A CLOSER LOOK...

multi-unit management and rapid growth

LOCATION
Washington D.C.

TYPE
Quick Service
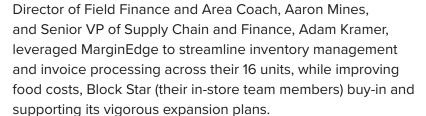
TOTAL UNITS
16

TECH STACK
Square, Sage Intacct

KEY FEATURES
Inventory; Invoice Processing; Food Usage Reporting; Internal transfers

The challenge

DMV juice, smoothie and acai bowl behemoth South Block needed a solution that would streamline their multi-unit operations, keep costs manageable and grow with them while they scale their mission of building healthier communities one block at a time.

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Director of Field Finance and Area Coach, Aaron Mines, and Senior VP of Supply Chain and Finance, Adam Kramer, leveraged MarginEdge to streamline inventory management and invoice processing across their 16 units, while improving food costs, Block Star (their in-store team members) buy-in and supporting its vigorous expansion plans.

South Block blends culture, growth and success with MarginEdge

South Block is a juice and acai bowl company with multiple locations in the Washington D.C. metro area. The company prioritizes customer experience and community engagement while offering healthy and delicious products. With an aim to expand its presence, South Block sought ways to improve operational efficiency and better manage its food costs. Enter Aaron and Adam.

Aaron Mines has worked with South Block as the Director of Field Finance and Area Coach for two years. This means he has direct operations oversight for five locations, so a little more than a third of the company as

Area Coach, and is responsible for the entire company in the field finance part of his role.

Adam Kramer has been with South Block for more than eight years as the Senior VP of Supply Chain and Finance. Throughout his career, he's held most positions in the company – everything from an hourly Block Star (the incredible people helping guests out in-store) to Store Manager, to Operations Area Manager. If it has to do with finance, Adam's in the know. "Adam is a one-stop-shop for South Block, for sure," jokes Aaron.

We sat down with Aaron and Adam to explore how South Block leveraged MarginEdge, a restaurant management platform, to streamline its operations, improve cost management and support its vigorous expansion plans while continuing its commitment to building healthier communities.

Before integrating MarginEdge into its operations, South Block encountered several challenges in its cost management processes. Adam and Aaron struggled with manual and time-consuming tasks such as dealing with paper invoices and relying on staff to collect and organize them. This not only consumed valuable time but also introduced the potential for errors and inefficiencies in tracking purchases.

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The major value of MarginEdge is that 100% of the operator's time is spent in operations."

Aaron Mines
Director of Field Finance and Area Coach

Additionally, the lack of real-time visibility into inventory usage and costs hindered their ability to make informed decisions promptly. Without a cross-location, streamlined system, their operators were burdened with back-office tasks, diverting their attention from engaging with guests and enhancing the guest experience. These challenges highlighted the pressing need for an innovative solution to centralize data, automate workflows and empower South Block to optimize cost management across its growing business.

Keeping an eye on what's on hand

MarginEdge played a crucial role in revolutionizing South Block's inventory management, addressing challenges that had previously burdened the team. Aaron explained, "Training new Blockstars on our processes for taking monthly inventories with MarginEdge could not be easier. The platform is easy to use and it affords me the opportunity to do a lot more white-glove training with our team."

While taking inventory isn't the most glamorous of tasks (even if MarginEdge makes it less painful), having a real-time view of what's on hand each month greatly impacts costs. Adam notes, "Anything you focus on, you're gonna be able to make a difference with. On the store

level, being able to have that information in real-time so that they can take a look at their ordering and their waste, and that type of stuff, it makes a little difference here and there. But a few cents add up when you have 15 locations over the course of a year."

Saying, "Acai'll see you later!" to manual invoice processing

The platform also allowed South Block to capture and upload invoices digitally,

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>
> **Adam Kramer**
> Senior VP of Supply Chain and Finance

eliminating the need for manual paper handling and extra time spent on administrative tasks. According to Adam, "When we started using MarginEdge, it was a game-changer. We were dealing with paper invoices and relying on staff, or going from store to store to collect them, but now we snap a photo of invoices and even have them automatically sent from vendors."

As a result, Adam and Aaron could channel their efforts into nurturing South Block's unique company culture, fostering team engagement and providing an exceptional customer experience. Adam stated, "Taking pictures of receipts and uploading them was a big help. It saved us a lot of time and effort."

Aaron shared, "If someone new onboards and needs to learn how to use the platform, it's not very complicated, and I can spend a couple of hours showing them everything they need to know about the MarginEdge platform from the unit operator perspective." For a company like South Block where the culture runs deep, being able to provide a streamlined and simple

onboarding experience is a game-changer and makes a stronger impact on their Blockstars long term. The more you granola 'bout food usage, the better

MarginEdge's purchase reporting feature facilitated data-driven negotiations with vendors, helping them secure better pricing for their products. Adam explained, "I use the purchase reporting a lot, because I can go back to our current vendors or even a new vendor, and I can say we bought this many cases of this product company-wide last year while looking for manufacturer rebates or looking to switch to a new product and see what type of pricing we can get."

Along with better pricing, MarginEdge's food usage reports help Adam and Aaron gain insights into consumption patterns and identify opportunities to optimize portion control, reducing waste and lowering costs. Aaron underscored their significance, stating, "Having data that we can give our individual operators about their top three, top five, or top 10 specific

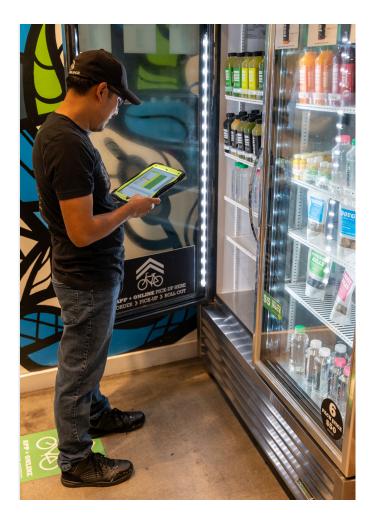Visit marginedge.com/demo to transform your back office today.

