

O'Charley's Restaurants Streamline Invoice Processing in Short-Order

Peladon adds document management to the menu.

By Dan Bolita, ICP

With an emphasis on fresh preparation, O'Charley's restaurants serve specialty items such as hand-cut and aged steaks, a variety of seafood and chicken entrées, freshly baked yeast rolls, fresh salads and a "sinful signature dessert": caramel pie. In addition to producing a lot of food, the restaurants generate a lot of paper. With hundreds of eateries operating under three distinct brands in 18 states, O'Charley's was handling more paper in its invoice process than in its napkin dispensers. The O'Charley's, Ninety Nine Restaurant, and Stoney River Legendary Steaks restaurants were sending a weekly total of nearly 8,000 invoices to the company's headquarters in Nashville.

While the bulk of these bills were for the myriad of local services of a full-service eatery – cleaning, maintenance and local produce, there were also bills being sent to the head office. Local invoices were being input at the restaurants, with paper couriered to the head office each week. Both the couriered and direct bills were processed for general ledger coding and input using – J.D. Edwards' back-end accounting system. Once the documents were input, they were re-prepped to be sent for outsourced scanning, and Web-based document archive.

Unfortunately, this was an error-prone process that required a team of trained accounts staff to review the paper documents. Input errors in amounts, invoice coding, or simply in transposing invoice numbers needed to be identified, and then manually corrected before the file could be loaded and the check-run complete. Due to the large amount of manual handling, it had become difficult to track discrepancies. Further, the manual process made it difficult to document

errors so that feedback could be provided to the restaurants for improvements.

O'Charley's Director of Accounting Services Paul Schwartz recognized the benefits of modernizing the process. His goal was to move much of the document preparation in house where invoices could be scanned and processed with

O'Charley's stressed the importance that the new solution would integrate smoothly with their existing accounting package. Further, Schwartz recognized how important it was to choose a system that offered flexibility to adapt to changing needs. With the distinct possibility of expanding to other departments, or a need to re-tool in light of changing technology or leg-



ICR/OCR software. This would allow classification software to carry out the matching processes, identify errors, and allow operator interaction as necessary. Ideally, the system would generate required output to load into J.D. Edwards and generate the required report data.

For O'Charley's the process improvements needed to be achieved using their existing staff. Further, it was important that the system have the ability to expand into other areas such as invoice approval workflow. Looking ahead, Schwartz anticipates that the process can be expanded into other departments. By leveraging the investment in both hardware and software for other documents in other areas, the benefits can be duplicated without the need to increase staffing levels.

islative changes, the process needed to be adaptable. The vendor also had to demonstrate the necessary consultancy skills to understand the existing processes.

