



# Restaurant Technologies, Inc.

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**Lasting Results – Success through Teamwork**

**Featured Case Study**

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## Lasting Results – Success through Teamwork

**The Situation** Since their initial 2001 investment in Restaurant Technologies, Inc. (RTI), Parthenon Capital Partners, working together with ABS Capital Partners and the RTI senior management team, had successfully grown company revenues 20-fold. This figure topped \$200M in 2007; however, profit margins remained stubbornly low. Faced with new headwinds from the emerging recession, Parthenon understood that outside expertise could help the company operate more efficiently and thus improve profitability. Consequently, Parthenon introduced Synergetics to CEO Jeff Kiesel in 2008.

**The Pre-Assessment** RTI management welcomed the outside help and felt the Synergetics model would fit well within the company's overall business approach. Synergetics visited seven depots, completing interviews, audits, and observations during its initial 3-day Pre-Assessment. A lack of consistent process implementation and performance metrics at the 32 service and distribution hubs was identified. Additionally, limited corporate visibility and control of field operations were also uncovered.

**The Business Analysis** With RTI's management team in agreement, the team from Synergetics began their in-depth Business Analysis in November 2008. They focused on three key areas: distribution depot and field service hub operational standardization, customer support centralization, and inventory management/control practices. This four-week analysis identified six high-level areas of opportunity:

- Reduce overall service call volumes through enhanced customer education and onsite troubleshooting;
- Improve delivery efficiencies through optimizing advanced planning and operations software;

**Restaurant Technologies, Inc. (RTI)** has helped the foodservice industry improve food quality and consistency, operational efficiency, safety, cleanliness, and sustainability. For more than 15 years RTI has supplied foodservice organizations with fully automated delivery, storage, handling, and disposal of fryer oil. Facilities include fast casual, quick serve, specialty, independent, military and institutional operations.

With more than 19,000 customers that include McDonald's, Burger King, White Castle, KFC, Carrabba's, Applebee's, and Chili's, restaurants have come to depend on RTI's innovative oil management solutions to decrease the costs, hazards, and inconvenience of handling frying oil. Additional benefits include increased worker safety and restaurant cleanliness. Oil management programs also help their customers achieve sustainable and "eco-friendly" branding initiatives. These are accomplished by both the elimination of oil packaging waste products and exclusive oil recycling programs that create biodiesel and animal feedstock.

Headquartered in Mendota Heights, MN, RTI serves its customers through 41 oil depots throughout the U.S.



“We were very pleased with our experience and results obtained with Synergetics. The impact has been a long term, sustainable 20% reduction in our field operating expenses and a significant reduction in our working capital needs.

“The disciplined manner that Synergetics uses to quantify the opportunity for business process change requires seasoned, operationally focused consultants, coupled with that of real commitment to change by our company. Synergetics consultants are operators experienced in running plants, service depots, etc. They get into the trenches to understand your business before they recommend change. And, in our experience, that change was real, measureable and sustainable.

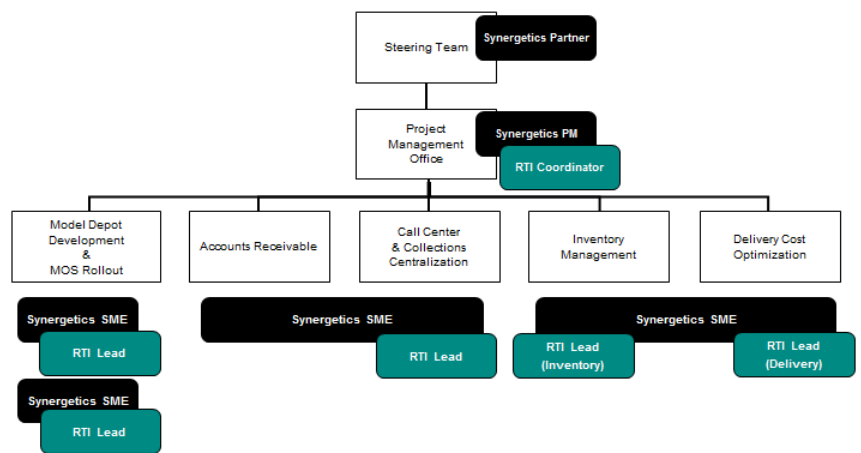
“We had a great experience with Synergetics.”

