**Starbucks Inc.**

**Significant Forces**

 In fact, key forces basically affecting operations management can be identifiable as micro and macro environmental aspects. Micro factors are labor inefficiency, organizational structure, organizational culture. On the other hand, macro factors are technology, innovation, market and customers, economic conditions, governmental issues and regulations.

Labor inefficiency means that a company cannot enable every employee to try their hardest for working. The company, which has labor inefficiency problem, will take more time and money to complete a program or operate a plan. Many internal and external factors can cause loss of productivity. For example, adverse weather conditions, adverse job site conditions, restricted access to a jobsite, excessive safety inspections, excessive change orders, overtime on an extended basis, out of sequence work and out of scope work.

In fact, Starbucks managers really attach importance to how to improve labor efficiency. Specially, the giant retailer and the fast-food chain have become synonymous with low wages. Wal-Mart and McDonald’s offer employee a very low salary. On contrary, Starbucks has a strong reputation for treating its employees well. The company offers benefits to "partners," its word for anyone who works for the chain, that work more than 20 hours a week. This can include everything from bonuses to 401(k) matching, and discounted stock purchase options. The coffee chain also offers a free online college tuition program, health insurance, and even adoption assistance. Overall, doing the math with the available information shows Starbucks spends more per hour, per worker than most, if not all, of its chain rivals. Therefore, majority of Starbucks employees are satisfied for their salary and are happy to do their best for Starbucks.

Salary is only one factor can impact labor efficiency but wages remain the most direct and effective motivation for workers. On the other hand, a clean working environment also is very important for catering services. Those reasons are not only food safety but also a comfortable working environment for employees. Consequently, Starbucks managers should be attention on it.

The firm’s industry leadership is partly attributed to the appropriateness of its organizational structure. Company’s organizational structure influences management and leadership, communication, change, and other variables critical to business success. Starbucks has evolved to have an organizational structure that matches current business needs. This organizational structure is unique to Starbucks, although it can be characterized based on a conventional typology of organizational structures. Starbucks succeeds because its organizational structure grows with the business, enabling the company to optimize processes and the quality of its goods and services.

Starbucks Coffee’s organizational structure evolves to serve the needs of the business. This structure supports the company’s aims in global expansion and diversification. Starbucks has a matrix organizational structure, which is a hybrid mixture of different features from the basic types of organizational structure.

In macro aspect, market and customers are the most important force which can impact Starbucks. Starbucks entered Chinese coffee market in January 1999. It opened the first coffee store at China World Trade Building in Beijing. Then, Starbucks has more than 2100 stores in China. Starbucks managers think that they will have more than 3400 stores in China before 2019.

China is possible that becoming Starbucks’ top market in the world in the future. Starbucks Chairman and CEO Howard Schultz said "Not only will China one day be bigger than the U.S., but our business in China will demonstrate that we will be one of the...most significant winners in terms of a Western consumer brand." To be honest, Starbucks is successful and gets lots of profits in China.

In fact, Chinese traditionally favors drinking tea. Many Chinese cannot accept coffee originally. It is hard for an international coffee company to promote and popularize its products in Chinese market at the beginning. However, the Chinese middle class is rising. The number of the Chinese middle class is approximately 350 million. China is a tremendous potential market which Starbucks cannot give up. Consequently, Starbucks changes its operations management to adapt Chinese coffee market. For example, Starbucks used to cooperate with Alibaba. Alibaba is a Chinese company which is similar to Amazon. They launch an e-commerce site in 2015. In conclusion, Starbucks is perfectly happy catering to its audience who likely are majority Chinese and chooses to not overtly push Western values. Owing to all factors mentioned above, Starbucks is successful in China.

**Key obstacles**

 Technology is the first problem. Currently, the internet technology plays an important role in businesses area. Many companies have taken part in the world trade. Starbucks also pays attention to the international market. Most of international companies prefer to utilize the computer to manage their operation. Furthermore, internet offers infrastructure for consumers and companies. The internet provides consumers with various products’ information and data. Consequently, internet technology is important for a company which wants to improve its operations management. For example, Starbucks can utilize internet technology for building a perfect business information database. In addition, Starbucks can set up a thorough employee management system by software.

Unfortunately, Starbucks is a coffee company rather than internet technology company. Compared with the professional internet technology company, Starbucks is so weak in the internet field. Therefore, Starbucks has two choices to perfect its internet technology. One is spending money on developing talents and establishing its own internet technology department. Another is entrusting other professional internet technology companies. Both methods will cost lots of money.

 The lack of talents is another obstacle. In order to evolve the operations management, Starbucks needs different kinds of professional talents. For example, Starbucks needs the talents, whose majors are supply chain management, to design, operate and manage a perfect supply chain. In order to promote and popularize its products, Starbucks needs talents who are good at marketing. Consequently, Starbucks needs lots of talents to help its improve operation management.

**Changes**

Currently, the internet technology brings a revolution to business field. More and more enterprises can take part in the world trade. Consequently, the traditional business model has changed. The business environment needs to combine intra-organizational and inter-organizational in order to adapt the new markets required. Therefore, current OM practices attempt to integrate many classical functions of the enterprise under the label of business processes initiated by a reengineering. This approach gave rise to the emergence of forecasting and marketing through Enterprise Resource Planning (ERP), CRM, accounting, sales, marketing and production through activity based costing (ABC). Now, OM was considered as a transformation process. Furthermore, a new technology, which called Six Sigma, was appear. The aim of Six Sigma was destroyed the defect for quality control. Compared with TQM, Six Sigma provides a clear method to decrease the variability in processes.

