

Calveta dining services – a recipe for growth? essay sample



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Introduction

Calveta was founded by the Italian immigrant Antonio Calveta in 1966. What originally started as a neighborhood restaurant in Brooklyn offering traditional Italian dishes led to the opening of two more restaurants and finally, in 1972, to the beginning of meal deliverance services to nursing homes. The market was a very promising one: A big part of the 18. 000 nursing homes in the United States chose to outsource their dining services as it allows them to profit from the culinary expertise as well as from the lower costs that professional food delivery services offered.

Calveta proved to be especially successful in the business: by 2008, Calveta Dining Services Inc. was the fourth-largest food delivery service in the U. S., covering 10% of the market and growing at a much faster rate than the industry average. In contrast to its main competitors, Calveta's single business is the meal delivery service to nursing homes which it extended to cover all dining occasions in nursing homes, including planning, preparation, service and the planning of special events. What started as a family business now is a privately held firm worth \$2 billion with 15000 employees, 500 of them working in the company's headquarter in Brooklyn.

Concept

Calveta's success is mainly built on three pillars: its high quality food and personalized service offered by motivated employees and its effective cost control structure. Calveta was one of the first companies to use only fresh ingredients for their dishes and cater according to the eating preferences of their customers. Furthermore, Calveta offeres highly personalized service.

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Not only is it Calveta's value to treat the end customers in a particularly respectful way, but also does the highly regional company structure of Calveta allow the adaption to specific regions. This structure also enables the adaption of Calveta's services to the needs and desires of every single facility. Each nursing home is assigned personal employees who take care of that facility only.

Apart from this exceptional service, Calveta's efficient cost control culture allows not only to save money within the company but also to apply this cost saving culture in the single facilities and offer their products at very competitive prices. As a consequence, Calveta has high customer satisfaction: end customers and their relatives value the high quality of the food and the service, and the nursing homes find in Calveta a long-term partner that offers not only high quality food, but also personal contact with motivated employees at very competitive prices.

Company values and culture

A big part of these success factors are rooted in the values and culture coined by its founder Antonio Calveta. "Antonio's way", as the corporate culture of Calveta is often called, includes five main values, namely the commitment to provide high quality food and personalized service to its customers, the principle of cost saving within the company and for the client, constant innovation, employee development and profitable growth. Especially the employee development plays an important role in the company.

The company offers constant feedback and recognition as well as vast possibilities for education and promotion, including promotional programs that require constant job rotation. Even though the company, as a consequence of its rapid growth had to hire a big number of external managers, 20% of all managers have worked their way up from the front line within the company. As a consequence, Calveta has high retention rates and an employee satisfaction rate of approximately 90%, which translates into motivated employees and, in turn, satisfied customers.

Problems

In 2007, Antonio Calveta retired and chose his eldest son Frank, who had been working as CFO in the company for 10 years to become his successor. Apart from Frank, his daughter Jennifer works successfully as COO in the company. Frank as new CEO has a hard challenge to face: pursue further growth and double the company's revenue within 5 years as his father wants him to on the one hand, and preserve the company's culture on the other hand. Already, the constant growth of the company is perceived as a threat to the company's culture by employees as well as by customers. Nursing homes complain about the extensive rotation principle that is part of Calveta's management training, as it leads to a constant change in employees and therefore to a loss of a long-lasting personal relationship between Calveta employees and the nursing homes.

Furthermore, regional presidents complain that due to the growing size and number of employees, it is difficult to maintain the personal contact to the front line. Additionally, the high number of managers recruited from outside

the company makes it more and more difficult to transmit “ Antonio’s way” and therefore the special culture of Calveta. On the other hand, further growing of Calveta would make it necessary to acquire other companies, which in turn would deteriorate the loss of company culture even more.

For Frank the problem is the following: how to achieve further growth of Calveta while at the same time maintaining its unique corporate culture? To answer this question, in the following it will be examined what role Calveta’s values and culture played in the success of the company and how important training and development will be in order to maintain growth and culture. Finally, a change in Calveta’s organizational structure in order to maintain the corporate culture and support growth will be discussed.

Analysis

1) What role if any have Calveta’s values and culture played in the success of the company to date?

Calveta’s success is hugely built on Calveta’s values and corporate culture. Its key success factors are its high quality food and service at a competitive price and the personal contact and adaption to each facility. These factors are strongly supported by the key values of “ Antonio’s way”, namely the dedication to quality food and service, cost-saving business decisions, continuous innovation, employee development and profitable growth Calveta was one of the first companies in the industry to use fresh ingredients which proved to be a competitive advantage and gain market shares. Its high quality food, combined with personal service, leads to high satisfaction among Calvetas elderly customers and their family members.

