

# Free essay on current strategy:

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



## **Management**

Introduction:

Dunkin' Donuts is one of the widely recognized businesses in food retail. The company is the world's largest chain of coffee and baked goods. The business initiated in 1950 and they started franchising in the year of 1955. According to the statistics presented in the annual report (Dunkin' Donuts, 2014), the company has more than 11, 310 stores. A reasonable amount of these stores functions successfully all over the globe. The franchises under the umbrella of Dunkin' Donuts serve more than 2 million customers every single day all over the globe. Dunkin donuts offer more than 52 varieties of donuts and more than a dozen varieties of coffee as well as bagels, breakfast sandwiches and several other baked products (Dunkin Donut, 2014).

The focus of Dunkin' Donuts has always remained to become the cost leader in the U. S. snack shop and coffee industry. The main strategy is to “ use means to ensure that better quality products are served at the prices lesser than the competitors are offering.” The company is using three major ways to ensure their strategy works. First, Dunkin' Donuts believes in mass production that is the finest way to ensure greater asset turnover. This approach also assists in spreading the fixed cost of their assets over a larger number of items. Secondly, Dunkin' Donuts focuses on the importance of standardized production, which helps in limiting the cost associated with customization. Thirdly, the company has worked a lot on the maturation of their supply chain. They have adopted a very sophisticated system of buying in bulk quantities. By very competitive bidding and contractual agreements

with the vendors, the company is in a position to cut down the costs more than the competitors (Kosherdunkindonuts. com, 2015) are.

The company exhibits a very strong presence in the Northeastern flank of U. S. However, the presence is not distributed evenly in other parts of the country. Dunkin' Donuts is planning to expand in the distinct regions of America and is taking actions to run more than 15, 000 stores in the United States which would be almost double than the current position. The company has more than 40 years of international experience and is currently functioning successfully in more than 3, 100 states in 32 countries. The strategy underlining the operation functions focuses on strong franchising, quality and consistency of the stores. The company has very strong criteria for franchising and believes that the high standards of franchises will assure optimum business opportunities and market share. Out of its 10, 000 stores operating all across the globe, 7, 000 are franchises, therefore; the company emphasizes a lot on the quality and consistency of the stores (Kosherdunkindonuts. com, 2015).

## **Long Term Objectives**

The long-term objectives of Dunkin' Donuts are to be price and quality leader in its industry. The company has planned to make sure quality and price ratio remains stable. Dunkin' Donuts also looks forward to facilitate a highly standardized dining experience via the effective and efficient use of innovation, service quality, and product delivery. The company is also planning to expand both nationally and internationally without any compromise on quality and price. The three strategies to achieve these goals include national expansion, the transformation of the Baskin-Robbins and

international growth.

The rapid expansion of Dunkin' Donuts proves that the company is getting popularity all over the globe. The company spends a lot on the R&D. Dunkin' Donuts has a very strict quality assurance policy. The sophisticated marketing skills, appropriate segmentation, and an urge to transform and evolve the learning curve of the organization are the factors, which keep Dunkin' Donuts a step ahead of its competitors. Dunkin' Donuts provides reasonable resources for the achievement of both long term and short-term objectives. Dunkin' Donut spends a lot on the workforce, employee training, societal responsibilities, environmental controls, and several other campaigns for the benefit of humanity. The company also makes sure to provide the best quality food to everybody in the minimum possible cost. Dunkin' Donuts is also planning to reduce the sugar content in the upcoming years and believes that still a lot of work is required in the snack and coffee industry.

The top management assures the adequate and timely allocation of the resources. The management at Dunkin' Donuts is very responsive and looks after vital constituents of business like innovation, R&D, employee empowerment, supply chain, quality assurance, and price control. A lot is spent on training, social reforms, public awareness, and other societal campaigns. The company believes that no business can function in the contemporary world without being socially responsible. Dunkin' Donuts is always ready to do societal projects and make the environment safe for the upcoming generations.