On the other hand, seamless integration of the chain members from suppliers to customers is a need to fulfill customer demands properly. SCM emerged as a tool for inter-organizational integration, and become a very popular area shaping our present era. Through SCM, organizations may consolidate their financial flows, purchasing and logistic activities.

Now, the cost and quality are not the most essential elements in companies’ strategies anymore. High productivity and quick response become the required factors for all enterprises which want to gain an edge in current world market. In fact, the company needs to provide the creativity and the new products continuously because the needs of consumers are changing all the time. If the company could not follow the customers’ steps, it would be eliminated from the market. Consequently, the company has to improve the efficiency of equipment management and update the market strategy in time. Through available technologies within SCM, an efficient and timely movement of material and information back and forth between suppliers and customers is established.

The latest technologies and philosophies have enabled OM to come out with new models for effective management of the organization. The most prominent of these models mainly attempting to integrate the functions of the organization are ERP, CRM, SCM, SRM and KM.

**Business Operations**

 Starbucks used to use the job shop process. It needed professional baristas to make coffee for consumers. However, Starbucks chooses the batch as its organizational processes now. Batch processing is used when a moderate volume of goods or services is desired. Furthermore, batch processing can deal with a moderate variety in products or services. The reason for changing is that Starbucks has more and more stores in the world. Starbucks needs to use the batch process to meet more and more consumers’ needs. In other words, Starbucks cannot find enough good baristas now.

 Starbucks choses service layout as its strategic resource organization. There are lots of different restaurants in the world and they have their own floor plans. However, all Starbucks store typically adheres to a floor plan established by the company. This floor plan is based on Starbucks’ long time experience and research. Starbucks pays attention on the process workflow. Foods products should transition easily through the operation from the receiving door to the consumers.

 There are many factors, which are methods, capital, quality, technology and management, can influence Starbucks’ productivity. However, the most important factors which can affect Starbucks productivity are standardizing processes and reducing procedures. As aforementioned, Starbucks adopts batch process now. Starbucks standardizes the processes of making various coffees. The disadvantage is ignoring some consumers’ special needs. However, it improving Starbucks productivity. Starbucks can service many consumers and offer lots of cups of coffee in a short time.

**Key Trends**

 Starbucks will change the trend of the productions in the future. Starbucks will adopt newness organizational strategy that focusing on innovation to create new products or service. Specifically, majority of Starbucks coffee types are hot traditionally. However, Starbucks expects the cold coffee category to double in the next three years.

Building on its nationwide launch of Cold Brew coffee the previous year, in May 2016 the company introduced two new cold coffee experiences to highlight the skillful craft of its baristas and high-quality coffee: Starbucks® Nitro Cold Brew and Vanilla Sweet Cream Cold Brew. With Nitro Cold Brew on tap in major cities across the U.S., Starbucks is the largest retailer of this handcrafted cold coffee experience. In October, Canada introduced Nitro Cold Brew. In November, Starbucks Beijing World Trade Centre Reserve store became the first location in China to introduce Nitro Cold Brew. For the holidays, customers spiced up the cold beverage with Starbucks Spiced Sweet Cream Nariño 70 Cold Brew.

Starbucks will utilize the internet technology for its information management. For example, Starbucks App launched in China, Japan and Indonesia in 2016. And at its Investor Conference, Starbucks unveiled an innovative conversation ordering system, called My Starbucks Barista, powered by groundbreaking Artificial Intelligence (AI) for the Starbucks Mobile App. Customers will be able to place their orders via voice command or messaging interface. The AI feature will roll out first on iOS in limited beta in early 2017 and be made available to more iOS and Android users in subsequent releases.

**Impact**

 Owing to the changing of the Starbucks production, Starbucks needs to change its operations management. Starbucks will provide more types of cold coffee in the future. However, the raw materials of cold coffee are different from the hot coffee’s. Consequently, Starbucks needs to change its purchase processes. Starbucks needs to spend more time on communicating with suppliers. The process of making cold coffee is special. Starbucks needs to spend money on training staff. It means that Starbucks needs to pay a large investment in research and development for new productions and services. In addition, Starbucks needs to let operations and supply processes to suit new products and services.

 On the other hand, Starbucks wants to provide consumers with new productions. It means that Starbucks also choose product or service variety organization strategy. Consequently, Starbucks needs high variation in resource and paying more attention on products and service design. Furthermore, scheduling is more complex, the cost estimation and matching supply to demand are more difficult. The key trends will cause these changing.

At last, it is indispensable for Starbucks to utilize its international technology for the publicity of the new productions. Furthermore, Starbucks needs to spend money on new advertisements in various media.

**Reference**

Daniel, B. Kline. (July 19, 2016). *How Much Does Starbucks Pay Its Workers?* Retrieved from https://www.fool.com/investing/2016/07/19/how-much-does-starbucks-pay-its-workers.aspx

Environmental Factors Affecting the Operations Management Commerce Essay. (March 23, 2015). Retrieved from https://www.ukessays.com/essays/commerce/environmental-factors-affecting-the-operations-management-commerce-essay.php?essayad=carousel&utm\_expid=309629-42.KXZ6CCs5RRCgVDyVYVWeng.1&utm\_referrer=https%3A%2F%2Fwww.google.com%2F

# Boris, Stefancic. (November 29, 2015). *Evolution Of Operations Management Leads To Enhancement of Agility* Retrieved from <https://www.linkedin.com/pulse/evolution-operations-management-leads-enhancement-boris-stefancic?articleId=8158225487898077539>