

# Executive Summary

The objective of this paper is to objectively evaluate the function of worldwide operational management2 and innovation management2 inside Starbucks and how they contribute to the business’s success. It relies on a variety of research Journals and information resources to do this. It emphasizes how Starbucks' ability to control its production chain and large financial base gives it the advantage to grow and successfully operate globally. Furthermore, it creates an Executive action plan for Starbucks that suggests a number of interactions with various departments. The necessity to analyze the entire global market and increase business engagement to increase investment in emerging markets is foremost among these initiatives.

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# Introduction

Worldwide level businesses utilize a variety of actions known as international operations management to modify several types of asset sources like workforce, equipment, and more. Transnational manufacturing and operations management deals with the manufacturing of goods and the provision of services in markets and places around the world. It comprises managerial practices that have incorporated local manufacturing markets and needs of foreign customers into consideration (Moosa, 2007, p. 199). The analysis is centered on Starbucks, a global franchise of coffee shops and roasters with its corporate headquarters in Seattle, DC. Baldwin, Siegl, and Bowker began Starbucks Limited on March 30, 1971, as an American global chain of espresso beverages and coffee shops. It is the biggest coffee retailer chain in the globe, offering consumers a variety of coffee drinks made with high-quality ingredients (James, 2019, p. 17).

# Evaluating International Operations Management (IOM) of Starbucks

International operations management is a method utilized to produce and distribute a corporation’s products and services in foreign countries and marketplaces where a firm's replica is represented to a global corporate entity. This phenomenon comprises numerous management procedures for local retail manufacturing, which needs workforce and money, as well as the demands of the firm's foreign clients. Starbucks started out as a little shop in Seattle before growing into the most well-known coffee corporation worldwide. This was made feasible by the firm's systematized value chain management. All of Starbucks' operations have been split up into principal and secondary operations by the value chain (Inbound logistics and outbound logistics) (Mason et al., 2017, p. 45).

Inbound logistics entails the choice of suppliers for the organization. Raw or unroasted beans are purchased by Starbucks directly from fields that produce for the company. Central America, Africa, and Asian are the regions where Starbucks' coffee grounds are produced. The firm's warehouses receive the unroasted beans, which are subsequently sent there, roasted, and packed for usage. As a result, exclusive Starbucks only adds value through processing and repackaging to raise the product's selling price (Donner & Loh, 2019, p. 572). The business's distribution channels then receive the acquisition. In regards to operations, Starbucks has 32,000 locations in more than 80 regions, including both business-owned and authorized locations. It does not adhere to conventional license agreements and procedures. Financial Accounts from 2020 show that firm-owned businesses are more advantageous; in the first quarter of the fiscal annum, the firm derived about 81% of its overall earnings from firm-operated outlets. While authorized retailers contributed 11% of sales revenue (Melnyk & Yu, 2020, p. 221).

Starbucks outbound2 Logistics does not have a middleman network through which to distribute its goods. The vast bulk of sales are generated in retail locations. However, it is important to retain the product supply and sales flows to all marketplace regions' storage2 and distribution facilities. Starbucks' external logistics encompass elements like:

*Sales and marketing*

The company's main marketing strategy is to offer high-quality goods rather than relying solely on advertising spend or strong marketing tactics. Although it has employed various need-based marketing techniques, such as when launching new products in niche markets, (V. Lombardi et al., 2021, p. 186).

 *Services*

The company does more than merely market its goods. Consumers are drawn to and devoted to Starbucks' in-store offerings. Giving each consumer a special and exceptional service is the company's primary goal. Additionally, it plays a big role in the industry's value chain and keeps the procedure distinctive in order to draw in additional clients (V. Lombardi et al., 2021, p. 186).

*Support activities of Starbucks.*

Starbucks's support initiatives comprise:

1. Infrastructure: To sustain an operational flow, the infrastructure contains a corporate structure and departmental segmentation, such as finance, law, marketing, and administration (Simon, 2008, p. 90).
2. Human Resource management: The performance of Starbucks is primarily due to its staff. The company motivates staff with the best rewards and advantages. The company has a low staff turnover proportion as a result of its considerate employment practices (Tikson, 2018, p. 5).
3. Technology Development: Technology advancement has made a vital contribution to the organization's growth. The client experience has improved as a result of technological advancements, which also guarantee quality, continuity in flavor, and cost savings. Due of its unlimited and unrestricted Wi-Fi connection, numerous people visit the Starbucks location to organize meetings and arrange workplace shift (Guler, 2018, p. 625).

