



OPERATIONS MANAGEMENT ASSGNMENT



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Part A

In the following assessment, Starbucks has been compared to Gregg2 with the help of the following analysis:

Four Vs analysis

In the following comparison, competitors are compared on the basis of the volume, variety, variation and visibility aspect. While the fundamentals remain the same, that they take the inputs from as raw materials, capital and knowledge and transform them into the outputs which are nothing but goods and services. But the way in which the comparison is done varies from one parameter to the other.

The volume dimension

Businesses can be carried out in two manners, the first one being high volumes and low margins and the second one being low volumes and high margins. Starbucks and Greggs have a difference in terms of the of the volume produced by each of them. While Starbucks produces relatively higher volumes while Greggs produce relatively lower volumes.

Starbucks has around 30000 retail stores in the market while on the other hand, Greggs only have 2500 retail stores with it. Due to significantly higher volumes at Starbucks, there is a lot more systematization of the tasks and day to day operations of the company. Also, the per unit cost in order to produce is lower at Starbucks in comparison to that of Greggs.

The variety dimension

Variety dimension simply means how many options can a business provide or the level of customization they can adopt within their businesses. While both Starbucks and Greggs have their predefined menu from which the customers have to select and order the food items which are available on the shelf. Since each of them is in market since a long time, hence they have been able to capture the customer requirement and accordingly set the menu (Greegs, 2019). But when seen on the overall level, the variety and customization offered by Greggs is much higher than the Starbucks. In the past few years, they have experimented a lot with the kind of services they are going to provide to their customers such as vegan products, new breakfast menu and seasonal ranges.

The visibility dimension

Starbucks have higher visibility in terms of their operations as compared to that of Greggs (Cumming, 2018). This offers much more transparency for their entire operation process. It has been indicated by Slack that their high visibility has increased the per unit cost due to increase in the demand for the skilled workforce. There is a time lag between production and consumption for the products which are being created for their customers, hence this offers low visibility in comparison to the Starbucks.

The variation dimension

The variation dimension talks about what is the consistency in terms of the orders received on the long term basis. The entire operational process is very smooth for Starbucks while the same does not hold true for Greggs. The latter has high number of breakfasts, lunch and savoury products in its menu, hence there is lack of the time when it comes to preparation and delivery of the items. The variation in demand has less impact on the per unit cost at Starbucks while it has greater impact at Greggs. But Greggs has been working on this aspect very seriously and they have tracking their product demand and hence making the entire process flexible accordingly. them can do is being done.

Performance objective analysis

Performance objective analysis is basically comparing the various scenarios with respect to what was planned and what has been achieved.

In order to compare the performance of the Starbucks and Greggs, the five performance objectives have been used. They have been identified by the Slack. Quality, cost, flexibility, dependability and speed are the five objectives which will be used to compare the performance.

Quality

The focus of this objective is to ensure that the things are done right and also in the right manner. Let us first take the case of the Starbucks. For them it means, providing quality services to its customers. It means enhancing the standards of the food products along with the taste of the food. For Greggs, the definition of quality varies slightly from Starbucks. It means high variety, supreme services and high eating standards.

Both of them focusses on the zero error products and extremely good quality of the products.

Cost

This particular objective is concerned with the expenditure. It talks about the amount of money to be spent on carrying out operations either at Starbucks or at Greggs individually. By increasing the efficiency of the internal operations, each of the company is trying to reduce their operational cost. Some of the techniques which have been adopted by both of these firms include increased utilization of the resources, maximum utilization of the staff and the minimum possible unit costs. All of these practices have had significant impact on the cost structure of the organization.

Flexibility

This particular aspect talks about how quickly an organisation can change their operations. In other words, if a change is expected from an organisation, how fast they can achieve that change in the organisation. Starbucks and Greggs both as an organisation have been very flexible in terms of changing their operations. The TAT to change their services is quite low. This is due to this fact that they were quickly able to change customer preferences and changing seasons to incorporate in their autumn season.

Dependability

This aspect talks about the dependency of one process on the other. In both the cases (Starbucks and Greggs), there is a very high dependency of processes on one another. In the case of Starbucks, the process customer service is dependent on the other processes like product manufacturing, inventory management etc. In the case of Greggs, there exists the same dependency but in the different context. While for the Starbucks, it is more about saving time but for Greggs, it is more about saving cost.

