

# COHNREZNICK HOSPITALITY QUARTERLY

Strategic insights for transforming your hospitality operation

**BUSINESS AGILITY**  
**Q1 2021**



# RestTech Survey Results

## Key findings

Our 2020 Restaurant Technology (RestTech) webinar series focused on the value technology has brought operators during this most challenging time. Because the series was framed from an operator's perspective, allowing some of the hospitality industry's finest operators to share their stories, true real-time information was obtained regarding the value of technology adoption in the industry.

### Survey overview

As part of our 2020 RestTech webinar series, we surveyed over 500 restaurant groups operating all over the U.S. to gain an understanding of their technology adoption behaviors, priorities, usage, and benefits. Data was gathered from participants through in-session polling questions and/or through a registration survey. Note that not all participants responded to all questions; each result percentage was calculated based on the number who responded. To obtain a copy of the full report, please reach out to [victoria.roger@cohnreznick.com](mailto:victoria.roger@cohnreznick.com)

Business agility  
**95%**



An overwhelming majority of survey participants, 95%, did not believe that they were operating an agile business model, and 90% said they were unable to pivot quickly in response to the COVID-19 inflection point.

Digital transformation  
**81%**



The restaurant industry has been notorious for being "late to the technology game," but it appears to have turned the corner. 81% of survey participants strongly believed that integrating technology into their business model is necessary for operational success.

Customer engagement  
**70%**



41% of survey participants said they believe that customer loyalty programs possess the greatest ROI opportunity related to customer engagement. Resultantly, a majority of participants, 70%, had launched customer loyalty programs or planned to launch them in the near future.

Digital ordering  
**74%**



74% of survey participants said that digital ordering, delivery, and off-premise sales accounted for over 50% of their revenue in September 2020, thus creating opportunities in support of revenue generation.

Contact-less payment  
**65%**



65% of survey participants said they believe contactless payments are very important to their customers. They consider contactless systems to possess both a customer value proposition and an opportunity to increase operational efficiencies.



# BUSINESS AGILITY

*Companies that have implemented agile models are leveraging technology to modernize their businesses, helping them achieve significant growth and operational efficiencies and mitigate the risks of a volatile environment.*

In order to sustain a competitive advantage, restaurant operators must adapt quickly to changes in their competitive environment, in society, and in numerous other areas. In our dynamic business environment, organizations need an agile business model. Our RestTech survey uncovered that participants lacked agility; 90% said that their business was slow to adapt to COVID-19-related restrictions and regulations.

Although an organization can never be fully prepared for a disruption in the market, the most resilient ones have learned from past experiences and incorporated dexterity into their business model, allowing them to mitigate the risk of downside volatility and to take advantage of upside volatility. An agile operating model with strong financial forecasting and scenario modeling capabilities can allow companies to look out over the horizon and be prepared for what's coming. Survey participants overwhelmingly identified financial forecasting as the area where improvement was needed.



# 71%

When asked where they felt they need to improve operations and efficiencies in their business models, 71% of survey participants identified **financial forecasting** as the area where improvement was needed.

## Strategic foresight

Reframing the way you hear information will be critical to navigating what's ahead. If you intentionally and actively listen to information through the lens of your business's value chain, you will likely notice things you hadn't before. By doing so, you'll enhance your ability to identify evolving signals and trends. These signals and trends are the building blocks of strategic foresight, a practice that can make you better prepared to address market disruption and potentially capitalize on unseen opportunities.



# Problem

A leading international restaurant group, acclaimed for operating a broad range of concepts from fine-dining restaurants to speakeasy-style bars, was struggling to leverage the full potential of a robust corporate financial planning and analysis (FP&A) function. Their processes were dated and bogged down with manual workarounds. Financial planning at the corporate and restaurant levels was prepared using spreadsheets and resultantly created numerous inefficiencies and operational risk exposures. The roadblocks and pain points included:

- Difficulty scaling and administering FP&A capabilities
- Tedious manual process to update or modify budgets
- Lack of integration with key operating systems like POS and ERP systems
- A one-and-done budget, with no re-forecasting throughout the financial year



## BEST PRACTICES

*Just like athletes, restaurant organizations need to be fit in order to move with agility and perform to their true potential. A first step to achieving business agility is transforming your cost agenda. Cost agenda transformation entails cutting costs that are not “critical to quality” and redirecting that capital toward costs that empower differentiating capabilities and align with your business’s strategy. A small minority of organizations regularly practice this fundamental governance exercise, and when they do it is often because pressure from internal and external forces is mounting. Pressure carries inherent decision-making bias, often pushing operators to solve for an immediate crisis rather than make decisions that align with their broader business vision and goals. Make cost agenda transformation an iterative process for your organization, incorporating agility into your business model and matching your spending to your strategic priorities.*

# Solution

CohnReznick’s Hospitality Advisory Practice custom designed and fully implemented an integrated business planning solution that transformed the operator’s dated FP&A function into a world-class corporate function. As a result of CohnReznick’s work, the operator matured its financial planning and analysis capabilities, realizing efficiencies such as:

- Enhanced analytical capabilities
- Optimized planning and forecasting
- Automated key system integrations
- Monthly and ad-hoc re-forecasting capabilities
- Self-serve scenario analysis
- Increased back-office productivity

# Key benefits



## Risk mitigation

Risk is defined as any deviation from the expected, including both downside and upside volatility. An integrated business planning solution allows operators to better manage risk, preparing them for what is on the horizon.