The national and international strategies are very challenging because it is

hard to assure the standardized quality of products and services on every single store working under the umbrella of Dunkin' Donuts. The company has a very sophisticated system of standardization and to make sure the system runs flawlessly, the company must invest in the human resource and other projects like employee training and their empowerment. Dunkin' Donuts believes that the employees determine the fate of any business and throughout the journey of Dunkin' Donuts; employees have played a vital role in making the company successful by establishing brand all over the world.

## **Organization Chart**

When it comes to Dunkin' Donuts, the organization uses a U-form corporate leadership pattern. The similar pattern prevails for the organizational hierarchy for the decision-making and strategy formulation. The U-shaped style is commonly experienced in the military and is characterized by a military divisional structure in which several divisions work for one parent company. The parent company owns or controls all the smaller units that are using the name and the brand. The organization overall is controlled by top management that handles strategic decision making and other core processes necessary for the proper functioning of the business. The multi-divisional structure gain popularity in the year of 1960s and during the nineteenth and twentieth century remained the most successful organizational structure. Unlike the M-form organizational structure, the U-form organizational structure has a more systematic arrangement. The technology is changing dramatically, and so are the means to do the business (Dunkin Donuts, 2013). The Dunkin' Donuts has identified the need

to change and the company currently is getting more and more decentralized. Currently, highest in the hierarchy is the CEO of the company Nigel Travis. Underneath his direction are four major divisions. Paul Twohig leads the operational division. John Costello, the international affairs, and branding division lead by Giorgio Minardi lead the marketing division. Rest the managerial hierarchy follows the similar traditional pattern.

The organizational structure has played a vital role in the development of Dunkin' Donuts. The structure is very well communicated, and segregation of departments has given organization strength to throw out its competitors. Therefore, based on the defined structure, the organization is well prepared to accomplish the organizational goals and strategies (Dunkin Donuts, 2013).

### **Top Leadership Bio**

The organization's top management believes in innovation and continuous improvement in the processes. Every organization has a lot to learn from the experiences and must evolve to beat the competitors in terms of price, quality, and timely delivery of the products. It appears in the case of Dunkin' Donuts. Nigel Travis, the CEO of the company along with the top management members like Paul Twohig, John Costello, and Giorgio Minardi makes sure that the decisions are in accordance with the research and facts. The top management teams believe in the power of leadership and for this always seem ready to facilitate their defined departments of the organization. The organization also believes that it is the responsibility of the top management to show the way to the organization.

The company exhibits well developed leadership traits. The organizational representatives and the teams are always ready to train their workforce and

management to be a better leader. From the top to the bottom of the organization, everybody has a vision communicated by the top management. The long terms, as well as short-term goals, are well communicated, and everybody who works well or come up with any innovative idea is listened and appreciated. The organization has institutionalized a system of R&D at every level in the organization.

## **Organizational Culture**

Every organization shares some mutual traits, values, and beliefs commonly known as the organizational culture. In Dunkin' Donuts, the organizational structure is getting more and more decentralized and a challenge for the top management to establish a homogenized culture all over the organization. The top management has passed this test successfully, and the organizational culture at Dunkin' Donuts is very thought driven. There is a lot of tolerance for the others, and the organization is free from moral, cultural, ethical or gender driven dilemmas. The whistleblowers make sure that nobody in the organization engages in any unethical or immoral activities. The frequent staff training, shared, and well distribution vision, mission, and challenging goals bind the organization. Therefore, it would be correct to say that the organizational culture is capable of contributing to the overall strategic success. Furthermore, the organizational culture at Dunkin' Donuts is one of the finest culture and a role model for other organizations.

