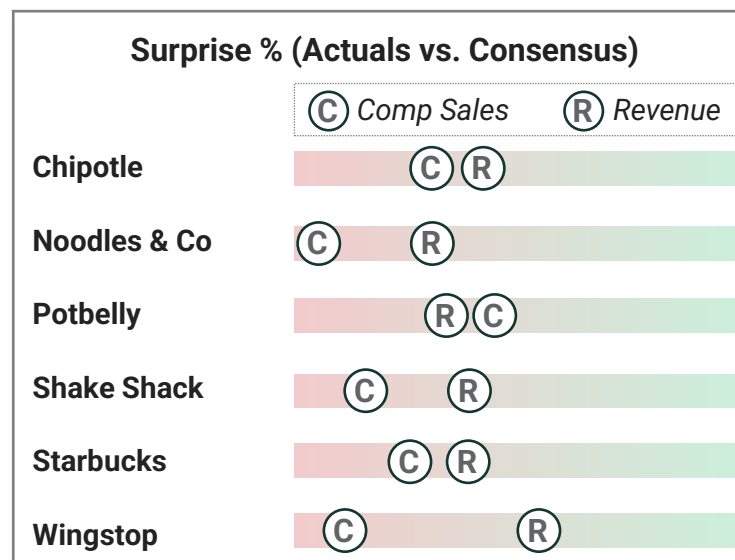|	Apr-23	May-23	Jun-23
McD	9.6%	6.0%	9.7%
QSR	2.0%	-0.4%	3.1%

■ McD ■ QSR

Source: PlacerAI

2 Top line challenges for fast casual

Diving deeper into the **challenging environment**, nowhere was that felt more acutely than in the top-line of fast casuals.

A resilient-but-not-exuberant customer combined with a **difficult 2Q-2022 comp** (resulting from pent-up COVID demand) seemed to drive the topline challenges.

In our subset of six fast casual brands, **all six fell short of analysts' expectations for comp sales**, and five missed the mark on overall revenue.

Surprise % (Actuals vs. Consensus)

Ⓒ *Comp Sales*   Ⓡ *Revenue*

Chipotle — Ⓒ Ⓡ

Noodles & Co — Ⓒ Ⓡ

Potbelly — Ⓡ Ⓒ

Shake Shack — Ⓒ Ⓡ

Starbucks — Ⓒ Ⓡ

Wingstop — Ⓒ Ⓡ

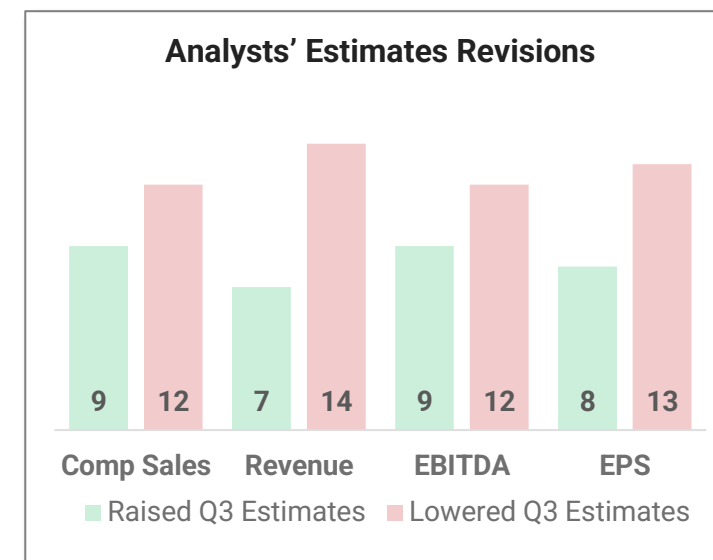*Source: CapitalIQ; Ankura Analysis*

3 Cautious optimism moving forward

Looking ahead, **Chipotle and others expressed optimism**, while others acknowledged **the need for caution**, as reflected in recent **analysts' revisions**.

For the four KPIs below, we tracked **consensus estimates for 3Q prior** to 2Q earnings calls and compared them to estimates for 3Q **after 2Q earnings**.

For example, of the 21 companies in our population, **analysts lowered their CQ3-2023 comp sales estimates** for 12 of the 21 companies.

Analysts' Estimates Revisions

	Comp Sales	Revenue	EBITDA	EPS
Raised Q3 Estimates	9	7	9	8
Lowered Q3 Estimates	12	14	12	13

■ Raised Q3 Estimates   ■ Lowered Q3 Estimates

Source: CapitalIQ; Ankura Analysis
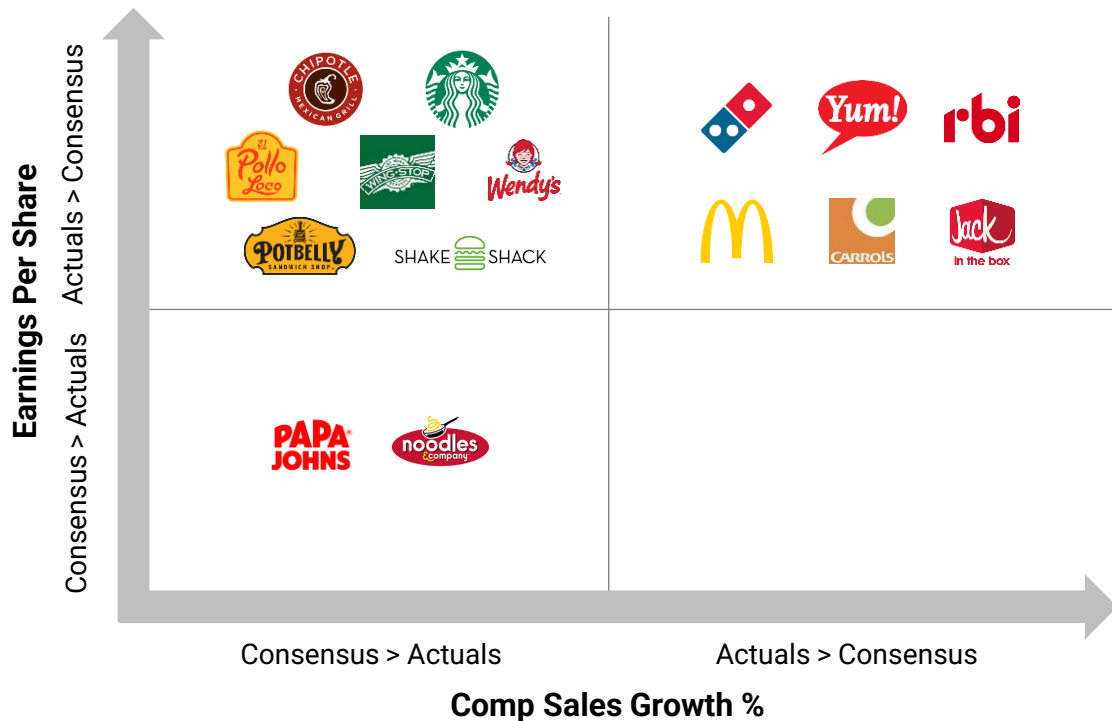
Performance to Plan