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items that they can focus on to get the most return on their time spent managing that product is invaluable because otherwise, we're just flying blind."

This feature also allowed the team to benchmark performance accurately in identifying those top-performing items and making potential problem areas more obvious. Adam added, "We use the purchase reporting to see what people buy. We can see patterns, like why is everybody buying extra bananas? Is there an issue with getting shorted on bananas?" The platform's ability to highlight usage trends in real-time enabled the operators to optimize ordering and minimize waste. This data-driven approach led to informed decision-making, allowing South Block to enhance its offerings, control costs and foster operational excellence through efficient resource allocation.

Mo' money, mo' product transfers

MarginEdge's transfer approval feature provided oversight on inter-store inventory transfers, ensuring accurate cost of goods results. Adam and Aaron, as key figures in South Block's management team, harnessed the power of MarginEdge to alleviate the challenges posed by manual processes within their multi-unit business operations.

As Adam explains, "Internal transfers are a necessary evil. In a perfect world, you'd never need to transfer anything and each store would be self-sufficient. But people forget to order stuff or they get shorted on their delivery and it's useful to track those costs if I run to another store for product. I don't want to give them $400 worth of product if I don't know that I'm gonna get credited for that."

MarginEdge empowers each store to manage transfers themselves, "The way we have to set up is that the store that's giving the inventory is responsible for making sure that the transfer goes through. So that way they're tracking it and they're making sure that it's accounted for." Internal transfers replaced the cumbersome task of manually tracking product transfers between units, enhancing accuracy and accountability across locations.

And it's not just internal transfers that have been beneficial to managing multiple units. Being able to compare performance between stores has been a rising tide that's lifted all boats and lowered costs. Adam shared, "With the way that we can pull insights out of the food usage, we can look and say this location's really

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good at managing their granola, this location's really good at managing the organic juices that we sell, and this location is really good at managing its fresh fruit. We can use those insights to bring all of our operators together and share best practices. That elevates everybody's performance and over time brings the cost of goods down."

Real-time data means real good cost management

MarginEdge has brought invaluable real-time data to South Block, transforming its decision-making process and its bottom line. Adam highlighted how this transparency and visibility made an impact: "The platform has definitely impacted our food costs just because there are more eyes on it in real-time. We have

multiple people, from the support team and at the store level, all tracking invoices, food costs and prices, all looking at all that stuff. So, just being aware of it and being able to get that information in real time, that's definitely made a difference over time."

Adam explains further, "Commodities fluctuate, they go up and down all the time, but overall, as we've gotten bigger, we've been able to negotiate better food costs and a big part of that is just by being able to see what we use the most of, what prices go up and what our usages are in MarginEdge."

The platform's ability to capture and display price fluctuations allowed them to respond promptly to changing market conditions. Aaron also stressed the significance of data-driven insights: "With the way that we can pull insights out of the food usage, we can look at specific items that they can focus on and over time, brings the cost of goods down."

This feature empowered South Block's operators to pinpoint top-performing and underperforming areas, driving cost-reduction strategies. MarginEdge's capacity to provide immediate, accurate information reshaped South Block's approach to cost management, enhancing their ability to adapt, strategize, and succeed in a dynamic market landscape.

Fresh-squeezed accountability

MarginEdge's tracking capabilities enabled store-level teams to be accountable for their costs and contributed to an increase in team engagement. The platform's real-time visibility into expenses and usage allowed team members to understand the financial aspects of the business, fostering a sense of ownership and responsibility.

Aaron emphasized how this transparency drove results: "The major value of MarginEdge is that 100% of the operator's time is spent in operations." By automating tasks like inventory management and invoice processing, MarginEdge liberated operators from back-office tasks, empowering them to focus on enhancing the guest experience and nurturing their teams.

This shift toward data-driven accountability not only bolstered business outcomes but also aligned with South Block's culture of nurturing its employees and building healthier communities. Adam explained, "We tend to attract a younger demographic of team members and managers. And a lot of times, they don't have experience with how to run a business and how to make sure a business is successful on the back end. So our goal and part of our culture is to develop and teach them how to run a business. We want them to stay here, but if they go and they take that information somewhere else and use it then we've been successful in our job."

There's more than just health on the horizon

Additionally, Aaron shared their vision for growth, mentioning, "We're also looking to do our first capital raise and finding a strategic partner that's going to be able to help us scale faster. We feel South Block has a lot of potential and a big part of that is thanks to working with tools like MarginEdge, so we're able to look at our costs in real time and train people faster. It's given us some of the tools we need to grow that way, so it makes us more appealing and able to open new locations. We're looking forward to seeing what happens!"

This emphasis on collaboration and partnership reflects South Block's ambition to maximize its potential and accelerate expansion. This dynamic combination of adding new locations and strategic alliances demonstrates their commitment to making the most of their opportunities and propelling the brand to new heights.

And the collaborative partnership doesn't end there. South Block's commitment to building healthier communities aligns with MarginEdge's mission to help build and empower restaurants by leveraging data and technology, making it a truly, mutually beneficial partnership. As South Block continues to grow, its collaboration with MarginEdge will remain an integral part of its success story, the perfect blend of culture and technology resulting in a fresh recipe for success. 🍵