Jeff Kiesel  
CEO, RTI



- Reduce delivery costs through more efficient truck utilization and loading practices;
- Eliminate significant gaps in the existing Management Operating System (MOS), including failure to track and follow-up on employee performance;
- Centralize collections activities and improve accounts receivable processes; and
- Reduce stored oil and parts inventories.

Based upon these findings, RTI and its Board immediately transitioned into an implementation phase to move ahead with Synergetics’ recommendations. RTI leadership and the project team defined a project governance structure, established a Project Management Office (PMO), and identified dedicated staff to work in partnership with Synergetics consultants. Implementation was set to begin.



**The Implementation Project** The six defined opportunities were organized into five work streams: Model Depot Development, Accounts Receivable, Call Center and Collections Centralization, Inventory Management, and Delivery Cost Optimization.

The development of the model service depot was based on establishing a comprehensive MOS that could be implemented consistently in each of the seven existing depots. Resource requirements were identified, a skills assessment developed, and management reporting standards defined. Critical to the success of the Model Depot was establishing weekly meetings at all management levels, through which improvements could be driven and best practices put in place. Results soon showed improved productivity and a reduction in revenue leakage.

Tied to the service depots were the Delivery Cost Optimization and Inventory Management (IM) work streams. Through better data

modeling and review of delivery parameters, centralized routing was implemented. This change resulted in the ability to institute daily routing to normalize workloads. The associated reductions in fuel consumption and tire maintenance costs netted an annualized cost savings of over \$750,000. Daily route planning coupled with loading delivery trucks with only the amount of oil required for prescribed routes resulted in a significant decrease in on-hand oil inventory. Quarterly parts inventory reviews and initializing new forecasting guidelines resulted in significant reductions in stored parts inventories. These IM reduction plans together resulted in a \$3M positive impact to working capital.

Processes supporting service calls and Accounts Receivable (AR) were reviewed, optimized and further defined. A centralized call management system with training was put in place to support problem resolution at the time of the call. A 400% improvement in issue resolution while on the phone and an associated decrease in the number of field service visits were both direct results. Process flows to support AR activities were also established. Within 12 weeks collections reached \$2.6M (compared to the planned \$850K) and an associated improvement of 1.6 days in Days Sales Outstanding.

**The Results** By focusing on these 5 critical operational areas, Synergetics and the dedicated RTI team significantly changed business outcomes within six months. **Within two years (by 2010) EBITDA increased over 330%, from \$9M to \$30M.**

**The Impact** The Board's decision to bring in outside Subject Matter Experts to work with RTI staff ultimately resulted in the outcomes they were seeking. **In early 2011 Parthenon and ABS sold RTI for \$270M to Swedish investor EQT Infrastructure, realizing \$170M on the transaction.** It was only through this coordinated effort of teams working together with executive level support that RTI and Parthenon / ABS were able to achieve such positive results.

Synergetics is a privately held New England-based Management Consulting firm established in 1975. With two office locations in the US and UK, Synergetics operates internationally and employs over 150 professionals as analysts, consultants, project managers, and subject matter experts. As one of the largest "Implementation Consulting" organizations, Synergetics has completed over 1,600 business process engagements across 9 distinct industry verticals. It has built more than \$8B in bottom line profitability and improvements in overall operating efficiencies.

Synergetics has a diverse client portfolio comprised of leading industrial and service corporations across Private Equity, Small and Medium Enterprises, and Fortune 500 Companies. With customized service offerings and solutions, Synergetics performs detailed management, financial, and operational assessments to develop and deliver specific cost savings and revenue enhancement initiatives.

"We worked hand-in-hand with the Synergetics team to achieve the results we agreed upon and, more importantly, developed a measurement system to establish quantifiable, long-term change.

"We still use the Synergetics measurement system and have adapted and adjusted the system for other work streams and for other changes in our business.

"It works."

Jeff Kiesel  
CEO, RTI

#### For more information

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