QSR & Fast Casual
6 of 15 beat EPS and Comp Sales estimates in CQ2-2023*

- While **most companies beat EPS** estimates, **many fell short of analysts' comp sales** growth expectations for the quarter
- Notable comp sales misses included **Chipotle** (stock was initially down ~6%) and **Starbucks** (burdened by low traffic growth in U.S. market)
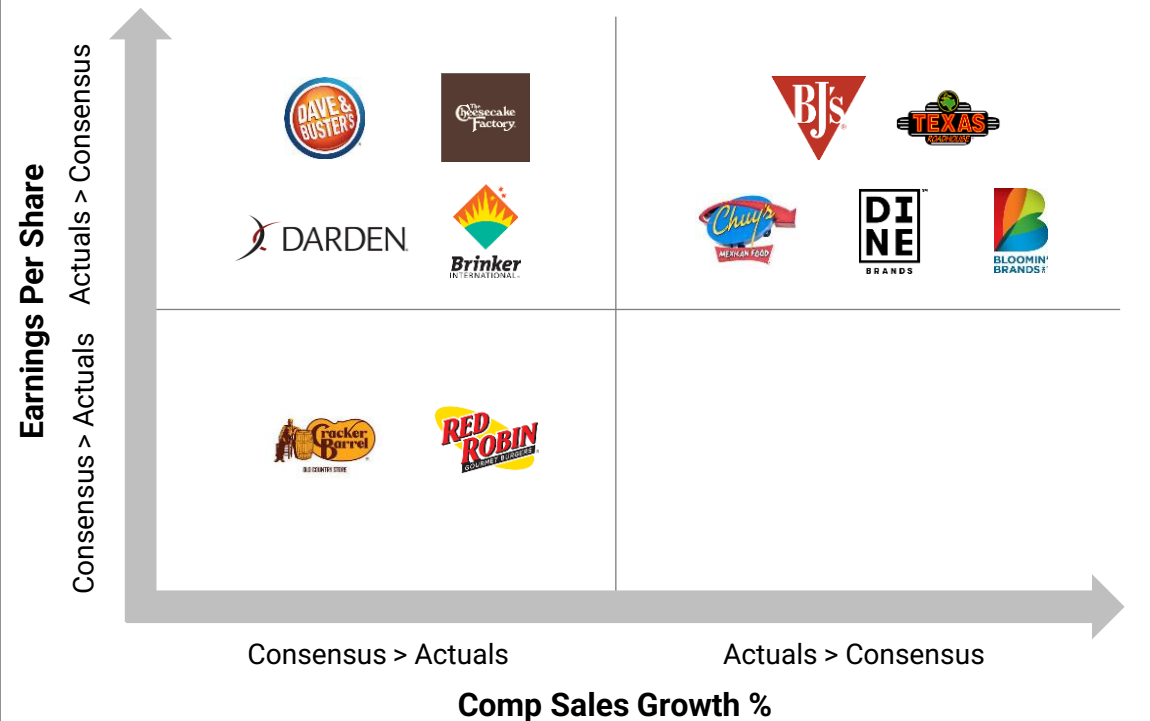
Casual & Fine Dining
5 of 11 beat EPS and Comp Sales estimates in CQ2-2023*

- Broadly in line with QSR + Fast Casual categories, most companies **met the mark on EPS**, but several fell short of analysts' comp sales expectations
- While QSR brands noted **customers trading down**, others in the casual segment (e.g., Dine Brands) **maintained they did not see that behavior**

CQ2-2023 Actuals vs. Consensus Estimates

Earnings Per Share — Actuals > Consensus / Consensus > Actuals

Comp Sales Growth % — Consensus > Actuals / Actuals > Consensus

CQ2-2023 Actuals vs. Consensus Estimates

Earnings Per Share — Actuals > Consensus / Consensus > Actuals

Comp Sales Growth % — Consensus > Actuals / Actuals > Consensus

Source: Capital IQ
"Plan" and "Consensus" and "Estimates" refer to consensus estimates per Capital IQ

* Cracker Barrel and Dave & Busters – quarter ended Apr-23; DRI – quarter ended May-23
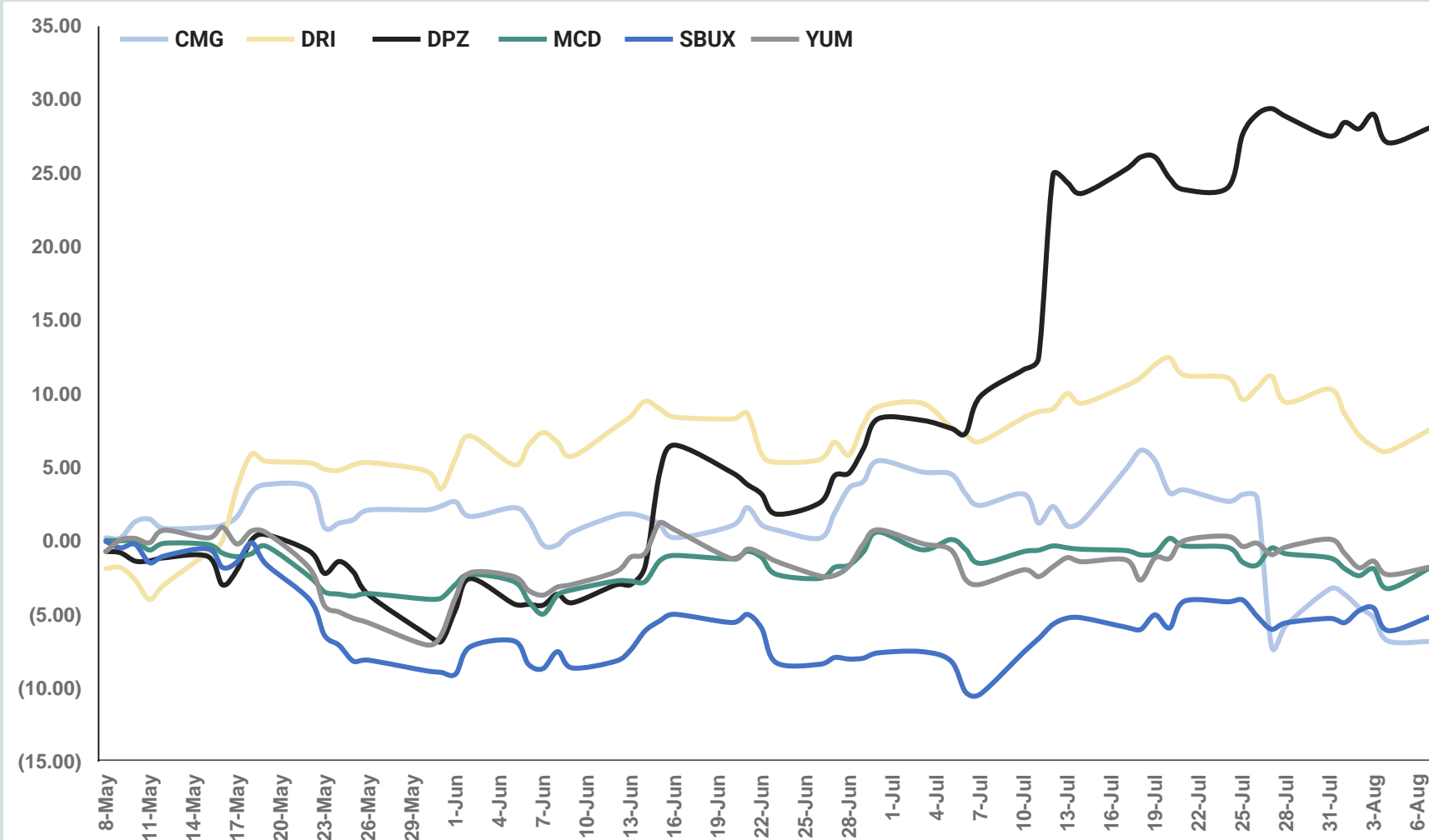
Restaurant Index Performance

