

Starbucks 7ms

[Business](#), [Company](#)



Internal According to Reza and Saudah, organization used 7Ms which are management, manpower, marketing, method, machine, material and money as company input and fully utilize these resources will improve firm's performance. The fundamental truth that called 'The Right' which is the right quality, the right quantity, availability at the right time, the right place, the right costs and the right information, would eventually lead to the costs increase or decrease of the company's profit. (Silviu Crisan, 2011) One of the 7Ms is materials, it is already known that they are indispensable for the industry activity.

The material from a firm can consist a major importance, meaning they are irreplaceable. The quality of the coffee bean is the most important to have a good coffee. Once the coffee that have been freshly roasted and ground, good water and brewing equipment free of oil residues from the last brew and the quality of the coffee beans makes a huge different. Starbucks coffee beans Starbucks' commitment is to become the highest quality coffee in the world. Starbucks take a holistic approach to ethically sourcing coffee through responsible purchasing practices, farmer loans and forest conservation programs.

When Starbucks buy coffee by this way, it helps create a long term supply of the high quality beans they have been carefully blending, roasting and packing fresh for more than forty years. Starbucks ensures the quality of the beverage in taste, temperature and appearance. All coffee must meet Starbucks high quality standard. The finest coffees are always handpicked because the machines only can do a decent job of shaking ripe fruit off coffee trees, but they are not discriminating as humans. After harvesting, the

coffee cherries must be processed to remove the pulpy fruit outside and retrieve the two sought after seeds inside.

Coffee cherries approaching the peak of maturity Different producers use different processing protocols which can affect flavor greatly. There are three types which are dry, washed and semi washed method to process. First, in dry processing, after the outer pulp is removed mechanically, the whole cherries are sun dried for 10 days to three weeks. The coffee will tend to be fruitier, rounder, fuller bodied and more complex because the bean is in contact with the pulp longer. This type of coffee is known as unwashed or natural, such as Brazil Santos, Ethiopian Harrar or Yemen beans.

An alternative method, the just harvested cherries are transported to a processor, who skins the fruit mechanically to expose the sweet, sticky pulp. The beans are left to ferment in tanks for 12 to 18 hours, a step that helps to soften the pulp, and then washed and dried. The coffee will retain the most acidity. This method is called washed coffee, also is the most common fine coffee in the world. For semi washed beans, a variation of the washed technique, the pulp is removed mechanically, omitting the fermentation step.

This technique saves water but do not allow the processor to enhance flavor through fermentation. The coffees are relatively richer and earthier flavor. Finally, the coffee beans will be sorted by size, density and color and then graded, then go to roaster. Starbucks is sticking with its rule which is hard to remember and will break down under the weight of their own complexity, they focus on just two drinks at a time to reduce possibility for errors,

customers will have to wait longer for their drinks. Consequently, customers can get the high quality coffee every time but just need to wait longer.

Besides, over the years Starbucks has launched several initiatives to decrease the environmental impact of its disposable cups. Since 2009, Starbucks hosted a Cup Summit to bring together all facets of its paper and plastic cup value chain to find agreement on criteria for a comprehensive recyclable cup solution. Reducing the environmental impacts of cups depends on the success of two interrelated efforts. First is developing recyclable cup solutions and secondly dramatically increasing customers' use of reusable cups such as umbler or mug. With environmental and marketing issues, Starbucks offer a 10 percent discount when customer use their own reusable mugs or tumblers for their beverage in stores in the US and Canada, RM2 discount in Malaysia. Starbucks tumbler and mug Furthermore, Starbucks offer Starbucks Card to earn free drinks and gifts such as Starbucks year planner. Starbucks grab its market share by customerloyaltythrough promotions such as discount and limited edition gifts. Starbucks Card Starbucks year dairy planner

According to Forbes 2012, Starbucks introduce single serve coffee machine which using Swiss engineered high pressure technology called Verismo to allow customers make their own lattes at home with real milk. Verismo features three different pod types which are espresso pod, coffee pods and milk pods that can be combined in a number of ways to make own custom drinks. The chief executive of Starbuck, Howard Schultz mentioned do not have any competitor can make a latte with fresh milk just similar quality with a single cup machine. Verismo one cup coffee machine

Starbucks is trying to capitalize on the popularity of single cup coffee machines, Verismo that use K cups, sealed plastic cups that contain ground coffee in a single filter. The president for channel development and emerging brands at Starbucks, Jeff Hansberry stated in 2011, more than \$8 billion of machines and cups were sold worldwide and every three coffee machines, more than one is single cup machine. The key element of an organization is not building or a set of policies and procedures but is made up of people and their relationship with one another.

