

Total solution consultancy provided to old town coffee



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Total Solution consultant is a managing firm which assists organisation in overcoming many problems which they are facing in between carrying out their business . The company specialises in many aspects and has its own proven record to help organisations sustain the economic and other pressures in this competitive world. This report is about the various issues faced by the company Old Town Coffee with respect to Various environmental factors.

Introduction

The world of business is fiercely competitive and many companies are making effective use of tools to overcome various issues.. Many companies are no longer viewing environmental management solely as a cost, looking for new competitive advantages, focused on achieving compliance. Most of them now are also developing long'range strategies that linking the organizations to its external environment. As we know, strategy is a field that has been extensively studied, mainly due to its captivating interest to Chief Executives and to others in central management. So sometimes it becomes s a must for the organisation to carry out some analysis before they can get in to work.

PESTEL ANALYSIS FOR OLDTOWN COFFEE SHOP

OLD Town coffee shop is a well know coffee shop across the world and Total solution consultant is ensuring the that the problems faced by the company should be put to an end ASAP and this time old town has approached Total solution consultant with many issues related to their environmental factors ,

so Total solution consultants have carried out a PESTEL analysis and based on the PESTEL analysis the environmental factors will be discussed.

Political ' current political influences and the influence of the Government

Economic ' business cycles, world economy and inflation

Social ' changes in society, lifestyle changes as well as social mobility

Technological -growth of the Internet, new emerging technology and

Government spending on research

Environmental ' ' green issues' and growth of environmental protection laws

Legal ' Changing health and safety laws, growth of legislative constraints on companies.

Environmental Factors which Effect OLD TOWN

' Work Disposal ' In many countries that Old town operates it is important that they consider the methods of waste disposal, as many countries have set laws. If Old town does not follow this in any way they risk legal action, this could both affect them financially as well as their reputation of the brand name, as much of the waste disposed of will have their brand name on it.

' Pollution Problems ' As Old town operates a takeout facility as well as to eat in, many customers leave the shop with the cup and then dispose of it in the street. In this case the packaging is important, as it should be biodegradable.

' Environmental pressure groups ' groups such as Greenpeace and Friends of the Earth, are used to raise awareness of environmental issues, Old town should be aware of their influential power. If the company takes part in any harm to the environment or animals, this will be followed with swift action from these organisations, such as high-powered protests. Therefore there is a chance that the Old town image will be affected.

The Human Resource Factors

Human Resources:

The human resources are the knowledge, skills and adaptability of the workers at Old Town . Staff who work to their potential in these areas often become a company's ' most valuable asset'

Financial Resources:

These are the capital, cash, debtors & creditors, and suppliers of money (e. g. shareholders) of Old Town Obviously for Old Town the less debt they are in, the more positive their resource audit looks. Old Town have a lot of working capital tied up in the business. Some of this capital includes varieties of whole coffee beans, foodstuffs, teas, coffee mugs, coffee grinders, coffee-making equipment, filters, storage containers and other accessories.

Intellectual capital:

These are the intangible/immeasurable resources of Old Town. This is the information captured in brands, patents, customer databases, business

systems and relationships with business partners. All these can contain great value and when a business is purchased these values fall under the price-tag marked 'goodwill'. One of the few ways Old town can protect this intangible information is to ensure employees sign confidentiality agreements to protect any leaks of knowledge to competitors.

The Value Chain Model

SUPPLIER VALUE CHAINS ' FIRM VALUE CHAINS ' CHANNEL VALUE CHAINS '
BUYER VALUE CHAINS

The value system is the inter-organisational links that are vital in the creation of the product or service of a company. It follows the production of the service/product from raw material stage right through to the customer purchase. Each instruction for the development of the product is detailed and explained at each stage of the value system. The 'firm value chain' is the most important to a manager because that is their company, however, a good manager will understand the whole process and how to manage each individual link and relationship to maximise customer value. Managers should also need to learn the whole value system because most of the cost and value creation occurs in the supply and distribution chains.