Restaurant Index Performance

CQ2-2023 Price Change: Restaurant Index Stocks

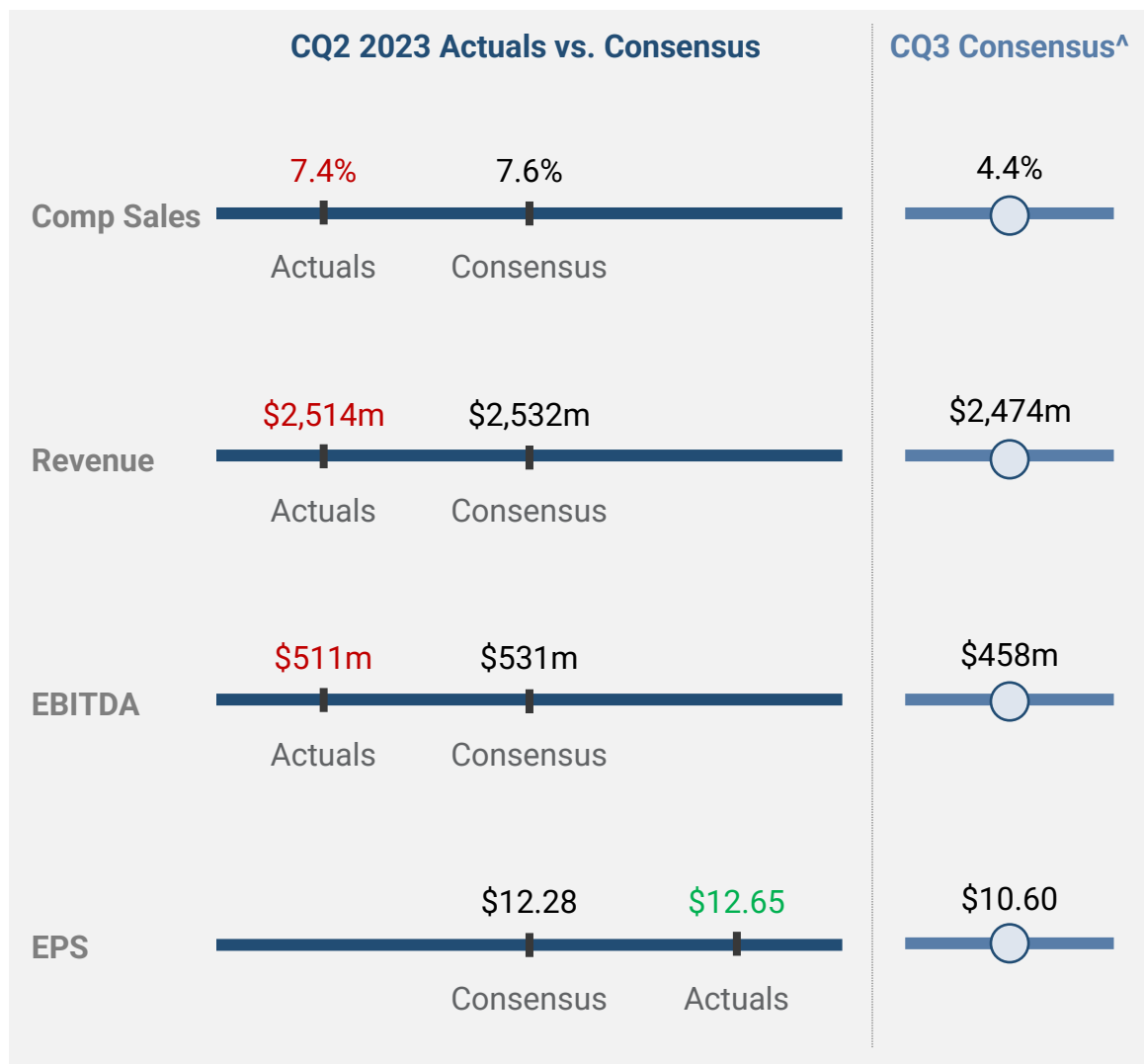| Stock	Price Change
CMG – Chipotle	(6.8%)
DRI – Darden	7.6%
DPZ – Domino's	28.2%
MCD – McDonald's	(1.8%)
SBUX – Starbucks	(5.0%)
YUM – Yum Brands	(1.7%)
Restaurant Index*	**(1.3%)**

Select Commentary

- Among the six stocks making up the Restaurant Sector Index, **Domino's was this quarter's clear winner**
  - The DPZ "bump" in early July came on the heels of the company's Uber Eats announcement

- After announcing the Ruth's Chris acquisition on May 3, **Darden** shares continued to perform well throughout the period (note DRI reported its fiscal 4Q-23 earnings on 6/22)

*Weighted change of S&P 500 Restaurants Index

Restaurant Index Performance 🌶 Chipotle

CQ2 2023 Actuals vs. Consensus

Comp Sales
7.4% (Actuals) — 7.6% (Consensus)

Revenue
$2,514m (Actuals) — $2,532m (Consensus)

EBITDA
$511m (Actuals) — $531m (Consensus)

EPS
$12.28 (Consensus) — $12.65 (Actuals)

CQ3 Consensus^

- Comp Sales: 4.4%
- Revenue: $2,474m
- EBITDA: $458m
- EPS: $10.60

CQ2-2023 Headlines

1 Great expectations

- After a blistering 1Q performance, expectations were high for 2Q performance
- While the company still met EPS estimates – and delivered an overall strong quarter – comp sales, revenue and EBITDA fell short of analyst estimates

2 The resilient consumer

- Pressed on what drove the miss in comp sales, CEO Brian Niccol maintained the Chipotle customer remained resilient
- Speaking specifically about the lower income consumer, Niccol commented, "So we're not seeing any weakness in the lower-income consumer."

3 COGS mix is mixed

- The company's LTO Chicken Al-Pastor not only drove sales but likely moved a portion of COGS out of beef (inflationary) and into chicken (deflationary)
- While there was relief, the company's plans to source avocados from Peru will likely keep those costs high in 2H
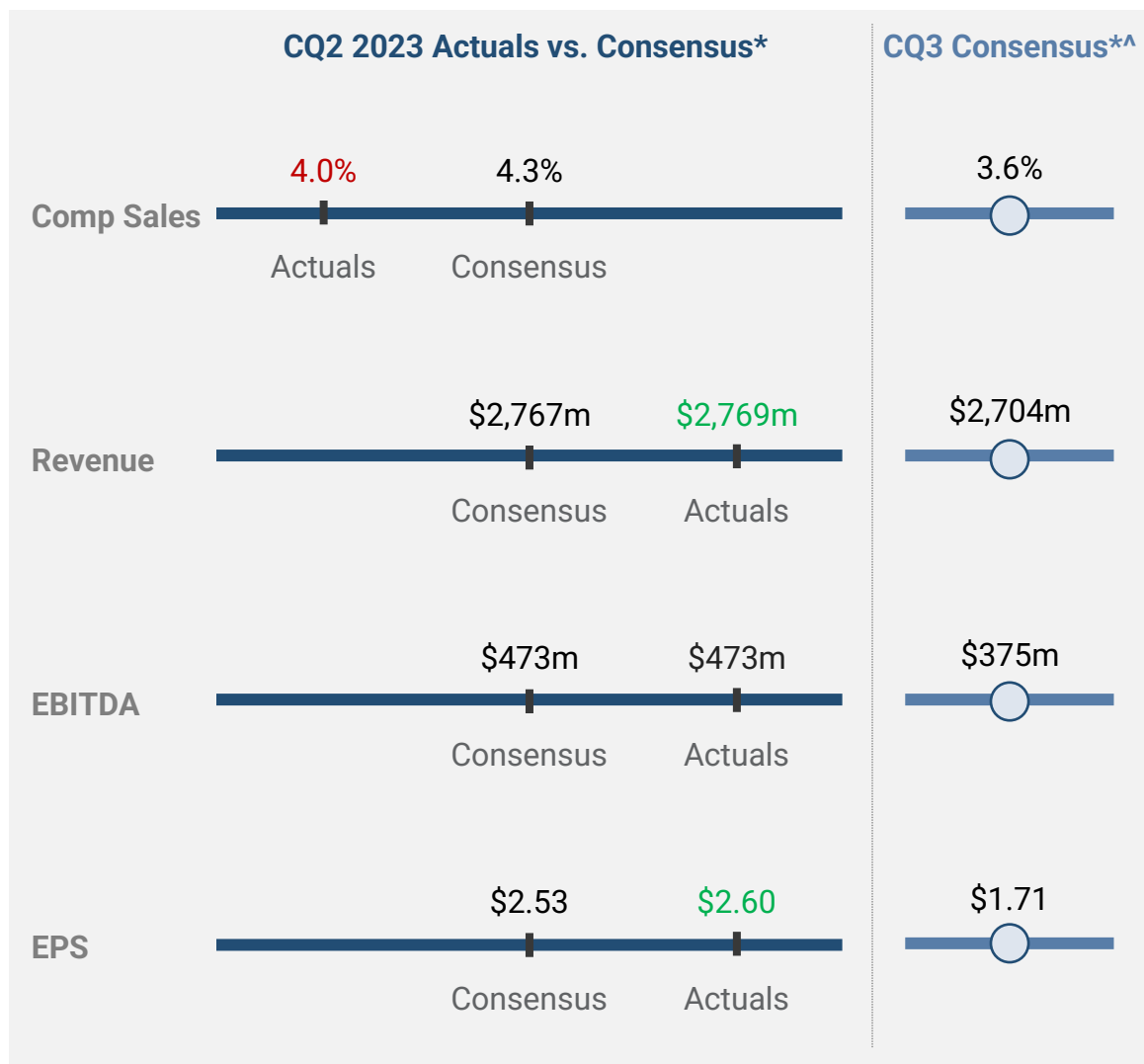
4 Softer 3Q guidance

- Low mid single digit comp sales guidance was lower than anticipated
- However, not all is lost as Niccol expects traffic to remain positive in 3Q "…we expect the transactions will probably be in the plus 3% to plus 3.5% range."