## **Current Risks**

No organization is risk-free. Every business has some risks assigned to it. Some are experiencing rivalry; some are facing technological issues, and

some have issues capturing the demographics. The current risks for the Dunkin' Donuts include high leverage and the associated interest payments. Dunkin' Donuts has the highest leverage in the entire industry and, therefore, with it comes the risks. For instance, one of the most threatening risks is the rate of interest paid on the debt meaning that the organization's interest coverage ratio is 3.42x compared to the value of 23.31x which is the average in the industry. Based on these factors, the Dunkin' Donuts financial position is covered with a very uncertain environment. The second major risk for Dunkin' Donuts is the price of the coffee (Krikorian, 2015). The price of the coffee has globally declined over the past few years, and the management decided to make the prices stable. Most likely, the prices of the coffee increase will result in lowered gross sale and eventually the growth will show a decline. The third major threat for Dunkin' Donuts is the increasing awareness of the health. It is evident that every single day people are getting more and more conscious about their health. Now most of the people prefer not to use items rich in sugar because of several diseases like diabetes, cholesterol, and heart obesity. Growing health consciousness is one of the biggest risks for the company because the products considered the very best of Dunkin' Donuts are rich in sugar (Krikorian, 2015).

### **Top three competitors in national and international market**

The top competitors in terms of national business include Krispy Kreme, McDonalds, and Starbucks. On international levels, Starbucks, McDonalds and to a lower extent Krispy Kreme is also the competitors together with several local businesses operating in several parts of the world. As far as the strategy for the business on the national levels is concerned, Dunkin' Donuts



is not fully prepared to meet the rivals like Starbucks and McDonalds. The competitors are very well established strategy driven businesses (MBA Skool-Study. Learn. Share., 2015).

Like the Wal-Mart, the pricing competition exists among the competitors and the brand that works best on the customer loyalty and price quality ratio gets the bigger chunk of the market share. As far as the international markets are concerned, the goals of all three companies are different and so is their approach to targeting the market. McDonald, for instance, tends to target on the fast food and Starbucks has its unique loyalty all over the world. Therefore, to an extent, it could be said that there is a lot of opportunity for Dunkin' Donuts to grow especially in the Asian market. As far as the European market is concerned, once again, all the brands have their loyalty, and the price leader wins the market share.

The strategy of Dunkin' Donuts remained focused on quality, price, and standardization that might benefit the company in expansion and the brand positioning, and unique franchising model has all the abilities to assure success in international markets.

## **References**

Annual report: Dunkin Donut. (2014). New York: Dunkin Donut.

MBA Skool-Study. Learn. Share.,. (2015). Dunkin' Donuts | SWOT Analysis | USP & Competitors

| BrandGuide | MBA Skool-Study. Learn. Share. Retrieved 13 July 2015, from <http://www.mbaskool.com/brandguide/food-and-beverages/2803-dunkin-donuts.html>

Krikorian, M. (2015). Opportunities and risks that Dunkin' Brands investors

<https://assignbuster.com/free-essay-on-current-strategy/>

must know - Market

Realist. Marketrealist. com. Retrieved 13 July 2015, from <http://marketrealist.com/2014/02/opportunities-risks-dunkin-brands-investors-must-know/>

Dunkin Donuts,. (2013). Corporate Structure at Dunkin' Brands. Retrieved 13 July 2015, from

[http://webcache.googleusercontent.com/search?q=cache:BEVDeu0\\_T24J:dunkinbrands.](http://webcache.googleusercontent.com/search?q=cache:BEVDeu0_T24J:dunkinbrands.log.com/2013/04/30/corporate-structure-at-dunkin-brands/+&cd=8&hl=en&ct=clnk)

[log.com/2013/04/30/corporate-structure-at-dunkin-brands/+&cd=8&hl=en&ct=clnk](http://webcache.googleusercontent.com/search?q=cache:BEVDeu0_T24J:dunkinbrands.log.com/2013/04/30/corporate-structure-at-dunkin-brands/+&cd=8&hl=en&ct=clnk)

Kosherdunkindonuts. com,. (2015). Dunkin'Donuts. Retrieved 13 July 2015, from

<http://kosherdunkindonuts.com/podstrony/QQStartegy.htm>