## Revenue optimization

Self-serve scenario analysis capabilities allow operators to monitor leading indicators in their business environment and make the operational adjustments needed to maximize revenue potential.



## Operational cost capture

Full integration with key operating systems such as ERP and POS systems allows operators to dial back or dial up operational components so that KPIs are realized.

# Methodology

## Business Blueprint

To remain competitive over time, a company must be able to move with agility in response to inflection points in the marketplace. The most resilient ones have the capabilities to navigate through unexpected disruptions and take advantage of unforeseen opportunities. Remember, disruption can be an opportunity long before it becomes a threat.

To help with those efforts, CohnReznick's Strategy and Innovation team has come to market with a dynamic business strategy methodology, Business Blueprint. The framework goes beyond traditionally rigid strategic frameworks that base imperatives on the current market environment. The Business Blueprint provides organizations with a nimble strategic framework to quickly adjust to internal and external forces, enabling them to quickly take advantage of emerging opportunities.

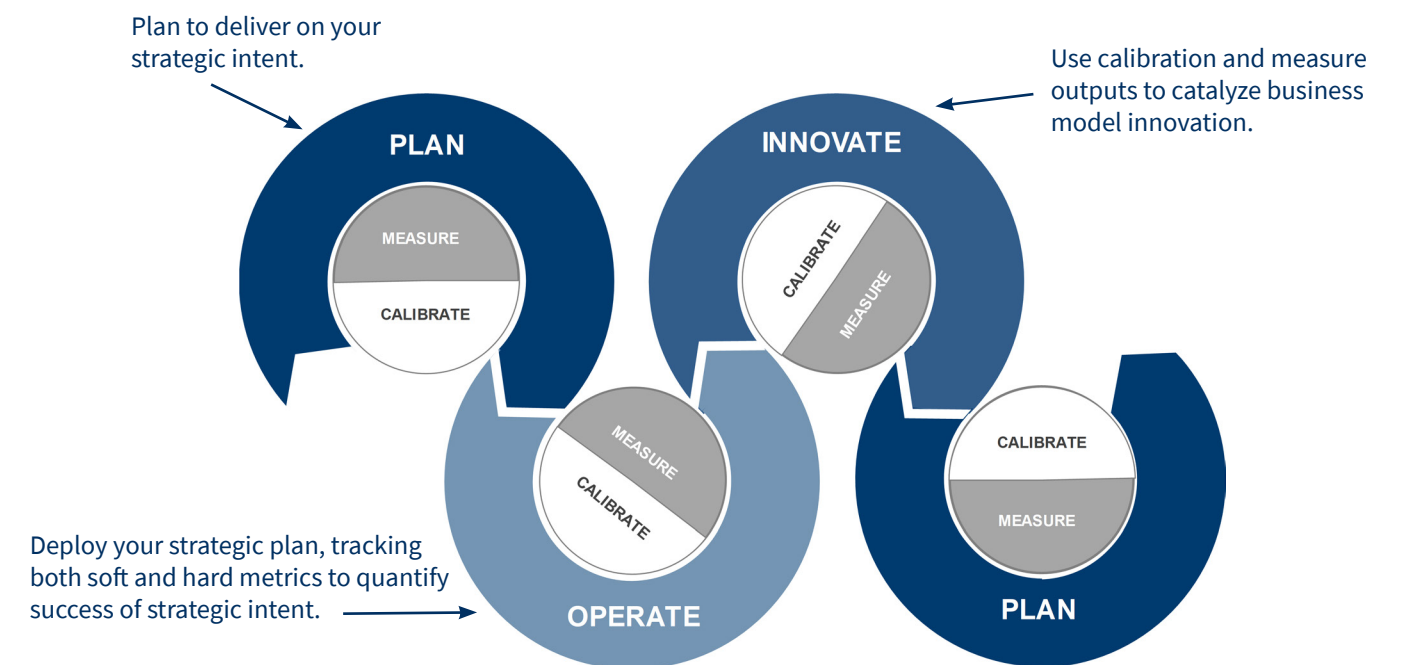
## Strategic resilience

The Business Blueprint methodology encompasses five essential levels, allowing an organization to form and implement an effective strategy that is anchored in the reality of the market environment.

- 1** First, a strategy is about having a solid perspective of the market or environment that surrounds the enterprise.
- 2** Second, the enterprise must be able to define its position in the market.
- 3** Third, the enterprise will adopt a pattern to be used to operate and enable critical and dynamic capabilities.
- 4** Fourth, the enterprise may use tactics to differentiate, gain access, or enable advantage.
- 5** Fifth, the enterprise must form a plan to deliver on the strategic intent.



