ServiceChannel

Quick Service Restaurant Facilities Benchmark Report

Key Metrics for Data-Driven Facilities Management

Introduction

How do your facilities measure up?

In this report, you'll find:

› Facilities spend breakdown for QSR locations in California, the nation's largest market with the most brands.

› Insights into the restaurant service provider marketplace, including the gap between the best performers and the rest.

› Analysis of repairs & maintenance spend and activity for the refrigeration trade.

› Costs to repair revenue-generating equipment, with a deep dive into walk-in coolers.

In order to improve your facilities management program, you need to know where to focus. This report establishes benchmarks for comparing your facilities performance to your competition in the quick-service restaurant (QSR) industry. We highlight the key metrics used by leaders from facilities, real estate, procurement, and finance to optimize their results.

With the data tracked in ServiceChannel, QSR brands ensure a quality customer experience at every location, while making smart decisions about facilities spend. They use performance and cost insights to source the best service providers, and asset histories to keep kitchens cooking. During 2020, 55 QSR brands tracked $320 million in spend on the ServiceChannel platform.

By comparing yourself to industry peers, you can pinpoint opportunities for reducing costs and improving performance. ServiceChannel can help you realize these opportunities, whether you have your own team or you need support from our deep bench of facilities experts.

THE INDUSTRY'S
RICHEST DATA

70,000+
Providers

130+ Million
Work Orders

4.7+ Billion
Performance data points
tracked annually

ServiceChannel is the #1 Facilities Management Platform, used by over 500 brands across restaurants, retail, grocery, convenience stores, and other verticals. We track the richest data in the industry to help optimize costs, reduce asset downtime, and deliver amazing customer experiences at every location.

Learn how you can reduce costs and improve outcomes with deeper data.

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Spend Insights

Where QSRs spend the most

Quick-service restaurants in California spend more on facilities than most other states, but the trades with the highest share of spend are consistent with much of the country.

Average spend per location in California was $32,600 in 2020, a decrease of 6% from 2019. Invoice volume dropped by 14%, which was offset by a 9% increase in invoice cost.

Spend per location in California is higher than the national average, due to greater invoice cost and volume. Locations in California are generally newer than average.

Spend on Locations and Invoices in California in 2020
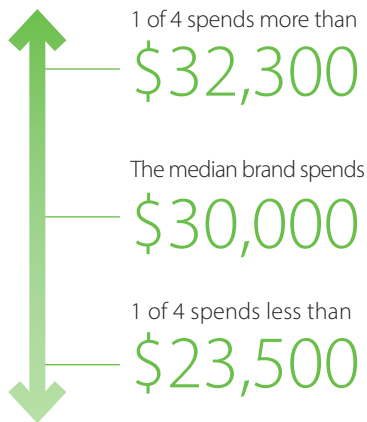
$32,600
Average spend per location

$549
Average invoice amount

9.1
Average years since opening

### Range of Spend by Brands per Location per Year

1 of 4 spends more than
$32,300

The median brand spends
$30,000

1 of 4 spends less than
$23,500

Spend per location varies widely between brands. Rapidly growing fast casual brands tend to spend more, with larger investments in upgrading and maintaining locations.

Factors that can influence spend and work order volume include:

- Brand standards
- Service provider quality and geography
- Asset intensity, suppliers, age, and condition
- Facility format, age, and landlord responsibilities
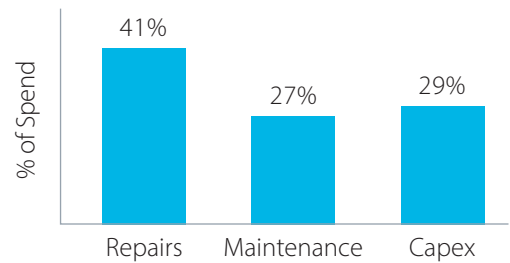
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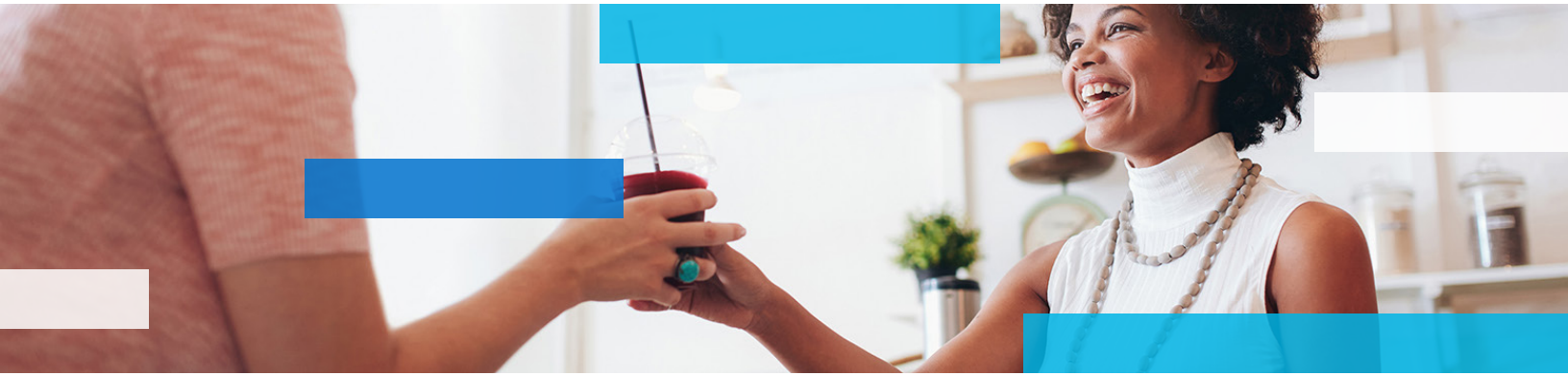
Spend Insights

Where QSRs spend the most (cont.)

The kitchen equipment trade drives the most spend. QSR kitchens are food production machines, which leads to frequent asset repairs, along with capital upgrades to increase productivity. HVAC and refrigeration round out the top three trades, all of which are asset-intensive and critical for serving customers and generating revenue.

Spend Breakdown on Top Trades

Trade	%
Kitchen Equipment	18%
HVAC	13%
Refrigeration	13%
Plumbing	9%
General Repairs	5%
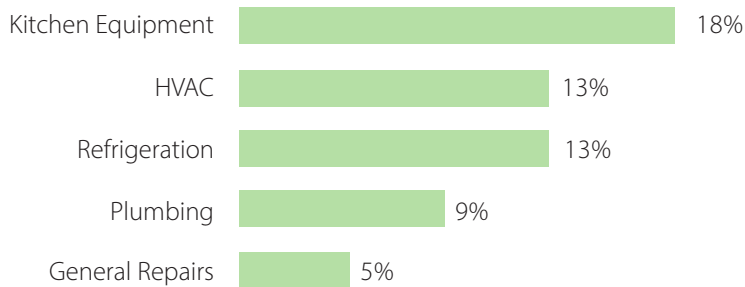
Spend Breakdown on Top Categories

% of Spend

Repairs	Maintenance	Capex
41%	27%	29%

The repairs category consumes the largest share of spend. Maintenance spend varies widely, with some brands investing twice the average to uphold brand standards and protect asset uptime.

Capex spend is allocated primarily to investments in kitchen, refrigeration, and HVAC assets, in order to grow capacity and improve the brand experience.

How to use this data:

Consider these questions about your overall spend compared to peers.

› Do we spend more or less than average? Does our data explain why?

› Which trades and categories present savings opportunities?

› How is our invoice volume and cost changing, and are we in control?

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Trade Insights

The cost to keep your cool

Spending on the refrigeration trade is significant, driven by the quantity and condition of coolers and freezers at a location, plus planned investments in capital upgrades and maintenance.

$4,113
Average spend per location on the refrigeration trade in California

+8%
Spend per location increased in 2020 vs. 2019

In 2020, refrigeration spend increased by 8%, driven by underlying increases in labor, materials, and travel costs.

While the average location completes 4.7 refrigeration repairs per year, brands with more extensive equipment complete twice this rate.

Labor makes up more than half the cost, and the strongest lever for savings is selecting providers that complete repairs faster with less labor time.

One in five repairs are emergencies, requiring response time less than 4 hours. These are critical to resolve quickly to avoid food product loss and safety risk.

Refrigeration Repairs

4.7 Refrigeration repairs per location per year on average

$541 Refrigeration repair cost, with breakdown: 57% labor, 28% materials, and 11% travel

20% Percentage of repairs that are emergencies, which take 5.2 days to resolve and cost $620

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Trade Insights

The cost to keep your cool (cont.)