^Consensus estimates as of August 14, 2023
Source: Capital IQ

Restaurant Index Performance ✗ Darden

CQ2 2023 Actuals vs. Consensus*

Comp Sales
4.0% Actuals
4.3% Consensus

Revenue
$2,767m Consensus
$2,769m Actuals

EBITDA
$473m Consensus
$473m Actuals

EPS
$2.53 Consensus
$2.60 Actuals

CQ3 Consensus*^

Comp Sales: 3.6%

Revenue: $2,704m

EBITDA: $375m

EPS: $1.71

CQ2-2023 Headlines

1 — Ruth's Chris acquisition

- On May 3, the company announced it was buying Ruth's Chris for $715m
- Why? (i) strategic fit within Darden's existing fine dining segment, (ii) strong AUV and restaurant level margins, (iii) opportunity for add'l runway related to Net Unit Growth

2 — Above the curve

- The company posted strong results for the period ending May-23
- To kickoff the June earnings call, CEO Rick Cardenas noted "…we significantly outperformed the industry benchmarks for same-restaurant sales and traffic"

3 — More acquisitions…?

- As DRI integrates Ruth's Chris, questions were already swirling about potential acquisitions down the road - Cardenas left the door open, noting "It doesn't mean that we wouldn't be back in the market down the road."
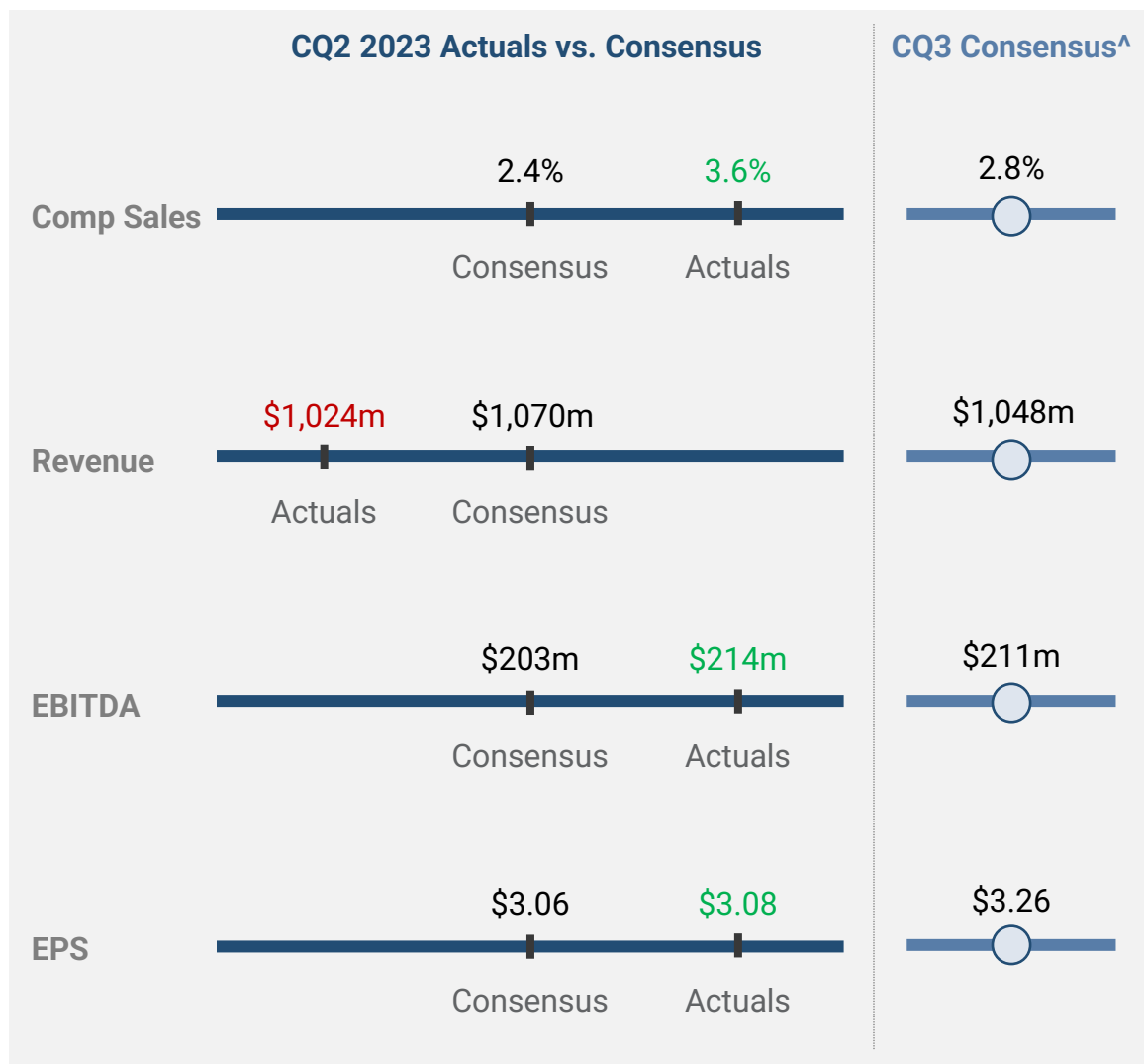
4 — Jun-23 thru May-24 guide

- In its FY24 (period ending May-24) management provided modest comp growth expectations as well as EPS growth
- The bulk of discussion in its June earnings call centered on inflation and counterbalancing w/menu pricing strategies

*CQ2 2023 includes DRI's fiscal quarter ended May-23; CQ3 2023 includes DRI's fiscal quarter ending Aug-23

^Consensus estimates as of August 14, 2023   Source: Capital IQ

Restaurant Index Performance Domino's

CQ2 2023 Actuals vs. Consensus

Comp Sales
Consensus: 2.4%
Actuals: 3.6%

Revenue
Actuals: $1,024m
Consensus: $1,070m

EBITDA
Consensus: $203m
Actuals: $214m

EPS
Consensus: $3.06
Actuals: $3.08

CQ3 Consensus^

Comp Sales: 2.8%

Revenue: $1,048m

EBITDA: $211m

EPS: $3.26

CQ2-2023 Headlines

1 Uber = Share Price Boost

- On July 12th, the company entered into an agreement w/Uber allowing customers in the U.S. to order Domino's products through the Uber Eats and Postmates platforms
- The market responded positively to the news - shares of DPZ ticked up 14% that day