# Comprehensive awareness2 of the issues2, problems, and procedures defining IOM of Starbucks

Starbucks enjoys a substantial competitive advantage in the restaurant sector. As opposed to its previous estimate of $2.42 to $2.62 per share, Starbucks today anticipates earning $2.65 to $2.75 per share. Starbucks' overall annual sales in the UK are 361.7 million pounds. During 2020, Starbucks' global overall incomes were 19.16 billion USD. It shows a decrease of 27.7% over the prior year (Yan, 2022, p. 86). Consequently, the following are a few of the major issues, hurdles, and concerns Starbucks is currently facing:

*Price increases for its commodities*

Starbucks is using client attachment and a dearth of consumer flexibility to drive up prices. The rising expense of living and the valuations of coffee are the main causes of the price increase. Starbucks goods prices increased four times during the course of two years, from 2014 to 2016, with only two price increases occurring in 2016. In order to keep its operating profitability, the company must raise prices. The worry with price increases is that clients may switch to other businesses, so the business is also concentrating on offering top-notch services to win over new ones (Mi et al., 2021, p. 31).

*Higher wage payment*

Higher wage payments are one of the causes of the price increase, as was previously noted. According to one end of the debate, the firm's profitability, particularly at its authorized locations, is being negatively impacted by a rise in the national minimum salary. On the other hand, a very tiny percentage of the business's operating expenses are attributed to personnel costs. As a result, some business analysts contend that Starbucks is essentially a well-liked employer because it pays significantly more than the statutory minimum. So it will have a greater effect on rivals (Akasaka, 2022, p. 45).

*Mobile order and pay*

To boost sales and the company's prominence, CEO Howard Schultz introduced technical upgrades and began utilizing digital channels. However, the administration of the business reports strange concerns about digital order and pay operations in the most recent Starbucks document. With this service, a consumer can make a purchase online and pick it up once they receive the "meal is prepared" message. Since it results in long lines and disgruntled consumers, the service is creating a hindrance for the store's operations (Agustina et al., 2020, p. 60).

*Food*

The largest issue for Starbucks is providing food, which is why the meal catalog has been altered on numerous occasions. At one stage, CEO Schultz was forced to remove breakfast sandwiches off the list because, in his opinion, the flavor of the bread competes with that of the coffee. This was simple at the period since a considerably lower portion of the company's total earnings came from food retailers. However, food earnings have increased when Starbucks purchased the La Boulange restaurant brand in 2012. It appears to be a sizable chance to increase Starbucks' profitability (Mi et al., 2021, p. 31).

# Evaluate and appraise the role that innovation plays in the development of Operations Management techniques in different national and cultural settings.

Innovation is crucial to a firm's ability to create successful operation management systems for use in many country and cultural contexts. Innovation occurs when a business utilizes appropriate technology to deliver a genuine and perceivable service to the consumers. With a basic grasp of processes and goals, executives and staff or customers can work together through the use of a variety of strategies and instruments in innovation management (Ingason, 2020, p. 159). A company can employ creativity to create innovative thoughts, produce original products, and adapt to internal and external developments with the support of innovation. Starbucks focuses primarily on developing and sustaining creative operations to generate significant revenue and profitability. In operation management, focusing on simplifying supply networks is beneficial. Tools for tracking shipments, processing orders, managing warehouses, and forecasting demands are a few examples of techniques that could be utilized to handle a supply chain more effectively. Analysis has shown that operation management has drawn a lot of attention from national culture (Hermann, 2016, p. 181).