The average invoice for refrigeration preventive maintenance costs $313 and includes all equipment at the location.

The goals of refrigeration maintenance are to avoid disruptive failures and repair costs, increase energy efficiency, and extend asset lifetime.
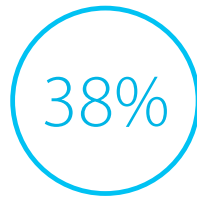
Brands vary in their maintenance investment and frequency. Some brands schedule maintenance as often as quarterly, with this service accounting for over 20% of trade spend.

Refrigeration Maintenance

$313 Average invoice for refrigeration preventive maintenance in California

38% Percentage of locations performing refrigeration maintenance in 2020

How to use this data:
Consider these questions comparing your trade spend and activity to peers.
› How does our repair data compare in terms of frequency and cost breakdown?
› Do we have data to track whether maintenance is actually getting done?
› Do our providers resolve emergencies fast enough to protect sales?

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Provider Insights
Sourcing the best service providers

By comparing providers based on their actual cost and performance for other restaurants, you can make confident procurement decisions, instead of the traditional guessing game.

ServiceChannel ranks providers in each trade and regional market based on their historical cost and performance data with restaurant customers. We use a wide range of cost, quality, and speed metrics to measure what matters most. This data enables us to recommend the best providers available for each of your locations.

In the example below, we compare the top vs. bottom restaurant plumbing providers on cost, speed, and quality.

Comparison of Plumbing Provider Performance for Restaurants in California			
METRIC	BOTTOM QUARTILE PERFORMERS	TOP QUARTILE PERFORMERS	DIFFERENCE
Cost Median Invoice Cost	**$442**	**$257**	**42% cost savings**
Speed Dispatch to On Site	**6.8 days**	**1.2 days**	**5.7 days faster**
Quality First Time Completion	**20%**	**72%**	**3.6x more often**

In the plumbing trade, the top quartile of providers cost 42% less than the bottom quartile. The fastest providers arrive on site 5.7 days sooner than slow ones, to get things flowing quickly. Providers that are well-prepared complete the job on the first visit 3.6 times more often, which means fewer repeat trips and lower travel charges. Overall, top providers use skilled technicians who work faster and charge less labor time, which leads to lower cost and quicker resolution.

What is median invoice cost?
The median invoice represents the typical cost for work. Half the invoices are higher than the median, and half are lower. In the past, the only cost metric available was hourly labor rate. But our invoice data shows that providers with higher rates often cost less, because they take fewer hours to get the job done.

How to use this data:
Consider these questions about your provider cost and service quality.
› Are we working with top providers? How do we know?
› Do we use actual cost and performance data for provider procurement?
› How much could we save by upgrading our provider network?

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Cost Savings Opportunity from Provider Optimization

34% Estimated savings on repair spend by upgrading from bottom to top ranking providers across five key trades

To measure the opportunity for cost reduction from optimizing the provider network, we modeled the savings potential from upgrading five key trades: kitchen equipment, refrigeration, HVAC, plumbing, and electrical.

QSR brands in California with median providers could save 17% on repair spend by upgrading to top performers in these five trades.

For brands starting with bottom performers, the savings from upgrading is even larger, at 34%. For a chain with 50 locations, this amounts to recurring savings of $150,000 per year.

Beyond saving on repairs, top providers can reduce maintenance and capex costs, as well.

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Asset Insights

Kitchen equipment you can count on

When your cooking equipment breaks down, your sales can be left in the cold. These kitchen assets also require a large share of operating expenses to repair and maintain.

The most costly assets to repair include ovens, charbroilers, walk-in coolers, and heating and air conditioning (HVAC) units.

Brands that track asset spend have granular visibility into how much each asset type is costing them, so they can prioritize opportunities to optimize sourcing and costs.

ServiceChannel enables brands to proactively manage their revenue-generating assets with data. Below we look deep into the key metrics for one critical asset, walk-in coolers.

The average walk-in cooler requires about 1 repair every 3 years, which take over 11 days to resolve.

Since walk-in coolers are critical for safe food supply, it's important to minimize failures and resolve repairs as soon as possible.

Warranties commonly range from 6 to 12 months. To avoid unnecessary out-of-pocket costs, asset repairs can be automatically routed to the warranty provider.