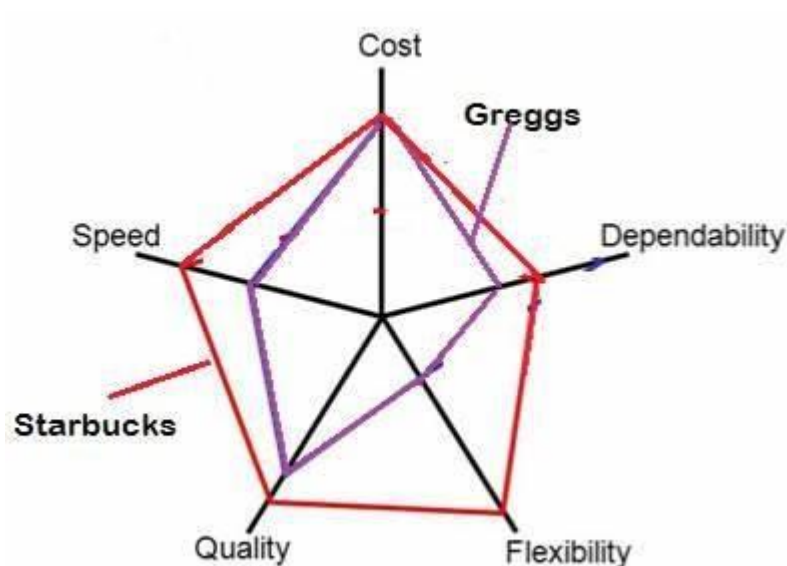
Speed

Speed is nothing but amount of time by the organisation in order to process the order. It is the time between when the request was received and when the final order was delivered. In the context of the Starbucks, it simply refers on how quickly a staff responds to the requests raised by the customers. Starbucks has a very high speed is evident from the fact that they

offer excellent service (Timan, 2019). In the case of the Greggs, the context is slightly different. Speed in this case refers to the time required to complete the different operations processes within the organisation related to manufacturing and increasing the product to attain the high customer visibility.

In the 4V analysis also seen above, since Greggs has a lower visibility among customers hence they are less tolerant for the waiting time.

Below is the polar diagram showing the comparison between Starbucks and Greggs:



Polar diagram Starbucks v/s Greggs

This polar diagram very clearly shows the difference between the two companies in terms of the five parameters discussed above.

Design analysis

From the comparative analysis and 4 V analysis which was done above, some very clear differences could be observed in the functioning of the Starbucks and Greggs. For an example, Starbucks had a relatively high tolerance towards the waiting time. The only reason for the same was because it has more visibility in the eyes of the customer has compared to that of the Greggs. Secondly, the definition of the quality varied from Starbucks to that of the Greggs. In the first case, quality meant that the taste of the food as well the customer experience while for the latter, it was only restricted to the taste of the food. Taking into account, the designing of each of the stores have been done. While Starbucks store have mass processes while the Greggs have adopted jobbing process to design its stores.

Taking the above factors in the account, the layout of the stores has been designed. While the Starbucks has adopted for the functional layout simply because the kind of the importance it has given to the customer serving. This ensures that there is quite a level of progress when it comes to the customer serving process. This is to simply ensure that the delivery to the customers is quick and fast.

Due to the differences mentioned above, the layout of the stores has been kept as a combination of the line and cell layout (Day, 2019). This is because as compared to the Starbucks, lesser importance has been given to the customer and seating experience. There are only few stores in the UK which have proper seating for the customers.

The above analysis clearly shows the difference in the layout and the process at the Starbucks and Greggs. Also, it can be clearly identified that they both are characteristically different from each other.

PART B

Overview

An operations strategy is described as a company's action plan, developed in accordance with market demands and operational resources, that assists in achieving the company's overall goals and purpose efficiently and effectively Starbucks has adopted a variety of operational strategies that assist the firm in allocating resources in an efficient manner, resulting in a smooth production process that eventually meets the demands of its consumers. For the firm, a better customer experience is crucial because it is the primary factor in establishing the company's brand image.

Starbucks global operation strategy and surrounding macro environment

Political

- A market's integration and disintegration (opportunity and threat)
- Government assistance for infrastructure has to be improved (opportunity)
- In underdeveloped countries, bureaucratic red tape is rife (threat)

External factors such as the political integration and collapse of regional markets provide Starbucks with possibilities and dangers. A coffeehouse's expansion is hindered by disintegration, which provides obstacles (threat) to regional market penetration. The government's infrastructure-improvement plans also provide the company the opportunity to reach out to new consumers and suppliers (Uluçay, 2021). But bureaucratic red tape exists in a lot of places throughout the world. It's a threat to the coffee company's commercial development since it obstructs its expansion and favours local rivals who have significant political ties

Economical

- Countries with a growing economy (opportunity)

- Long-term declines in the unemployment rate (opportunity)
- The cost of labour is increasing in coffee-producing countries (threat)

Starbucks may benefit from the expansion of developing countries and the decline in unemployment rates by expanding into new areas. To be sure, Starbucks faces external threats from growing labour costs in emerging nations, which raise the company's costs for ingredients (Gupta et al. 2021). Many of the company's coffee beans are sourced from poor nations.

