NCR CASE STUDY

Magnolia Bakery

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Misty Martin, Vice President of Communications, Magnolia Bakery

The customer

It's not every bakery that gets name-checked by Saturday Night Live comedians Andy Samberg and Chris Parnell or mentioned in entertainment media from The Devil Wears Prada to Spin City. Then again, Magnolia Bakery is that bakery: the one that started the cupcake craze in the late 1990s, where Sex and the City character Carrie Bradshaw and her friends would wait up to an hour for its delicious iced treats.

Great products, customer-friendly customization and savvy planning have helped this bakery capitalize on its early fame. After purchasing the 620-square-foot Bleecker Street location in 2006, owners Steve and Tyra Abrams and Bobbie Lloyd have grown Magnolia Bakery into a three-city, seven-location business in the United States. They have also franchised the business to operators in Doha, Kuwait and Lebanon, with many other international locations on the horizon.
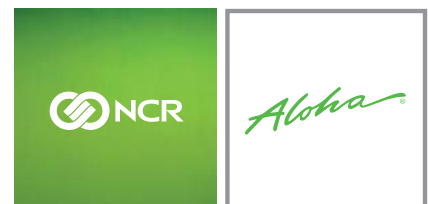
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Operating with Efficiency

Magnolia Bakery is instantly recognizable for its old-fashioned design and recipes. "We've worked hard to create an environment in which customers feel like they are stepping back in time to their grandmothers' kitchens," says Misty Martin, Vice President of Communications, Magnolia Bakery. While that brand image sets it apart from competitors and charms customers, the store's "old-school electronic cash registers" were holding the business back, says Martin. "There was no rich detail in the sales reports about what was selling and what wasn't. Also, it was hard to hold cashiers accountable if their drawers were short." Martin said that the new owners knew that they needed better reporting capabilities to improve profitability and scale the business.

Magnolia Bakery's owners considered different options but took the advice of a valued business partner and implemented an integrated NCR Aloha solution, which includes POS terminals running quick service software, above-store reporting, multi-site and systems management tools, employee theft deterrence software and gift cards, to streamline its operations.

With long lines a constant, the NCR Aloha solution helps cashiers speed service to customers and optimize throughput. "We sell more than 15 different kinds of cupcakes," says Martin. "We didn't want our cashiers to ring in the wrong products or have to go three screens deep to hit the right button. Our screens are super easy and intuitive to use. Cashiers hit one button to ring in a cupcake, swipe a card or take cash, and then it's done. Honestly, the transaction is the quickest part of the process. Customers sometimes take forever to choose their cupcakes, colors and sprinkles."

Managing the Operation

NCR's web-based, above-store reporting capabilities have brought greater visibility to Magnolia Bakery's operations, improving performance. "We use NCR Aloha Insight every day," says Martin. "Our accounting department uses the tools to pull sales and review deposit information; our HR team uses it for labor and time clock data; and our operations team uses the emailed reports to review menu mix data to compare across the all the bakeries. NCR Aloha Insight touches almost every department in our organization."

Martin says that being able to evaluate performance across locations helps general managers make critical changes, such as changing the product mix or redesigning displays, which can increase individual store profitability. In addition, she says that the reporting application has helped the business's operations team improve scheduling, significantly decreasing costly overtime hours. Magnolia Bakery also uses NCR's multi-

site and systems management tools to roll out new products and pricing. Before implementing NCR Configuration Center, Martin had to visit each New York City location in-person to make changes or call employees in Chicago and Los Angeles and guide them through the time-consuming process of updating the item database. "NCR Configuration Center has been a game-changer for our business," says Martin. "It saves time and money and resources. Previously, our databases were pretty messy and inconsistent. Now we can maintain tight control over each location, making sure the item numbers are the same. That's important as we grow domestically, so that we can compare different markets and regions and know that we're comparing apples to apples."

As a well-renowned brand, Magnolia Bakery has a healthy gift card business. Martin says that she uses NCR's tools to activate and load e-cards and check their balances. "We donate e-cards to schools, and many of our customers buy them. Gift cards have very specific reporting requirements, so we manage this program really tightly. Our accounting team uses NCR Aloha Insight to run reports on liability and ensure we are in compliance with federal regulations," she states.

Reflecting back on the original decision to implement a technology solution, Martin says: "We had a good, trust-based relationship with the NCR local office, and they offered a great solution, so it was a no-brainer. The above-store reporting and centralized management tools have really transformed our business."