A firm exists when people interact with one another to perform indispensable functions that helps achieve goals. Management recognizes the significance of manpower with most new approaches plan to empower employees with better opportunities to learn and contribute as they work together toward universal goals. (Richard L. Daft, 2009) Starbucks treat its employees as partner. Starbucks have built a solid foundation on the direct and open relationship that they share with partners and their legacy of providing employees with a positive workplace. In addition, working at Starbucks is a lot like working with friends.

Starbucks believes that keeping each other informed is understanding and respect each others, so the senior leader hold the open forum to answer the juniors questions regularly. The Starbucks total pay package is called 'Your Special Blend' because it is just for you as employee. This package include competitive pay, insurance, bonuses, paid time off, retirement savings plan, stock options and discounted stock purchase plan, adoption assistance, domestic partner benefits, emergency financial aid, referral and

support resources for child and elder care, also a free pound of coffee each week and discounted merchandise at Starbucks.

Moreover, there are various partner clubs and networks that help employees share interest and find life balance which include recreational athletic leagues, foreign language clubs and parenting resources. Due to the healthcare is important to the employees, Starbucks offers comprehensive benefits packages to eligible partners working at least 20 hours per week. Starbucks was named to FORTUNE's '100 Best Companies to Work For' list for 14th time in 2012, from previous rank 98 move up to rank 73.

The reason Starbucks was recognized as a great place to work for is they made treating their partners with respect and dignity one of its guiding principles. There are more than five hundred professionals working in the finance group at Starbucks, in fields such as accounting, business unit finance, corporate development, finance services, internal audit, investor relations, tax and customs, treasury and risk management and safety and security. Full year financial results in 2012

Starbucks total net revenue increased 14% attaining a record \$13.3 billion. The company opened 1063 net new stores globally. Starbucks returned approximately \$1.1 billion to shareholders through share repurchases and dividend payments. Starbucks 2013 goals are open 1300 net new stores globally, representing 22% growth over fiscal 2012 and around 10-13% revenue growth. Starbucks Coffee Company has agreed to acquire Teavana Holdings in \$620 million all cash acquisition.

Starbucks and Teavana will jumpstart the next wave of growth in this dynamic category, leveraging Starbucks core competencies of real estate, design and store operations and intergrading these with Teavana's world class tea authority, global sourcing capabilities, merchandising and best in class retail store unit economics. Furthermore, Starbucks plan to continue to grow and extend Teavana's successful 200 mall based stores as well as add high profile neighborhood store concept that accelerate Teavana's domestic and global footprint based on Starbucks existing infrastructure.

Teavana Holding According to Gibbons, since 2008, Starbucks simplifying the complex structure it so that every job fell into one of the four basic supply chain functions which are plan, source, make and deliver. In planning sections involved its production planning, replenishment or new product launches. However, sourcing events were gathered by two areas which are coffee and non coffee procurement. For instances, Starbucks spends US\$600 million on coffee every year and purchase non coffee procurement such as dairy, furniture and paper goods US\$2. billion annually. Furthermore, all manufacturing whether done in house or by contract manufacturers which are dispatched to be make functional unit. Finally, personnel working in distribution, transportation and customer service were appointed to the deliver group. The chair, president and chief executive of Starbucks, Howard Schultz mention the management changes come less than a year after Starbucks reworked its leadership structure into three operating model that focuses on North and Latin America, Asia and Europe or Africa or the Middle East. (Lisa Jennings, 2012) This rearrangement will let the company to better deliver on local relevancy and velocity of decision making. The leadership

moves Starbucks announced that they more swiftly position themselves for the exciting opportunities ahead while never losing sight of the fact that they are a global brand with a rich heritage in coffee, long standing values and their responsibility to use their scale for good. Starbucks use 3-M framework which are Megaphone, Magnet and Monitor.

Megaphone represents firm to customer communication, Magnet refers to customer to firm communication and the Monitor defined customer to customer interaction. (John G. and Sam R. , 2012) Starbucks had enhanced on the business measures by excelling in operations management. The quality and taste of coffee, the people serving the coffee and the experience in the retail stores are the reasons customers loyal to Starbucks. Starbucks improve productivity and profitability, then regain its market share. Paryani, 2011) According to Xing Zheng, Starbucks attracts consumers and increases their loyalty through offering Starbucks experience satisfied in psychology and emotion and creates extraordinary coffee brand. Starbucks' supply chain transformation had support from the very top. For Starbucks far flung supply chain, the creation of a single global logistic system is very vital. Generally Starbucks brings coffee beans from Latin America, Africa and Asia to United States and Europe in ocean containers. References Chris Barth, 2012.

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