Social

- Coffee culture is growing (opportunity)
- middle class is growing (opportunity)
- Increasing awareness of health-related issues (opportunity)
- Movements of independent coffeehouses (threat)

Coffee culture and middle class people throughout the world are driving demand for speciality coffee, giving Starbucks possibilities to expand its earnings. To attract health-conscious clients to its coffeehouses and goods, the firm can also expand its range of healthier items (Farooq et al. 2021). The independent coffeehouse movement poses a challenge to Starbucks, notwithstanding these prospects.

Technological

- Mobile technology use for online shopping is on the rise (opportunity)
- Transfer of technology to coffee growers (opportunity)
- An increase in home speciality coffee machine availability (threat)

There is need for improvement in Starbucks' mobile apps and related services in order to generate more money from mobile transactions. The firm may also enhance the efficiency of

its supply chain by leveraging the latest technology used by coffee producers (Luo et al. 2021). As a result of the increased availability of speciality coffee makers for home consumption, Starbucks is at risk of losing market share to competitors.

Environmental

- Sustainable business methods are becoming more widely available and adopted (opportunity)
- Increasing access to resources or substances that are sustainably supplied (opportunity)
- Environmentally friendly goods are gaining in popularity (opportunity)

Starbucks may take advantage of the growing availability of sustainable business processes by improving its sustainability standards and implementations. If the company's brand image is improved, more customers will be attracted to its food and beverages. Concerning responsible sourcing and corporate social responsibility, Starbucks' supply chain is a good example (Hasle et al. 2021). In these areas, the coffee firm has the opportunity to improve its performance. Companies may continue to enhance their responsible sourcing policies, such as their coffee sourcing. As a result of this, Starbucks can come up with new ways to make its goods more eco-friendly.

Legal

- Regulations for product safety (opportunity)
- Establishment of GMO regulations (opportunity and threat)
- An increase in the number of employment laws (opportunity and threat)

In order to enhance its performance, Starbucks must adhere to product safety requirements. It can also improve its supply chain to comply with restrictions on substances from genetically modified organisms (GMOs). Even if Starbucks is currently doing well in these areas, additional improvements will assist the company's bottom-line. Employment restrictions also

pose a danger to Starbucks Coffee's access to the labour market and ability to offer competitively priced coffee beans, especially in emerging nations (Dhiab et al. 2021). This external issue also has an influence on the coffee industry by increasing the amount of money spent on personnel. In spite of this, the firm might adopt innovative techniques to enhance human resource management

Key requirements, capabilities and challenges

Design of Goods and Services.

The key requirement The present study explains Starbucks' global marketing strategy. In developing Starbucks' worldwide domestic marketing strategy, a variety of environmental elements play a vital influence. Despite its rapid growth, Starbucks has been able to manage its global operations with tremendous success. This change in globalisation has ushered in a new age of company integration and treating the entire global market as one. As a result of altering their business methods and adopting a global culture, almost all of the world's largest businesses have begun to participate in global economics. Starbucks' products and services are designed to be of the highest quality (Ding et al. 2021). In addition to the company's premium pricing strategy, the company's broad differentiation generic approach is related to the premium character. Starbucks cups are designed in collaboration with other companies, such as manufacturers. To maintain its high-end brand image, Starbucks guarantees that its products and services represent this decision area of operations management.

Process and Capacity Design.

Efficiencies in processes and capacities are a major factor in Starbucks' success. As can be seen in the company's cafés, the company's procedures are very efficient. By developing procedures to match changes in demand, Starbucks optimises capacity and capacity utilisation as well.

When it comes to cafés, for example, the procedures can be adjusted quickly to meet the unexpected rise in demand during peak hours (Ivanov et al. 2021). Starbucks strives to maximise cost-effectiveness by streamlining workflows and procedures in this decision area of operations management.

Location Strategy.

Because of its placement strategy, Starbucks prefers metropolitan areas with a high concentration of medium and higher class residents. Almost all of its cafés are located in heavily crowded urban regions, which makes sense. Aside from that, Starbucks has been known to strategically cluster its cafés in the same geographic region to acquire market share and push competitors away. Starbucks prioritises regions with rich people who can buy its high-end goods.

Analysis and evaluation

Quality Management.

