

Starbucks' structure

Business



This essay investigates the literature available on Starbucks Company. It elucidates the employee requirements that would suit the workforce of the company. According to literature, Starbucks is a relatively established company that was started way back in 1971 and has enjoyed considerable growth up to date. It deals majorly in beverages, pastries, whole coffee beans and other coffee related retail items.

The company targets the general public since it deals in foods and beverages which have been identified to constitute a huge percentage on everyone's disposable income. The company mainly established itself in the market in mid 90s and thus opened several branches globally. The general increase in demand for convenience eating has over the past made eating out a normal routine and specialty food services have been greatly demanded in the recent past (Melissa , 2008). Starbucks' coffee is operating in a monopolistic competition market structure, whereby there are major established players in the market who determine prices and generally prevent small and upcoming companies from joining the market segment through pricing strategies. However, there is a fierce competition that the company faces since the competitors involved are also experienced in the field and thus use various techniques, such as location, store atmosphere differentiation and product mix so as to control the major segment of the target market.

The costs of operation in this industry are considered as moderate depending on the location and the major expenses incurred during startup are majorly on the purchase of property and equipment for doing the business. Several costs are also involved in operation, but labor and cost of

sales are the highest since many employees have to be hired so as to serve in the various branches and also the managerial functions (Moynihan, 1999). The organizational structure of Starbucks' coffee company has recently been rearranged so as to better realize customers' satisfaction. The initial matrix organizational structure has been expanded and they currently operate under four divisions within the US and these constitute; Pacific, Mountain, Plains and Atlantic divisions. This organization allows for more effective communication, more market specific production, easy and fast adjustments to the markets and local demand.

Every division is perceived to operate on their own, but with a common goal of reaching their strategic vision and missions that are pursued even by the other international branches (Melissa, 2008). The major political influences that have affected the company in the past are mainly due to the relationship that the country has with the coffee producing countries that affect the amount of coffee they are willing to export to the US and the costs involved. The state and also the local government also has a political bearing on this industry since the rules and regulations they enact regarding foods and beverages have a direct influence on the profit margins of the company. Economically, the demand for the products of this company has a great influence upon the financial position of this company. On the side of the consumers, their purchasing power and therefore demand, is affected by changes in their disposable income.

The company also is affected by the potential change in consumer preferences that can possibly change to other beverages that the company does not offer and thus calls for diversification. The company has also to

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embrace the latest technology so as to be able to stay abreast with the latest development in the market and thus able to compete favorably (Moynihan, 1999). The job descriptions and requirements for an individual who would wish to be employed by this company are often well stipulated on their website. For instance, for the position of a store manager, one is expected to be able to contribute towards garnering of more profits by the company by coming up with various strategies that are able to increase the sales, he should be able to manage the inventories of the company and control the costs of labor to the lowest possible level. The manager has to keep reports ranging from the daily ones, weekly and per period financial reports. He should also be accountable for any financial contribution, partnership development regarding the store and general store operations.

The types and amount of materials that are needed to be in the store, their ordering, supply and stocking all fall under this docket. Training developers so as to meet the standards set by the company for its customers, creating unique goals to be met by the store and determining daily and weekly requirements for staffing, hiring, conducting interviews and terminating employment of nonperforming individuals are some of the responsibilities that are involved (Melissa , 2008). For effective running of an organization, departmentalization is recommended. This can be defined as the process of grouping activities that are related together and thereby encouraging specialization and division of labor. This enables effective coordination between decision makers and various factors involved in the production process. Starbucks` deals in the same line of product and, therefore, product departmentalization would not be very efficient.

If we consider its expansion globally that is enshrined in its new organization strategy, this company is better suited with geographic departmentalization. In the case of stores that offer food products and lunch, geographic departmentalization would not be very strategic unless the company intends to operate globally. And since the product line is narrow, functional departmentalization would be more advisable since all the activities that are related or require same expertise are grouped together, such as food preparation, serving activities, cashiers and cleaners. This enables for realization of economies of scale and often yields benefits in any type of organization with several processes in production (Moynihan, 1999). During a financial crisis, decentralization could be considered the best way to salvage and help the company to rise and start making profits again.

A centralized structure has a main weakness that complex decisions cannot be trusted on a single person, since he is bound to make errors that may cost the company dearly. Decentralized structure is the better place in making decisions that are directly related to the conditions that affect that location and hence able to address the problem experienced more effectively than a general decision would. Decentralization also allows for diversification and, therefore, the company has some levels of security. If a given region or country is affected by financial crisis, the other branches would make their own decisions and pursue their own economic goals without being affected by the performance of the other branches as would be the case were it centralized (Melissa , 2008). In conclusion, Starbucks is better suited with a matrix organization structure, which is a strong tool for decentralization of decision making.

Since the company intends to spread more globally, this structure, that allows for establishment of regional managers who have horizontal and vertical linkages to other managers, is able to co-ordinate efficiently and can make their own independent decisions on issues that affect them in that particular region. This structure gives independence to individuals and thus is able to be inventive and, therefore, would increase the total productivity of the company.