By analyzing the frequency of repairs and comparing the total spend on an asset to its original value and remaining useful life, brands make data-driven replacement decisions and maximize ROI from their capital spend.

This same asset reliability data is then used for procurement to select reliable manufacturers with low operating costs.

Repair Cost by Asset Type

ASSET TYPE	AVERAGE REPAIR COST
HVAC	$750
Oven	$656
Charbroiler	$603
Walk-In Cooler	$559
Griddle	$540
Fryer	$509

Key Metrics for Walk-In Coolers

Repair frequency	0.3 per year
Cost per repair	$559
Repair spend	$170 per year
Resolution time	11.8 days
Asset age	4.7 years
Life expectancy	7 – 15 years
Original value	$10,900
Warranty coverage	6 – 12 months

How to use this data:

Consider these questions about your asset management strategy.

› Which assets are costing us the most for repair and maintenance?

› What data do we use to make proactive decisions about asset replacement?

› Which assets are most critical for our customer experience, and what does our data say about their reliability?
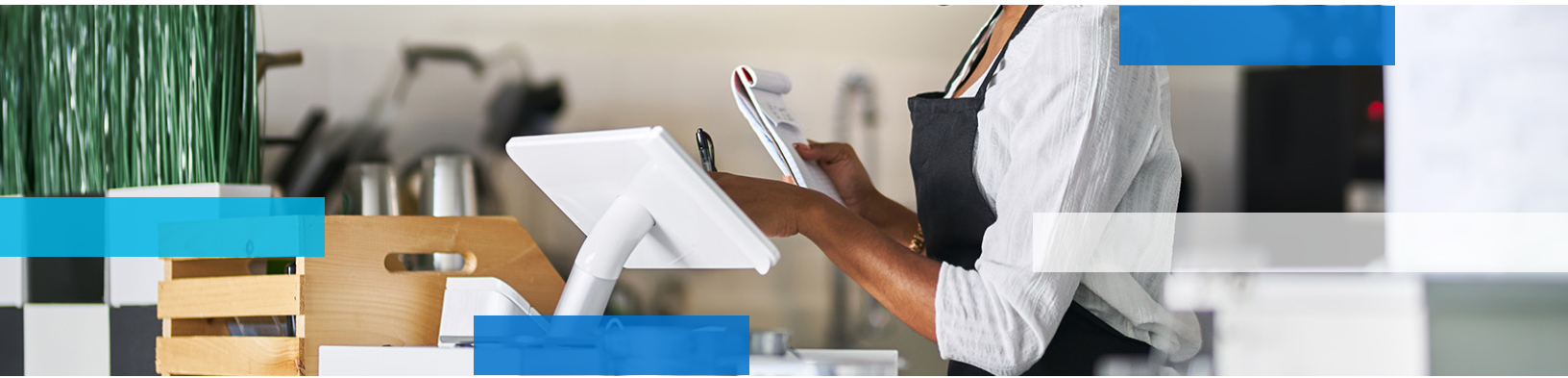
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Wrap Up

How do you compare?

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We track the richest data in the industry to help optimize costs, reduce asset downtime, and deliver amazing customer experiences at every location.

Where do you spend more than your industry peers? Where do you spend less? Do you know why?

The key to optimizing your facilities program is taking a data-driven approach to managing your spend, assets, and providers. The QSR brands on ServiceChannel use the key metrics in this report to make better decisions every day.

If you're lacking the data you need to make confident facilities spending and procurement decisions, we can help. Whether you're leading an internal FM team, or looking to outsource without giving up transparency and accountability, our platform tracks the richest data in the industry.

Ready to optimize your facilities program?

Learn how you can reduce costs and improve outcomes with deeper data.

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"ServiceChannel is a vital tool for managing over 2,000 facilities. For a multi-site restaurant, it's a must.

You're collecting data the entire time. You can always go back, look at your average spend, evaluate the vendor, and see if you can get better value."

– Roger Goldstein, Executive Director of Facilities, Panda Restaurant Group

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"ServiceChannel gives us visibility and transparency in all areas of our operations. Vendors know that they're on the clock when the work orders are tracked through ServiceChannel. This makes them more accountable, and we see improved performance."

– Senior Facilities Manager, Shake Shack

SHAKE SHACK

Learn how data-driven facilities management can help you save money and get better outcomes.

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