Operation management is concerned with the transformation of materials into goods and services. A collection of person's common ideals that set them apart from other individuals and influence their behavior are referred to as having a culture (Cooper, 2021, p. 5). Starbucks is concentrating on its global business operations,, which aids in reaching a diverse consumer base and precisely meeting their requirements or demands. Most businesses used to conduct operations within their own borders, regions, or countries, but modern businesses buy supplies and services, develop partnerships, and market their goods globally. Starbucks may handle their operations at the regional and cultural settings with the use of thorough market analyses in places where they intend to grow. The efficiency of techniques that can be merged to create a management monitoring system might be influenced by culture (Bansemir, 2013, p. 51). Starbucks focuses primarily on consumer demand, and as their corporate operations grow, they are forced to examine client culture and adjust their goods and services accordingly.
Many global operation management strategies aid in development in many country and cultural contexts, they include:

* The shipping status tool - is a crucial utility for better monitoring and controlling corporate operations. Starbucks has to recognize shopping purchases and create a useful process for getting the goods and products to the customers (Soares et al., 2015, p. 38). Additionally, Starbucks makes utilization of the shipment status application to manage and complete orders placed by other businesses. The majority of the business assists in maintaining documents of the sending and receiving transactions, which are crucial to managing corporate operations on a global scale.
* Warehouse management system - This innovation aids in monitoring and supervising daily operations2 in the warehouse. This technology is employed to collect and maintain stock, maximize order picking and delivery, and provide advice on replacing inventory. Starbucks maintains its inventory2 and assets, which include coffee-related goods and components. They are hiring certain staff members who will concentrate on stock and examine the expiration dates of their merchandise (Chalotra, 2011, p. 29).

Starbucks employs cutting-edge products and services to help customers accomplish their aims and targets. In addition to this, the corporation employs all of the key instruments and methods of global operation management to foster positive reputation and improve supervision of corporate operations. Innovation is a structured approach that gathers, applies, and improves business concept. In order to foster creativity, protocols have to be in operation to elicit opinions from certain targeted audience.

# Approaches for developing a culture of creativity and innovation in Starbucks

Innovation is now more than ever recognized as a crucial strategy and resource for creating a company culture. Various strategies aid in creating a culture of imagination and innovation that assists in differentiating products and attracting consumers. It has been demonstrated that personal attributes such as intelligence, perception, personality, and behavior have been the primary focus of research on creativity (Davies & McGeever, 2022, p. 205). Starbucks also emphasizes innovation in their workplace environment because research shows that strong creativity fosters inventiveness. The promotion and development of innovative thinking, which are essential components of a firm's pursuit of competitive edge, are supported by establishing workplace culture. In addition to this, the business must create certain adjustments to its tactics that contribute to boosting positive reputation and revenue (Wu, 2017, p. 115). The business must focus on ensuring that knowledge may flow efficiently from one division to another in order to obtain precise understanding of what the organization must accomplish for their subsequent actions and expression. Starbucks also creates multicultural team that aid in highlighting and identifying organizational strategy problems that could have an adverse effect on operations.

The following are descriptions of some strategies:

*Encourage team members to develop their skills*

The management must evaluate each worker and set clear standards for them in the workplace. Occasionally team members are unwilling to take action in any commercial activity, so managers must push them into working together and getting better interested in those tasks. Starbucks managers' job is to inspire and inspire their team to use their expertise and take the best possible action to achieve the desired goals. A business can benefit from this strategy and succeed in the market (Anon, 2014, p. 456).

*Build empathy for clients*

Starbucks needs to cultivate compassion for their customers in order to foster an environment of imagination and inventiveness inside their company. If a person feels restricted from voicing their perspectives, it has been discovered that unrestrained inventiveness can result in anarchy (Valero-Silva & Lawley, 2017, p. 261) It is crucial for the business to give its staff a way for organizing their inventive energy, motivating them to comprehend and assess the demands and goals of their clients, and encouraging them to grow profound empathy for them. A company must focus on raising morale and developing the skills necessary to achieve goals and objectives.

*Team empowerment*

The innovative workforce in a business needs to be empowered. They ought to have the flexibility and responsibility to apply their innovation, which aids them in more effectively resolving difficulties and concerns. They concentrate on finding solutions in order to produce their finest job and finish it inside the allotted time (Carpintero, 2017, p. 41). The primary responsibility of a Starbucks supervisor or director is to uplift, support, and clear impediments from the path of their group members.