Quality management is another area where Starbucks makes advantage of the premium brand's attributes. Starbucks, for example, meticulously obtains its coffee beans from coffee farmers who adhere to the company's high quality requirements for coffee beans and other products. Coffee from growers certified under the CAFE programme is also preferred by Starbucks (Nsakanda, 2021). Servitor leadership and a warm, welcoming culture provide high-quality customer service. Because of Starbucks' premium brand image, the company implements a high level of quality in this area of operations management decision-making. In addition, companies who have successfully adapted these worldwide methods have reaped huge revenues as a result of the opening of new markets and prospects. In the case of Starbucks, we can see the many elements of global domestic marketing in a simple way. Twenty-five years after opening its first store in the 1980s, Starbucks has grown into a global coffee retailer with more than 17,000 locations worldwide. When Starbucks decided to expand internationally,

they began with a joint venture in Japan with a well-known store. With Japan's business environment in mind, it was a smart decision.

As a result of all of these significant issues, the future of raw material pricing and product demand is quite uncertain. It is also their responsibility to ensure that the products and services they supply are of the greatest integrity possible. As part of the firm's operations management strategy, the organisation focuses on waste minimization and delivering items to the proper spot.

Operational management concepts have contributed to the development of this internationally known coffee brand. Management difficulties have been addressed in a professional manner, allowing the firm to flourish in many ways. As the firm has grown, the layout and placement approach has been successful. In order to keep their consumers loyal, Starbucks has devised various unique tactics that take into account their individual tastes and demands (Smith et al. 2021). A memorable experience is created when they engage with clients in a culturally appropriate way. As a result of Starbucks' human resource management, organisational culture is integrated into all sectors of the company. This corporate culture is characterised by a people-first mentality that puts Starbucks employees first. In addition, the firm employs barista crews in its cafés. Work teams are less common in other sectors of the company, such as HRM and inventory management. To ensure that the Starbucks culture permeates every aspect of the job, this decision area of operations management must meet the fundamentals on technical aspects of jobs.

Starbucks' layout promotes efficiency. It also promotes a warm and welcoming atmosphere in line with the corporate culture. Due to Starbucks' focus on premium customer experience, which includes higher pricing for greater leg space in the cafés, this layout approach does not maximise the use of space for tables and chairs. Starbucks stresses customer experience above

space utilisation in this decision area of operations management. Even though the bulk of the company's coffee beans originate from farmers in poor nations, Starbucks Coffee's supply chain is worldwide. Diversification of suppliers is part of the company's supply chain strategy in order to maintain supply stability. Starbucks also selects and prioritises suppliers through its Coffee and Farmer Equity (CAFE) programme (Dhiab et al. 2021). These goals are all about saving money. Starbucks or Greggs will be charged a certain amount of money to carry out activities. Each firm strives to decrease its operating costs by enhancing the efficiency of its internal processes. Both companies have implemented strategies such as enhanced resource use, maximum employee utilisation, and the lowest feasible unit costs. All of these approaches have had a major influence on the organization's cost structure. This curriculum adheres to a set of ethical standards, which includes a strong focus on environmental responsibility. As a result, Starbucks blends ethics and corporate social responsibility with supply chain efficiency in this decision area of operations management.

Recommendation

Inventory management

When it comes to Starbucks, inventory management is tied to the company's supply chain and numerous facilities. In the cafés, inventory management is a combination of automated systems and manual checks. When it comes to Starbucks' supply hubs, automation is employed more widely. Cafés will have a constant supply of coffee beans, as the firm strives to reduce stock-outs. When it comes to operations management, Starbucks focuses on supply sufficiency and automation.

Scheduling

Automated and manual scheduling methods are used by the company to manage its different business operations. A flexible timetable is also used by the company's management staff.

While Starbucks' goal is to streamline procedures, it allows for some freedom across managerial roles.

Maintenance

Facilities and equipment are maintained by a dedicated team of personnel, as well as by third parties that provide maintenance services. Among these third parties are local firms that do maintenance on Starbucks' equipment. Aside from that, the company's human resource capacity is maintained through training and retention tactics that include relatively high remuneration. Starbucks addresses this decision area of operations management by including café staff, dedicated maintenance teams, and third-party service suppliers. There is a formal approach called Quality Function Deployment (QFD) which helps to translate the demands of users/customers into target design and subsequently to final product. First and first, it's critical to learn and establish what clients truly want and what makes them happy. It's a planning technique that identifies the most significant areas where effort has to be put in to achieve the goal. QFD decreases costs and time for development, as well as starting and engineering costs, throughout operations. It improves communication by bringing together different departments within a company.

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