For Old town, the 'supplier value chain' deals with where they get the coffee beans from that they use to create their end product 'a cup of coffee. Old town buy all their beans direct from the farmers in the producing countries cutting out any middle-man therefore keeping prices to a minimum. The countries that supply them can be found in Latin America, East Africa and on the Pacific Rim. Old town fully appreciate the need to oversee all aspects of <https://assignbuster.com/total-solution-consultancy-provided-to-old-town-coffee/>

the value system and we can see an example of this in their determination to obtain the highly sought Narino Supremo crop in 1992. This acquisition ensured some of the highest quality coffee supplies in the world would be reaped by Old town. The company has close relationships with their coffee exporters. They maintain this by working directly with them and training them. A good relationship here is essential and needs to be maintained.

The ' firm's value chain' consists of:

-The Firm's infrastructure; which is about the ways in which Old town want their organisation to run and how it is best to implement systems of planning, finance, quality control and information management, it is also where they have made the decision to make high quality coffee from the best coffee beans as this is involved with the quality control.

-Human Resource Management; It is concerned with the activities involved in recruiting, managing, training, developing and rewarding people within the organisation. For Old town this is where they have made decisions about the fact that all employees are equal, even those on the shop-floor that are working over 20 hours a week receive bonuses like free coffee and health care coverage, this was to make sure that the members of staff felt as if they were valued by the company and would continue to provide a good service. Another implemented scheme is for all Old town store staff to have a comprehensive 24 hour training scheme before they were allowed on to work directly with customers.

-Technology development; Old town has a large number of areas where it uses technology from regulating their stock levels to the cash registers.
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There is also technology to enable customers can to order their coffee over the internet and then pick it up from the store when they get there. Some stores now also contain computers where customers can access the internet.

-Procurement; this refers to the processes for acquiring the various resource inputs to the primary activities. For instance, the method of obtaining the grade A coffee beans from suppliers to use in the Old town coffee.

-Inbound logistics; For Old town this means receiving the coffee beans and other products that they need to make the products in their stores from their suppliers and storing these until they are used to make the product that they are going to sell.

-Operations; this is the stage where Old town make the coffee in the store and package the other subsidiary products.

-Outbound logistics; this is collection, storage and distribution of coffee. A customer actually purchasing a cup of Old town coffee from the store.

-Marketing and Sales; This is how consumers become aware of Old town coffee and purchase it. Old town is a worldwide company and their brand is recognised all over the world, which means that marketing is not as necessary as it once was. Most people now recognise the name and associate the brand-image with high quality products.

-Service; this includes all the activities that enhance or maintain the value of the product, e. g. installation, repair and training. This area is concerned with the members of staff that deal with the customers, it focuses on the need to ensure the ' customer experience' of visiting a Old town store is all the more
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enjoyable due to the friendliness and efficiency of staff and consistently high quality product on offer.

The 'channel value chain' deals with the outlets Old town uses to enable consumers to purchase their product. Old town should know everything that is sold under their banner and also the sales methods used to customers. They should know the location of every store along with its surrounding area so it can generate an idea of the surrounding customer demographics, e. g. students, young professionals, etc.

Old town should know in detail all information regarding any business partners they are involved with, be they retail estate agents ' used to obtain premium retailing sites ' or foreign suppliers ' who can take advantage of market conditions.

' Customer value chains' illustrate how value is added by the end buyers of the product. Customer value can be increased by Old town by ensuring the store environment is how it should be, the coffee is consistently up to a high standard, the menu is broad and varied enough to cater for most tastes, value for money is achieved and most of all the service is exemplary. Through training and research and development all these factors are achievable and maintainable for Old town and should ensure a bright and prosperous future.

Other Problems

Another big problem facing Old town with this proposal is that there is government legislation in place to threaten this decision. There are strict

rules enforced in Britain by the Competition Commission (which used to be called the Monopolies and Mergers Commission) to ensure that companies do not become overly dominant in any one sector through mergers. The deals are also monitored by the Takeover Panel to ensure that more rules ' this time governing codes of conduct and market information ' are adhered to. Old town is the market-share leader with 35% and Internet Cyber Cafes are in third place with 14%. These figures together would amount to almost half the market-share so this decision would be a prime contender to be rejected by the CC on grounds it would create an unfair monopoly in the market.

Conclusion

The PESTEL analysis is mainly used to assess the future impact of environmental influences. It only deals with the external business environment. Another limitation is that environmental forces especially important to one firm may not be so important to another. Also, items found in a PESTEL analysis are of limited value if they are merely seen as a listing of influences.

. The value of Porters model is more that it enables managers to think about the current situation of their industry in a structured, easy-to-understand way ' as a starting point for further analysis.