2 Delivery business TAM

- What is the total addressable market (TAM) for delivery pizza in the U.S.? Well, specific to the aggregator market, management noted "The $1 billion is a signal of our fair share of the entire $5 billion U.S. aggregator pizza delivery business."
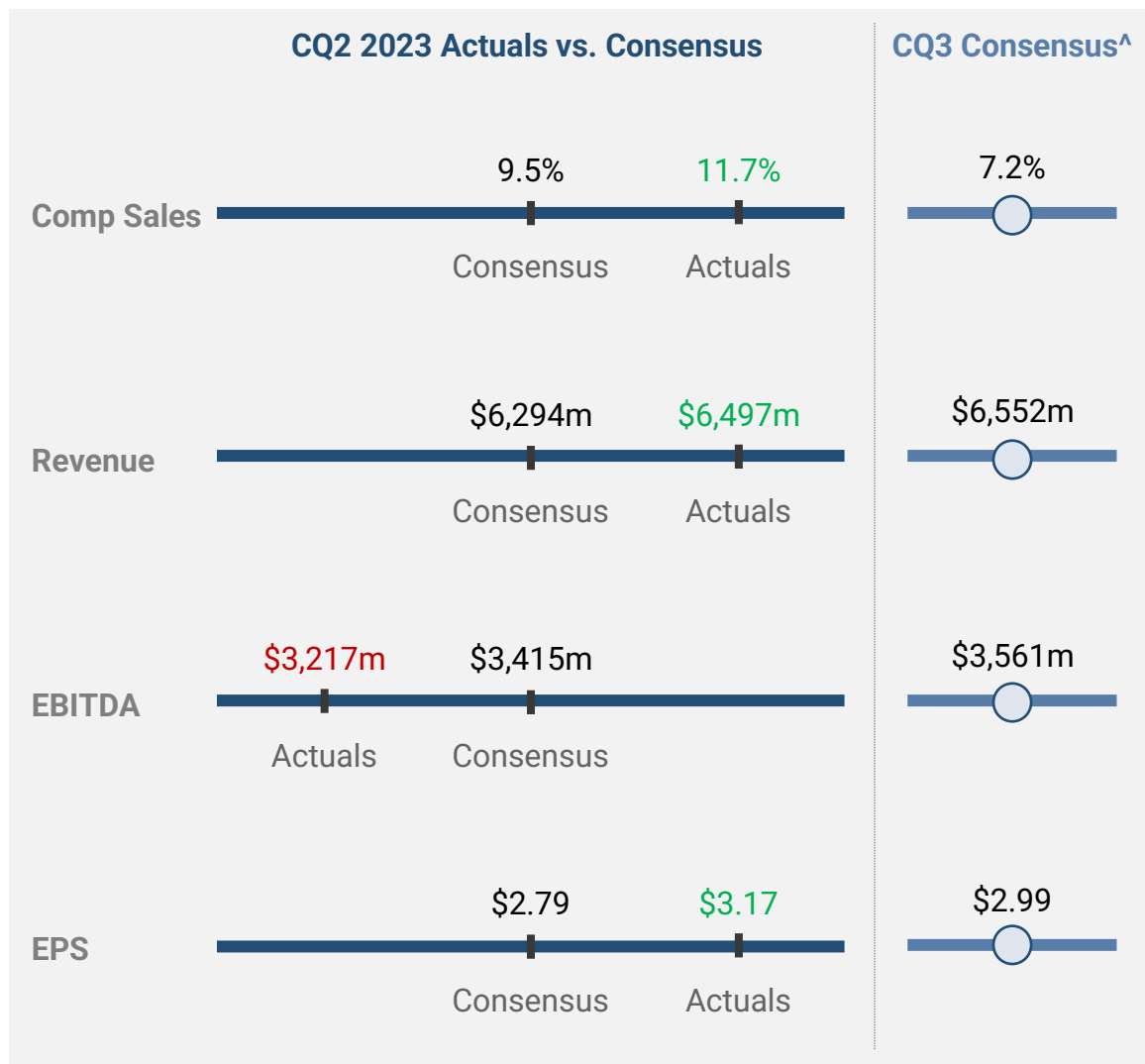
3 Loyalty program changes

- Domino's will unleash a revamped loyalty program in 3Q
- Management noted that - unlike many other loyalty program revamps which hurt the customer – this revamp will benefit the DPZ customer, enabling faster point accruals for certain carryout customers

4 Franchisee economics

- When the July 24 earnings call turned toward new unit development, management highlighted the strong incentives for franchisees to sign-up with Domino's – notably, franchisee EBITDA of $150k per store which is up $11k vs prior year

Restaurant Index Performance 🅜 McDonald's

CQ2 2023 Actuals vs. Consensus

	CQ3 Consensus^

Comp Sales
- Consensus: 9.5%
- Actuals: 11.7%
- CQ3 Consensus: 7.2%

Revenue
- Consensus: $6,294m
- Actuals: $6,497m
- CQ3 Consensus: $6,552m

EBITDA
- Actuals: $3,217m
- Consensus: $3,415m
- CQ3 Consensus: $3,561m

EPS
- Consensus: $2.79
- Actuals: $3.17
- CQ3 Consensus: $2.99

CQ2-2023 Headlines

1. Another strong quarter
- The company posted another strong quarter exceeding consensus estimates for both comp sales and EPS,
- Digging into the comp sales even further, the company outpaced the broader sector in terms of traffic

2. Consumer trades down
- As part of the Q2 earnings call, management noted …"if you look at incomes under $100,000, we're actually doing quite well there, which suggests that we're getting some benefit from trade down, from things like full-service dining, casual dine, et cetera."

3. New unit development
- Management still sees room for unit growth in the U.S.
- When pressed on specifics, management highlighted "…imagine the amount of shifts that have happened, people moving to the South, Southeast, that isn't reflected in our footprint."

4. 2H comp sales guide
- 2H comp sales embed three key drivers: (i) "easy" post-COVID-euphoria-comps are behind them, (ii) inflation comes down, prices will likely follow suit, and (iii) consumer sentiment is still down which will drag down the broader sector as a whole

Restaurant Index Performance ⭐ Starbucks

CQ2 2023 Actuals vs. Consensus

CQ3 Consensus^

Comp Sales

10.0% (Actuals) — 11.5% (Consensus)

6.8%

Revenue

$9,168m (Actuals) — $9,281m (Consensus)

$9,296m

EBITDA

$1,916m (Consensus) — $1,933m (Actuals)

$1,944m

EPS

$0.95 (Consensus) — $1.00 (Actuals)

$0.97
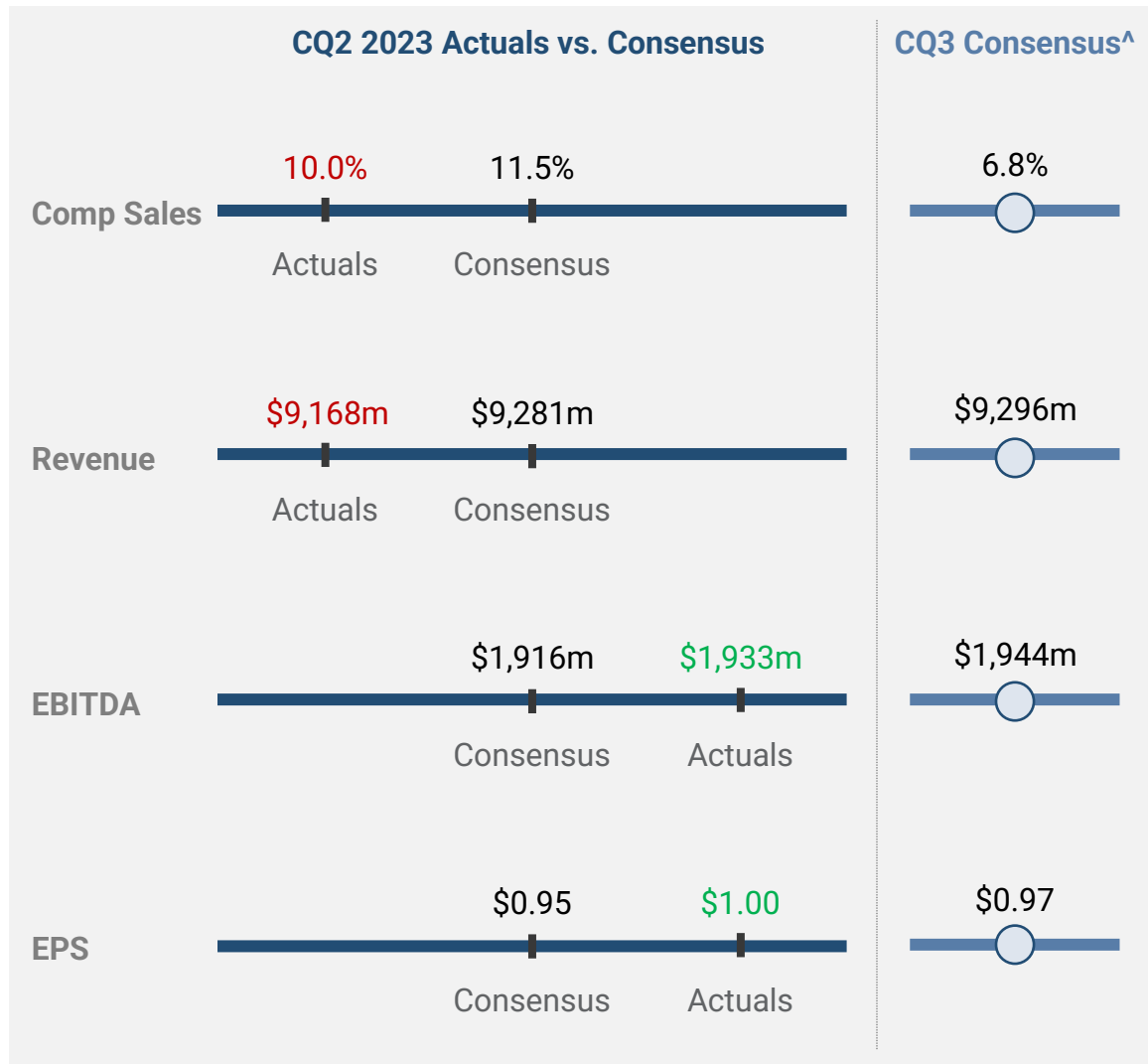
CQ2-2023 Headlines

1 — Mixed quarter results

- On August 1, the company reported its Q2 results that were largely in line with consensus estimates
- While the company exceeded consensus estimate for EPS, both comp sales and revenue fell short of consensus estimates