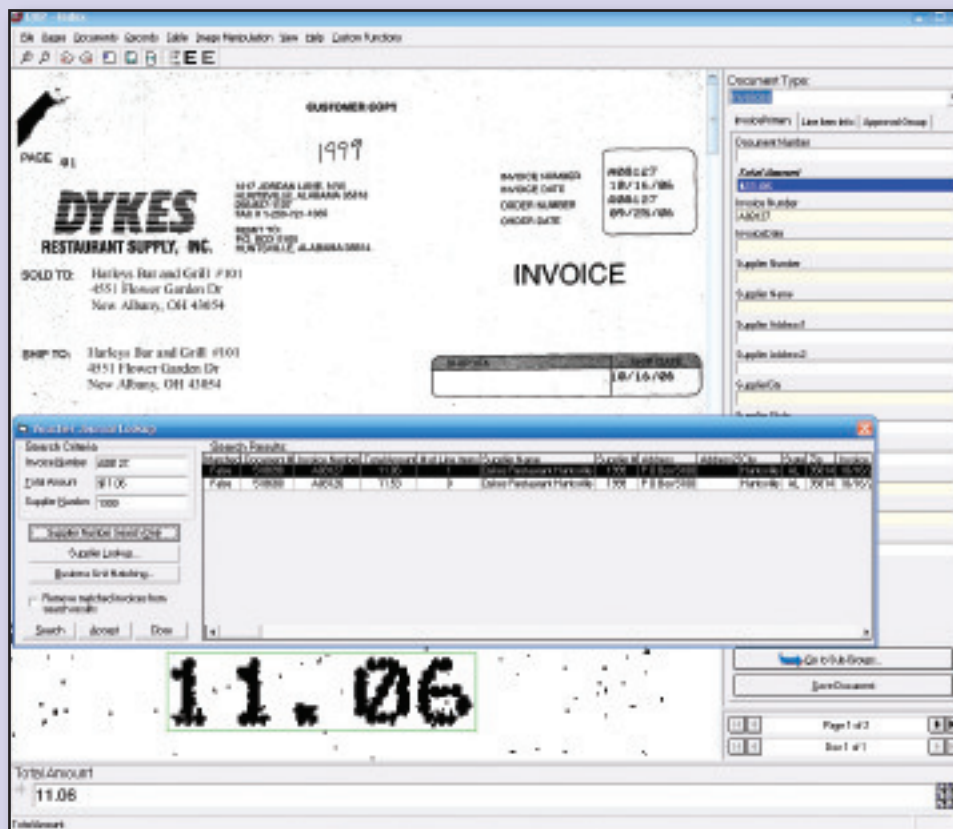
Peladon Software's DocXP was chosen via one of its resellers Results Engineering. O'Charley's reviewed a number of other potential solutions, but DocXP was the only solution from a single vendor that clearly demonstrated that it could meet all of the requirements. Other solutions required integration of multiple products, usually a workflow product and a capture product that may or may not have suitable document management and retrieval functionality.

Following a proof of concept that tested the integration with the J.D. Edwards system, O'Charley's put the system through processing

over a period of two weeks. This was done without additional staff and while maintaining the existing workload. At the end of this stage O'Charley's took the system live. Peladon worked with O'Charley's to identify any modifications to enhance the system further.

"Peladon understands that as much as you review the process and document the requirements beforehand there are some lessons that can only be learned by observing the system in use," said Phil Bennett, CTO at Peladon. "We discovered that O'Charley's was able to make better use of its accounting staff."

While DocXP can support ISIS, TWAIN and Kofax-driven scanners, the Panasonic KV 3065 proved to be the best for the given volume. Peladon recommended two of these scanners for production even though the stated throughput at maximum speed suggested that only one was required. The second scanner allowed for an onsite backup for consistent throughput. "Using our experience and the combination of the scanners' image enhancements and those of our software, this scanner proved to provide the most consistent and high quality image regardless of paper color or density at 300 DPI," said



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Bennett. "We also found that the transport mechanism was highly tolerant of the computer listing paper without having to remove the holes down the side and also tolerant of the small thin register receipts, which also had to be processed."

O'Charley's has been running with the system ever since, and the system consistently meets their objectives, and the additional benefits, as discussed previously, have been achieved. The solution software cost was equivalent to the original outsourcing cost of scanning, which they now have fully absorbed and combined with other efficiencies. The system will pay for itself in less than one year.

According to Schwartz, the system is able to provide reporting of any data entry errors made

by the individual restaurants. "This reporting will identify and report where there are data entry issues at our restaurants," he said. "Additionally, the system tracks AP staff productivity during the data correction process."

Feedback:

According to Schwartz, the impact of the Peladon software has increased processing efficiencies in Accounts Payable by 25%. "This is a starting baseline," he said. "I am enthusiastic that this percentage will increase to close to 40%."

While the retrieval system's main users are limited to the Corporate office for security reasons, Schwartz has received several positive comments on the ease of use in comparison to the prior imaging solution. Managers have been

impressed with the improved process as invoices are handled more efficiently and there's much less paper handling. Said one user: "The new scanning software ROCKS!! Thanks!"

Bennett is humbled by the compliment. "I think this says more about the success of the software than anything," he said. "I would like to personally thank all the staff at O'Charley's for their consistent positive approach in implementing this solution; it undoubtedly assisted in the successful outcome."

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