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Nursing homes do not only value Calveta as business partner because of its high-quality meals but also because of the competitive prices Calveta can offer due to its cost-conscious policies. Furthermore, offering high-quality food and budgeting are not, as one may assume, mutually exclusive: By preparing freshly instead of using pre-made articles Calveta cannot only offer high quality food but also yield savings. These savings in expenses can be passed over to the customers in the form of lower prices for high-quality food. The principle of constant innovation allows the company to constantly adapt to its customers' needs.

For instance, Calveta was the first company in the industry to provide more personalized service to bedridden persons, which not only set industry standards but also increased customer satisfaction. Calveta's extensive employee development program leads to high employee satisfaction which translates into highly motivated employees. Moreover, the culture of intense communication and contact is not restricted to structures within the company: each facility served by Calveta has employees only dedicated to them to maintain long-term relationships with and in order to cater to the specific needs and wishes of each nursing home.

This personal contact is also a reason why customer satisfaction is so high and customers rarely choose to stop working with Calveta. Summing up, Calveta's success relies on the high satisfaction of its customers that is based on factors that are coined by the company's values and culture.

Nevertheless, Calveta's dedication to profitable growth means enlarging the business and therefore the success of the company. However, as Frank has to learn, it is difficult to find a way to grow quickly without threatening the <https://assignbuster.com/calveta-dining-services-a-recipe-for-growth-essay-sample/>

culture that leads to all the factors described above that are responsible for Calveta's success.

2) How important will training and development be to maintaining growth and culture? At Calveta, the training and development of employees plays a key role and represents one of the values of "Antonio's way". According to Antonio Calveta's motto "Keep them learning, keep them growing", employees have vast opportunities to educate themselves, ranging from weekly readings distributed to all employees over courses covering various topics such as culinary skills or finance as well as skills needed to provide better service to a specific client. Furthermore, Calveta follows an aggressive "promotion-from-within" policy, making sure that 20% of their top managers are Calveta employees that worked their way up from the front line.

In fact, the company offers unusually high possibilities for promotion. Already during the first interviews, potential employees are evaluated regarding their ambition, middle managers are encouraged to constantly identify individuals that could be promoted, and qualified employees can receive scholarships and public appreciation. Calveta's employee growth programs lead to constant job rotations so that an employee can gain skills in different geographical and functional areas. Calveta's investment in employee development pays off: with retention rates 40% higher than industry average and extremely high employee satisfaction rates, the company possesses of motivated employees that perceive the company as extremely positive place to work and are in turn motivated to embody its values.

As a consequence, they succeed in attracting and retaining customers with their motivation, skills and devotion. Thus, Calveta's investment in the training of its employees play a significant role in order to make employees identify with and embody the company's culture, which, enacted, is the key factor of Calveta's success, and in order to preserve the culture and encourage growth, Calveta should continue to invest in training.

3) How should Calveta's organizational structure be changed to resolve communication issues, preserve the company's culture and support further growth? Finally, due to the recent problems connected with Calveta's constant growth, the question of a possible restructuring of the organization arises. Having started as a family business and coined by "Antonio's way", the company's success was mainly based on the strong corporate culture, the frequent communication within the company and the personal relations to its customers. However, recently, those factors suffered in course of the organization's ongoing growth.

Regional presidents claim that they find it more and more difficult to stay in contact with the front line as the number of customers and therefore the number of account managers increase. As a consequence, the bottom-up information flow is severely harmed as it gets more difficult for management to get direct information about customer sentiments and therefore about potential market developments, opportunities and threats. On the other hand, the top-down communication also suffers due to the rising number of employees, many of them from outside joining the company, supervisors find it more difficult to communicate "Antonio's way", especially to the people not groomed in the company. A way to strengthen the transmission of the <https://assignbuster.com/calveta-dining-services-a-recipe-for-growth-essay-sample/>

company values could be the introduction of a “ culture manager” in each regional division.

This employee could be responsible of ensuring that the values are accepted by all employees in a particular region, for instance by offering regular workshops. Furthermore, in order to improve communication flows it could be a solution to rely more heavy on new communication tools such as chats, company wikis and the intranet, as personal communication face-to-face is hard to maintain within a big company. Within regions, formalized meetings with all accountant managers could help to stay connected. Nevertheless, Calveta’s management should be aware of the fact that a big company and the anonymity that comes along within need different structures than the family company Calveta used to be.