2 — China market rebound

- From a pure number perspective, China comp sales were off-the-charts growing at 46% vs. a year earlier
- Obviously, this growth includes a base saddled with COVID restrictions, but the amount still exceeded the general consensus of ~40-42%

3 — Labor on the mind

- Throughout the quarter labor has been front-and-center for the company: search "Starbucks Worker United" for the latest in union land
- Also, in its earnings call, mgmt. noted "productivity-focused labor investments" that will optimize future labor costs

4 — Long term guidance

- CEO Laxam Narasimhan took the helm in late March, and there's been ongoing dialogue regarding previously issued long term guidance
- When asked, Narasimhan noted what he's seen gives "…real confidence in…what we've guided to previously…"

Restaurant Index Performance ᵞᵘᵐ! Yum Brands

CQ2 2023 Actuals vs. Consensus

Comp Sales
6.8% (Consensus) — 9.0% (Actuals)

CQ3 Consensus^
4.7%

Revenue
$1,687m (Actuals) — $1,744m (Consensus)

CQ3 Consensus^
$1,777

EBITDA
$623m (Consensus) — $643m (Actuals)

CQ3 Consensus^
$629m

EPS
$1.24 (Consensus) — $1.41 (Actuals)

CQ3 Consensus^
$1.27

CQ2-2023 Headlines

1 Strong quarter
- While Yum Brands fell short of analyst expectations for 2Q Revenue, it delivered against comp sales, EBITDA and EPS consensus estimates
- A comp sales surprise beat of ~32% was especially noteworthy

2 COGS deflation (& inflation)
- During the earnings call, CEO David Gibbs noted "we're past inflation peak in most (developed) markets." But followed with, "In emerging markets, it's a little bit of a different story. We're seeing double-digit sales growth for the quarter."

3 100% digital in the future
- When discussing their "Easy Insights" pillar, CFO Chris Turner expounded further on the Company's long-term digital vision, "This is the latest step in our vision to one day achieve 100% of sales powered by digital."

4 2H 2023 guidance
- Management guided to a solid 2H across the four brands
- When asked about 2H guidance, Gibbs noted "And if we look at all of our businesses on a 2-year sales trend…we see basically a continuation of what we saw in the first half of the year."

Macro Environment

Macro Environment: Commodities

Commodity Overview

- Despite a temporary price relief for specific commodities as detailed in our commodity report card, food prices are still on the rise. The U.S. Consumer Price Index for Food (USCPIF) is a measure of the average change in prices paid by consumers within a specific sector. The USCPIF increased 0.2% from June 2023 to July 2023 and 4.0% from July 2022.

- The food-away-from-home CPI rose 0.2% in July 2023 and 7.1% in comparison to July 2022.

Commodity Outlook

- Restaurateurs and consumers alike will feel the impact of rising food costs. Stakeholders in the restaurant industry will continue the balancing act of providing high-quality food while ensuring prices remain appealing to consumers and profitable for the business.

- Taking proactive measures to oversee food costs, from supplier relationships to refining menu selections and their strategic placement, will remain a central priority within the industry. This strategic approach is crucial as profit margins gradually diminish due to escalating operational expenses.

Key Commodity Trends
(Q2 2023 vs. Q1 2023)

Chicken Breast ↓	Ground Beef ↑	Bacon ↓
Chicken Wing ↑	Dairy - Cheese ↓	Dairy - Milk ↓
Coffee ↓	Fruits & Vegetables ↓	Fuel ↓
Freight ↓	Packaging ↑	Restaurant Sales ↑

Macro Environment: Labor

Key Labor Market Challenges

- Persistent labor market inefficiencies are challenging the retail sector and restaurants, despite historically low unemployment rates around 3.5%, reminiscent of 1969.

- Job hopping, fueled by marginal wage differences, disrupts restaurant teams, hindering effective formation due to the resulting delicate work culture.

Commodity Outlook

- Employers must strategically navigate this dynamic labor landscape, devising approaches to attract and retain talent amidst these fluctuations, ensuring competitiveness and stability within organizations.

- With robust CQ3-CQ4 2023 sales projections and a slight dip in CQ1-CQ2 job openings, a key question arises: Can this demand be met while the industry grapples with ongoing labor market struggles?

Retail Sales: Food Services and Drinking (Billions of Dollars)

Legend: Total Sales; 2023 Sales Projection

Year	Total Sales
2010	467
2011	495
2012	523
2013	544
2014	578
2015	625
2016	656
2017	693
2018	732
2019	773
2020	654
2021	842
2022	975
2023	622 + 375 = 997
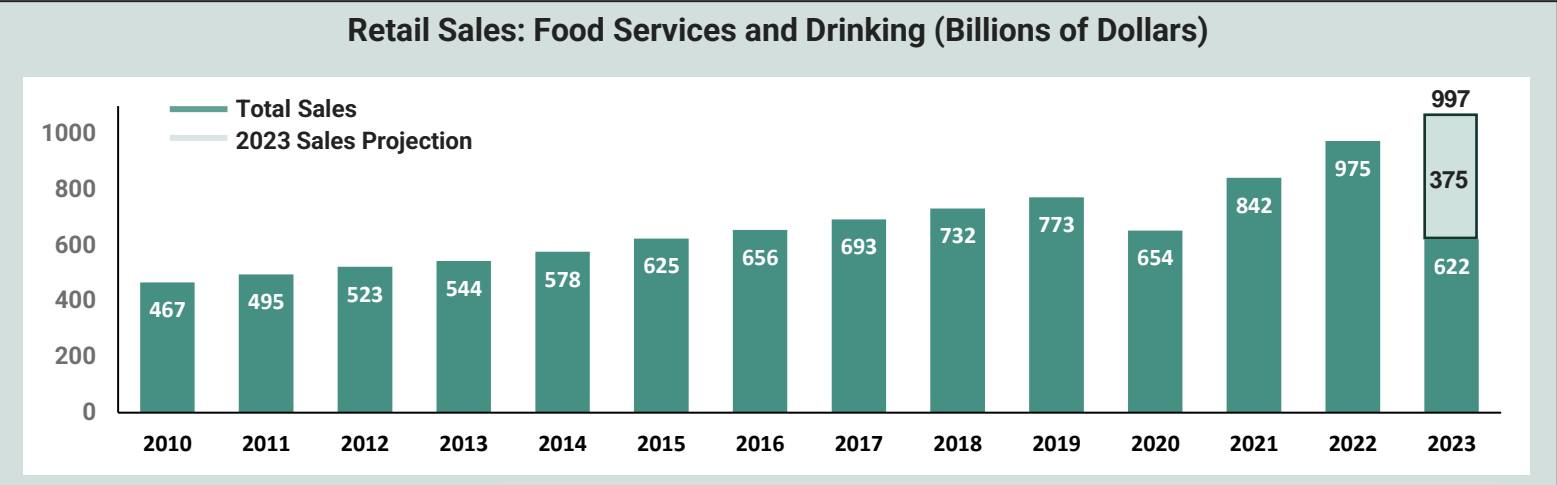
Source: "2023 State of the Restaurant Industry Report" by the National Restaurant Association
Source: U.S. Bureau of Labor Statistics

Total Employees and Job Openings: Accommodation and Food Services (Thousands)

Legend: Job Openings; Total Employee Count

Total Employee Count: 12013, 12012, 12057, 12187, 12108, 7714, 9736, 10002, 10022, 10482, 10937, 11267, 11550, 11667, 11855, 12024, 12195, 12253