**A plan** is the actionable outcome of the Business Blueprint framework. Once a plan is defined, the next step is to deploy it in an iterative process that encompasses three critical steps – plan, operate, and innovate – and two continuous internal and external assessments, measure and calibrate. This strategic loop allows companies to move with agility and to quickly react to both internal and external forces. The Business Blueprint methodology helps business leaders deploy an innovative strategy that can help set them up for success in today's dynamic environment.



## Strategy and execution

One of the dynamic aspects of the Business Blueprint methodology is that it eliminates the traditional silos associated with strategy development, often known as goal-setting, strategic execution, and decision-making. The iterative nature of the framework's strategic loop closely links strategy and execution by continually measuring the strategy's success and recalibrating its intent to catalyze business model innovation and strategic resilience.



### Calibrate

Adjust to external factors and newly realized internal intent.



### Measure

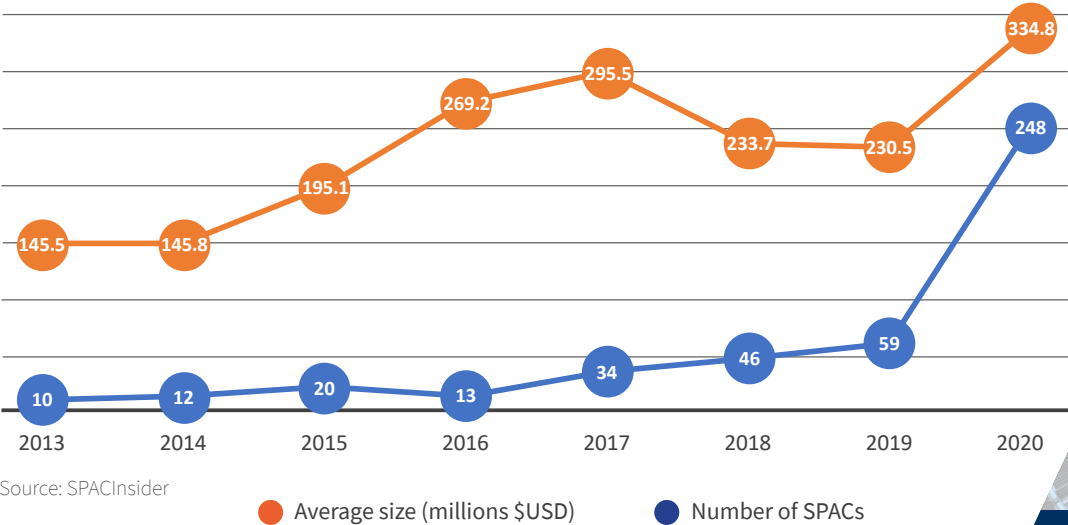
Study the results. What was learned? What went wrong? What was a huge success, and why?



# Transaction Corner

Special Purpose Acquisition Companies (SPACs) raised an enormous amount of capital in 2020, and they have a finite window of opportunity to put that money to work. Being acquired by a SPAC can present opportunities for target companies, but the process and subsequent transition to public-company status can be tricky, too.

## In recent years, SPACs have risen in size and number



## GOING PUBLIC AS A SPAC TARGET COMPANY

### What to consider and how to prepare

#### Company readiness

A target company will need to prepare itself for being a public company quickly in terms of accounting, financial reporting, human resources, etc. A robust, cross-functional project management plan should also be prepared, and an integrated business planning solution should be considered.

#### Reporting requirements

The SPAC will make certain filings with the Securities and Exchange Commission (SEC). Accordingly, certain pro-forma financial information from the target company will generally need to be filed, as well as certain audited annual financial statements and, depending on transaction timing, certain unaudited interim financial statements. Such information will also be included in a Form Super 8-K required to be filed within four business days after the closing date of the SPAC transaction. Further, this information may need to be updated. It is important to incorporate the due dates of regulatory reporting requirements into your expected transaction timeline.

**“Our private company clients have seen growing interest from SPACs who are searching for a target. Historically, SPACs focused on emerging industries like technology and biotech, but recently we’ve seen them approaching hospitality, consumer, and manufacturing companies as well.”**

**— Cindy McLoughlin**  
*Managing Partner - Consumer, Hospitality, and Manufacturing Industries*

## Team



### Cindy McLoughlin

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Cindy McLoughlin, CPA, leads CohnReznick’s Consumer, Hospitality, and Manufacturing Practice. With more than 25 years of experience, she serves many different hospitality and consumer companies, with specific expertise in private equity transactions in the consumer and restaurant sectors.



### Stephen Mancini

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Stephen Mancini, MS, MBA, is the Hospitality Industry Leader for CohnReznick’s Advisory practice and sits within the firm’s Strategy and Innovation group. Stephen focuses his practice on areas of growth and innovation strategy, operational value creation, digital strategy, and technology integrations.

### About CohnReznick

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