*Set up the group for success*

In the workplace, creativity is delicate and has to be fostered. A Starbucks manager enables employees to succeed more by integrating them with the information and people they need to accelerate business growth. In order to succeed in a business, a manager must communicate creative concepts with their group members and inspire them to provide their best effort. In addition, executives should communicate with top colleagues about their future plans and actions that will benefit the company (Siddiqui, 2014, p. 183).

# Designing an action plan for innovation in Starbucks operations management

Although Starbucks maintains it’s a healthy financial position, with high profitability and marketplace share around the world, the Executive should consider numerous moves to solidify the business’s progress (Theresia & Septriadi, 2018, p. 16). The proposal's essential components comprise a Goal, the aims or measures to be performed, resources and the timeline required for implementation.

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| **Goal/Recommendation** | **Aims/measures** | **Resources2** | **Time frame** |
| Goal 1: Need to research the entire worldwide market and Enhance corporate involvement to boost investment in developing markets. | 1. Analyze the company's market dynamics, operational processes, legal environment, regulatory requirements, and customer requirements to justify extending its operations abroad. | Work together with the division of global operations management to complete the necessary requirements analyses and raise the money needed for market enlargement. | 6-8 months |
| Goal 2: Going forward train existing employees and recruit individuals with the proper set of skills and mentality. This is a crucial strategy that can be employed by the corporation to ensure that they recruit personnel and train the existing personnel with the aptitude and capability to guide a business toward greater growth and achievement (Angelika, 2020, p. 44). | 1. Develop a system where Before choosing a recruit, managers consider candidates' behavior and skill sets in relation to the job opening and the work of the organization 2. Fostering Employee Effectiveness through Training to help staff gain information and abilities that will enable them to make connections with new consumers more effortlessly | Persuade the board to dedicate 5% of the business R&D expenditures to be used to develop the system that considers the skills of recruits to accomplish this Goal. | 10-12 months |
| Goal 3: Lead engagement for embracing new and cutting-edge technology. Starbucks should take advantage of the newest techniques and technology available so they may improve its standing and image in the marketplace. | 1. Develop a system that will modernize and modify the processes they now utilize to produce their goods. It helps to create cutting-edge and distinctive products that catch customers' interest | This will need working together with external technology experts to develop a state of the art system. 10% of Starbucks investment should be assigned for this goal. | 5-9 Months |

 Table 1: The recommended action plan for Starbucks

# Conclusion

The aforementioned analysis has led to the conclusion that operation management is crucial for effectively managing businesses' operations and their activities in the marketplaces. Using global operations management, the business can reach many more clients. Starbucks mostly concentrates on challenges, particularly those that define the IOM. Evaluate the importance of innovation in the development of operation management techniques at different national tiers. Additionally, it is evaluating the strategies for fostering invention and organizational culture. Every firm uses creativity, which improves credibility and attracts the interest of numerous customers in the industry.

# Recommendations

The practice of operation management aids in preserving business operations and accomplishing possible objectives. Starbucks ought to concentrate on examining the demands and tastes of individuals in various countries so they can quickly meet their wants. The following list includes some of the suggestions on managing a global operation:

*Create efficient strategies and procedures*

The organization must assess both its domestic and international business environments in order to do this. Starbucks ought to develop strong tactics that could assist them expand to other nations. The business should better concentrate on adapting and updating its initiatives and programs in accordance with the needs. It is crucial for a company to focus on behavior methods that support upholding goodwill (Bhagat, 2017, p. 63).

*Require comprehension of consumer demands:*

Starbucks must properly assess and comprehend the demands and desires of its clients. A business must examine the desires or preferences of the local populace before setting up shop there in order to create goods and services that meet those needs (Jermiah, 2020, p. 33). Furthermore, it is necessary for team personnel to assess the desires and requirements of clients. The organization must hold learning and development seminars to help staff gain information and abilities that will enable them to make connections with new consumers more effortlessly. To their intended customers, they are giving the necessary information and specifics so they may make informed product choices.

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