X-axis: Q1-2019, Q1-2020, Q1-2021, Q1-2022, Q1-2023
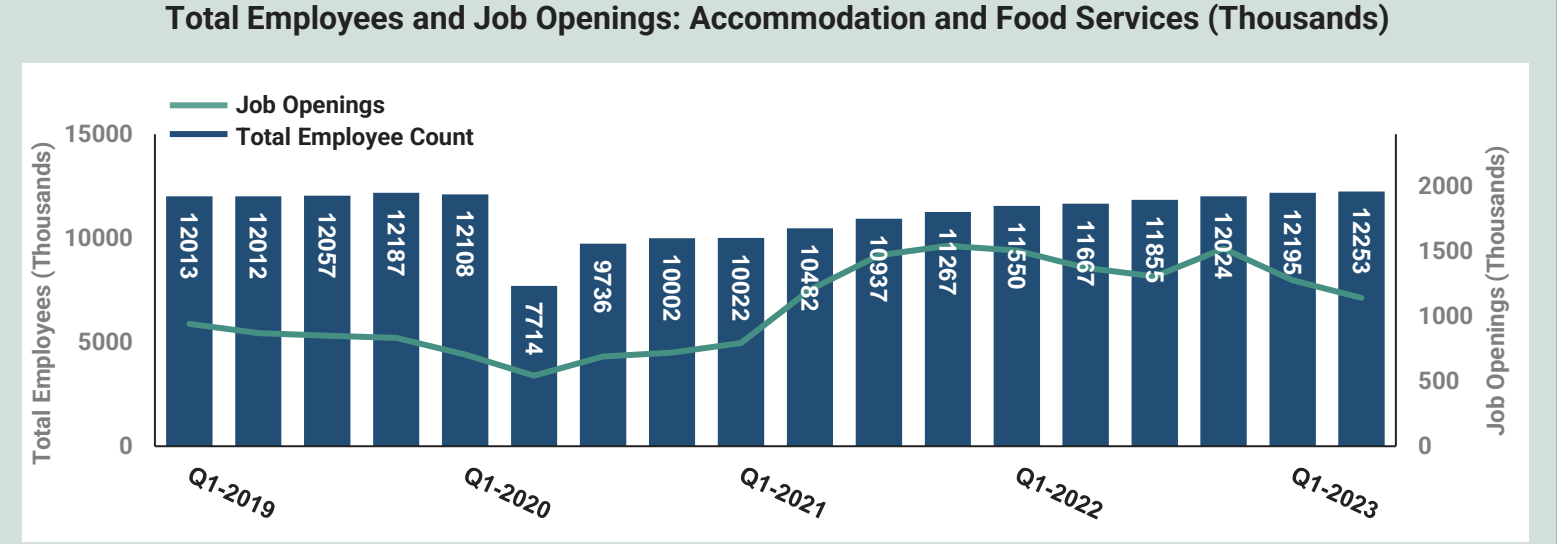
Source: U.S. Bureau of Labor Statistics

Digital Engagement

Digital Engagement

Key Metrics: Site Speed, Unique Traffic, and Engagement

		Mobile Web		Site Speed (Seconds)		Mobile Web Engagement			
		US Rank	Industry Rank ▲	Mobile	Desktop	Visits / UV	Pages per Visit	Bounce	Time on Site
SUBS	Subway	617	10	5.1	4.3	Leading	Leading	Average	Leading
SUBS	Jimmy John's	1,911	58	2.2	1.8	Average	Leading	Leading	Leading
BURGERS	McDonald's	983	12	2.3	2.4	Average	Lagging	Lagging	Lagging
BURGERS	Wendy's	1,085	27	3.4	3.0	Lagging	Leading	Leading	Average
BURGERS	Burger King	1,411	37	7.1	5.6	Average	Leading	Average	Lagging
BURGERS	Shake Shack	6,959	228	3.2	2.4	Lagging	Lagging	Leading	Lagging
CHICKEN	Chick-fil-a	809	19	3.3	2.6	Lagging	Lagging	Average	Lagging
CHICKEN	KFC	1,593	35	9.8	5.9	Lagging	Average	Average	Average
MEXICAN	Taco Bell	714	17	4.2	2.7	Average	Average	Average	Leading
MEXICAN	Chipotle	1,161	32	5.8	5.0	Leading	Lagging	Leading	Leading
MEXICAN	Qdoba	7,337	248	3.5	2.7	Average	Average	Lagging	Leading
PIZZA	Domino's	240	5	5.4	3.5	Leading	Leading	Leading	Leading
PIZZA	Papa John's	516	11	7.3	5.1	Leading	Leading	Leading	Leading
PIZZA	Blaze Pizza	14,239	502	5.6	4.5	Average	Lagging	Lagging	Lagging
DRINKS	SONIC	2,378	80	4.1	4.1	Lagging	Lagging	Lagging	Lagging
DRINKS	Smoothie King	7,000	241	5.1	5.2	Average	Lagging	Average	Average

Sources: Site Speed: Largest Contentful Paint (LCP) from Google Site Speed (06.27.2023); Traffic and Engagement Data: 3-month (March – May 2023) estimated website traffic data provided by Similarweb (06.27.2023); Global site ranking data: Similarweb and Ankura database. "Industry Rank" refers to the Food & Beverage/Drink & Delivery industry

Pizza-Focused Mobile Sites Lead in Unique Visitor Frequency

UV Site Frequency

- Domino's
- Red Mango
- Papa John's
- Chipotle
- Subway
- Jimmy John's
- McDonald's
- Blaze Pizza
- Burger King
- Smoothie King
- Taco Bell
- Qdoba
- Wendy's
- Chick-fil-a
- KFC
- Shake Shack
- SONIC

Pages per Visit

- Papa John's
- Domino's
- Red Mango
- Burger King
- Subway
- Wendy's
- Jimmy John's
- Qdoba
- Taco Bell
- KFC
- Smoothie King
- Shake Shack
- Chipotle
- Blaze Pizza
- Chick-fil-a
- SONIC
- McDonald's
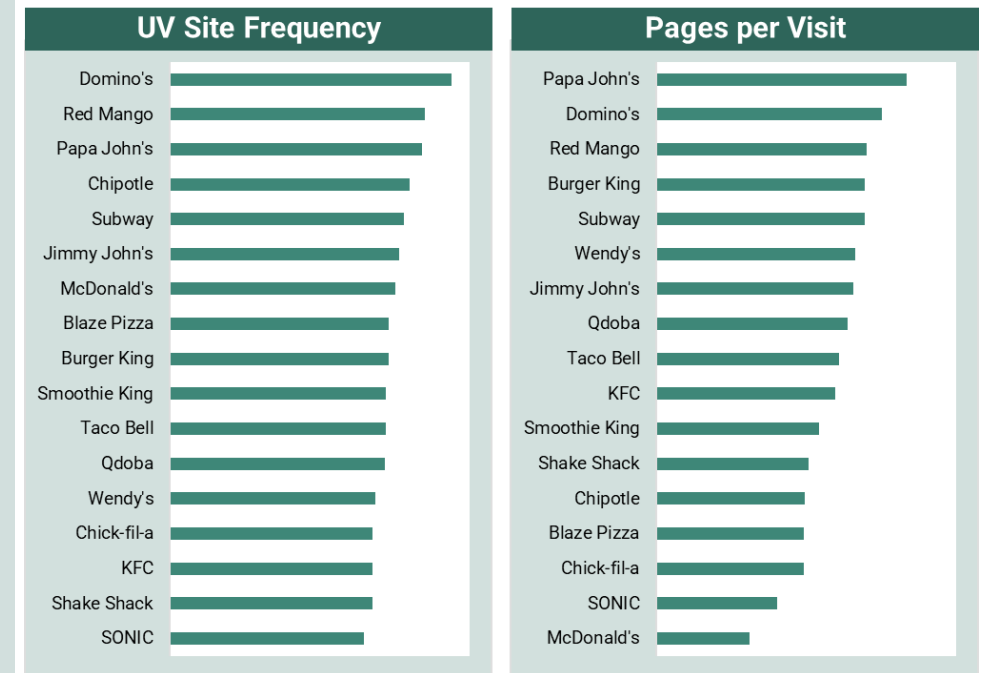
Source: Ankura Datasets and Analysis; Similarweb Mobile Web data from the 3-month period of May-July 2023 (Data extracted 08.10.2023)

Digital Engagement: Audience Overlap

Visitors to a "Primary Site" who also visited a "Secondary Site" over the April-June 2023 period

