

# Pom processing of material starbucks

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



Question 1: Identify what proportion of your companies activities are material processing, information processing and customer processing.

Company: Starbucks Coffee Company (Focused on: Retail Coffee Shops)

Answer: As the mind map below shows the activity proportions are: Material processing activities: Information processing activities: Customer processing activities: 11 % 80 % 9%

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This result could be expected for a service operation. But this proportion doesn't express the share of the activities which are adding value to the transformation process. Although the major amount of activities is related to process information's it is reasonable that the most value is added in the material & customer processing areas. References: [www. starbucks. com](http://www.starbucks.com) (05-2010)

Question 2:

Identify your organizations volume of output (either daily, weekly or annually), its variety (product range), variation in demand over time and visibility.

Company: Starbucks Coffee Company (Focused on: Retail Coffee Shops)

Answer: The total revenue of Starbucks had been \$ 8. 232 B in 2009 (Starbucks Annual Report 2009). This revenue was generated by producing and selling coffee, coffee-beverages, teabeverages and other cold drinks as well as different food specialties, merchandising products and whole coffee beans. The portfolio share of beverages is quiet high, 99 different off-

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theshelf products are offered in the stores ((<http://www.starbucks.com>; 05-2010). In addition every customer has the opportunity to create his own Starbucks product through individualizing OTS-products in the following dimensions: 1.) 2.) 3.) 4.) Espresso (extra shot, décafé, half-décafé) Sirup (vanilla, caramel, almond, hazelnut, raspberry, peppermint) Specials (cream, milk cream, ice-cold, extra-hot) Milk (fresh milk, half-fat milk, fat reduced milk, soya milk, lactose free milk).

Through this highly flexible and customer oriented product range Starbucks is able to fulfill a very high range of customer demands ([www.starbucks.de](http://www.starbucks.de)). The beverage share of the retail sales mix is about 76% (Starbucks Fiscal Report 2009). Regarding the food portfolio Starbucks is selling a range of 77 products ([www.starbucks.com](http://www.starbucks.com)). But there is no customization offer on these products. This is mainly driven by the fact that Starbucks sees itself as a coffee company and not as a food selling QSR company. Nevertheless the food share of the retail sales mix is about 18% (Starbucks Fiscal Report 2009).

Starbucks drives a high volume business, but also offers a large variety of products. These characteristics are typical for a complexity processing service operation (Johnston / Clark, 2008). The variation in demand might be influenced by seasonal effects like outside temperature and consumer frequency in the high-streets during summer or winter sales. Other drivers are promotional activities and general economic trends which are directly affecting the income of the customers. These variations in demand could be forecasted and therefore it is not necessary to set up very flexible processes

in terms of production, supply chain and staff planning. Due to the characteristics of operations (Slack, Chambers, Johnston, 2007) the variation in demand is quite low.

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It is reasonable that information from the customer is necessary to produce and serve a large proportion of the products. Therefore the customer is highly involved in the production process and the major amounts of products are tailor made and must be delivered just in time. For that reason the visibility of the Starbucks operation is very high. But it must be recognized that the service-scape is also a very important part of the total customer experience at Starbucks. Therefore the invisible back office and after sales activities (e. g. developing new store layouts, cleaning the dishes and the tables) are also very important for the success of this strategy.