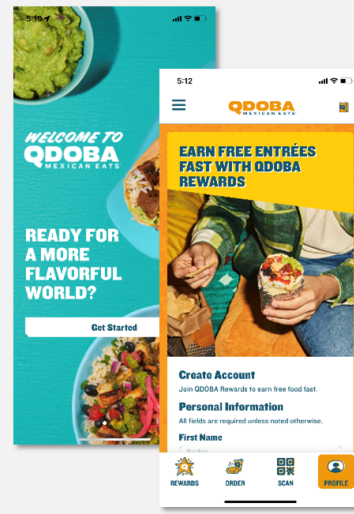|		Cross-Browsing Behaviors													
	... Also Visited (i.e. Secondary Sites)	**Subway**	**Jimmy John's**	**Wendy's**	**McDon-ald's**	**Burger King**	**Shake Shack**	**KFC**	**Chick-fil-A**	**Taco Bell**	**Qdoba**	**Chipo-tle**	**Blaze Pizza**	**Domino's**	**Papa John's**	**SONIC**
SUBS	**Subway**		1%	1%	2%	1%	N/A	1%	1%	2%	0%	1%	N/A	2%	1%	1%
	Jimmy	3%		1%	1%	1%	0%	1%	1%	1%	0%	1%	0%	2%	2%	0%
	John's	3%	1%		6%	6%	1%	2%	3%	4%	0%	2%	0%	2%	2%	2%
BURGERS	**Wendy's**	1%	0%	2%		2%	0%	1%	1%	2%	0%	1%	N/A	1%	1%	0%
	McDonald's	3%	1%	6%	8%		1%	4%	2%	5%	0%	3%	1%	3%	2%	2%
	Burger King	N/A	N/A	1%	5%	3%		N/A	4%	1%	N/A	5%	N/A	N/A	N/A	N/A
	Shake Shack	2%	0%	3%	4%	3%	N/A		2%	4%	1%	2%	N/A	3%	2%	1%
CHIC KEN	**KFC**	2%	1%	2%	3%	2%	1%	2%		2%	0%	2%	N/A	2%	1%	1%
	Chick-fil-A	2%	1%	2%	4%	2%	0%	2%	1%		0%	2%	N/A	2%	1%	1%
MEXICAN	**Taco Bell**	6%	1%	2%	6%	3%	N/A	3%	3%	4%		10%	N/A	11%	N/A	N/A
	Qdoba	1%	1%	1%	1%	2%	1%	1%	2%	2%	1%		0%	2%	1%	Qdoba
	Chipotle	N/A	N/A	0%	0%	0%	N/A	0%	N/A	N/A	N/A	3%		7%	7%	N/A
PIZZA	**Blaze Pizza**	0%	0%	0%	1%	1%	0%	0%	0%	1%	1%	0%	0%		4%	0%
	Domino's	1%	1%	1%	1%	1%	N/A	2%	1%	1%	N/A	1%	1%	11%		0%
	Papa John's	4%	1%	4%	5%	4%	1%	3%	4%	5%	N/A	3%	N/A	4%	3%	
	SONIC	5%	7%	3%	7%	2%	NA	7%	NA	NA	NA	NA	1%	7%	5%	1%

Visitors to (i.e. Primary Site) ...

Digital Engagement: "Welcome" Messaging Emphasis

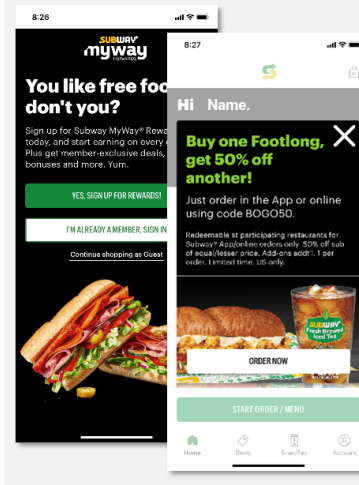**Mobile App "Welcome" Messaging Continues to be "Free Meal" and Branding-Focused**

Qdoba	Subway	Wendy's	Shake Shack	Blaze Pizza
• Prompt to Get Started & Create An Account	• Immediate Prompt to Register for Subway MyWay Rewards with enticing headline – "You like free food, don't you?"	• Prompt to Create Account, Input Zip Code & Enable Push Notifications	• Instant Pop-Up with First-Download Promo Code, with details of when customer can use	• Immediate prompt to Enable Location Services and Push Notifications for a robust experience
• Opportunity for fewer registration fields	• Immediate Offer in App when Creating Account	• Call to Tap Rewards and learn more about their loyalty program	• First screen prompts customer to sign up or in	• Immediate Call to Register for Rewards Program & Create an Account
• Opportunity for an App Homepage	• Addresses Customer by Name	• Welcome walk-through of loyalty program page for easy navigation	• Clear Call to Choose an Order Type, with Pick-Up and Delivery Options	• Option to enter App as Guest
• Opportunity to Enable Push Notifications & Location Services with Download		• Opportunity to display a first-time offer		• High-Quality Imagery & Branding
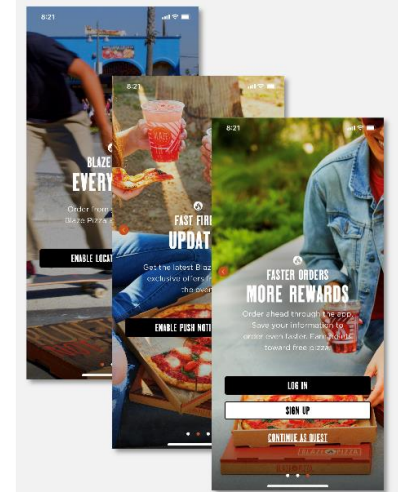
Ankura's Restaurant Practice
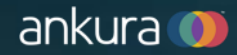
ankura

WE ARE A GLOBAL ADVISORY FIRM COMMITTED TO HELPING OUR CLIENTS PROTECT, CREATE, AND RECOVER VALUE.

Ankura's Restaurant Practice

Performance Improvement

Keith Jelinek
Senior Managing Director | New York

Rick Maicki
Senior Managing Director | Florida

Michael Casey
Managing Director | Kansas

Frank Jones
Managing Director | Virginia

Chris Ventry
Managing Director | New York

Laura Wheeler
Managing Director | New York

Ankura Office of the CFO®

Karen Fletcher
Senior Managing Director | Chicago

Lauren Herder
Senior Managing Director | Atlanta

JoLynn Brown
Managing Director | Chicago

Jordyn Peck
Managing Director | Connecticut

Jason Kaspar
Senior Director | Atlanta

Brad Portnoy
Senior Director | Chicago

Labor Strategy

John Frehse
Senior Managing Director | New York

Data & Technology

Sean Ennis
Senior Associate | Chicago

About Ankura

2,000+	600+
Full-Time Employees	Consultants with Advanced Degrees or Industry Certifications

~64%	~34%
of Projects Involve Staffing from Multiple Business Groups	of Projects Include Data & Analytics

Case Study: Sales Reconciliation Process Redesign

A privately held multi-brand restaurant company encountered a variety of business challenges stemming from inefficient accounting processes used for reconciling cash across each of its ~2,000 legacy brand restaurant locations. As a result, reconciliations were often forced to be completed manually and were more susceptible to error. Additionally, the company identified several recurring pain points resulting from the processes in place including frequent data discrepancies, limited visibility into where 'roadblocks' occurred in a process, and the excessive build up of 'backlogged' transaction data to be cleared each period during month-end close. Ultimately, the Vice President of Accounting Shared Services sought out advisory services to lead an effort to redesign the company's current-state accounting processes.

Engagement Execution

- Facilitated multiple working sessions with the Accounting, Treasury and Operations Teams to review and assess the current-state business processes around Sales Settlement.
    - Identified areas of opportunity to standardize, streamline, and enhance existing processes and subprocesses.
    - Noted recurring pain points and potential solutions to address challenges and mitigate related business risks.
- Identified multiple areas with a need for enhanced reporting capabilities to improve process efficiency.
- Assisted in clearing the 'backlog' of transaction data consisting of more than 250k+ aged, unmatched items left unresolved in the accounting reconciliation software.
- Supported redesign efforts around the organizational structures established for the newly deployed business processes.

Results

- Cleared the company's aged backlog of items, which provided visibility into financial impact of core processes
    - Identified over $1 million in missing cash settlements
    - Drove the reconciliation of over $5 million in aged activity
- Completed the redesign, implementation, and transition of a new Sales Settlement business process across the company's legacy restaurant brands.
    - Assessed reconciliation tool matching rules in place for more than ~2,000 restaurants
    - Leveraged data insights to increase restaurants' "auto-match" by more than 30%
- Developed multiple custom reports to improve business process efficiency, provide better insight into daily operations, and reduce the expected timing for issue identification and resolution.