

# IB Business & Management HL

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## Internal Assessment

**Candidate Name:**

**Candidate Number:**

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Executive summary: 195 words

Written report: 2,004 words

## Acknowledgments

I would like to thank everyone at the Starbucks Cafe on Great Marlborough Street for taking part in my project and allowing me to obtain the views of employees through the questionnaires. A warm thanks to the supervisors who answered various questions I had of the workplace. A very special thank you to Mercedes Martinez, the manager who provided me with all the information I needed to know about the cafe. Thanks to Mercedes for also taking part in a one-on-one discussion, being accessible and providing me with Starbucks coupons to allow an easier process of obtaining primary research from the customers. Finally, I would like to thank my Business and Management teacher, \_\_\_\_\_, for the support and guidance as well as for being very patient. Thank you!

## Table of Contents

Executive Summary.....	page 4
Research Proposal.....	page 5
1. Introduction.....	page 8
2. Research Question.....	page 8
3. Procedure.....	page 9
4. Main Results and Findings.....	page 10
4.1 Primary Research.....	page 10
i. Customer survey results.....	page 10
ii. Employee survey results.....	page 13
4.2 Secondary Research.....	page 16
5. Analysis & Discussion.....	page 17
6. Conclusion & Recommendations.....	page 20
7. Bibliography.....	page 22
Appendices.....	page 23
Appendix A: Customer survey and results.....	page 23
Appendix B: Employee survey and results.....	page 25
Appendix C: Financial Times Article.....	page 27
Appendix D: Leading Coffee Branded Shops in the UK and Ireland.....	page 29
Appendix E: Factors Affecting the Market.....	page 30

## Executive Summary

The topic of this report is on the performance of the inexperienced employees (known as baristas) in a recently opened Starbucks cafe. The research question is “How can the manager of the Starbucks Cafe on Great Marlborough Street improve the overall performance of her inexperienced staff?” The introduction generally describes the circumstances the manager, Mercedes Martinez worked under prior to the launch of this new cafe. The methods of obtaining the primary and secondary information as well as reasons for using them are then stated in the procedure. The main results and finding section consists of pie charts from the results of the customer and employee questionnaires respectively. The Starbucks mission statement and objectives are outlined in the secondary information section; in addition, details of the coffee and sandwich market are provided. Next, there is the analysis and discussion of the results from customer and employee questionnaires as well as of the manager. Here, tools such as Herzberg’s Two Factor theory and Tannenbaum and Schmidt’s Leadership Theory are used for further analysis of the employees and the manager. The report is summarized in the conclusion, and recommendations to the manager for improvement are suggested at the end.

## Research Proposal and Action Plan

### **Research question:**

How can the manager of the Starbucks Cafe on Great Marlborough Street improve the overall performance of her inexperienced staff?

### **The rationale of study:**

To investigate ways the manager can enhance the individual and entire performances of the staff members despite the fact that they are inexperienced. This study will explore what factors influence an employee's performance and how he or she can be motivated to perform exceptionally well for the business. It also allows for the study of how a particular leadership style of a manager can have a massive effect on the performance of the staff members as well as the relationship the manager has with them.

### **Possible sources of Information:**

Primary- interviews, surveys and general observation

Secondary- online databases (keynote and datamonitor), newspapers, websites, books,

### **Areas of the Syllabus to be covered:**

Module 4- Human Resource Management

- ✓ Motivation Theory
- ✓ Leadership and Management

### **Organizations and Individuals to be approached:**

- Starbucks Cafe (Grey Marlborough street)

- Another Starbucks restaurant and/or another coffee shop
- Manager of Starbucks (Mercedes Martinez)
- Customers of the particular Starbucks
- Employees of the particular Starbucks

**Methods to be used to collect and analyse, the reason for choosing them**

- Interview manager- to learn about the short history of the cafe since its launch, how the cafe is run and difficulties often encountered, how she works as a manager and the methods she used/uses to achieve the objectives for the business.
- Interview supervisors- to determine how flexibly the manager is in terms of empowerment
- Questionnaires for employees – to get each person’s personal insight on relationships within the workplace (manager and staff members) their individual performances,
- Keynote and Datamonitor reports- to gain background knowledge of the business as a whole, the market and the competitors

**Anticipated difficulties:**

**Secondary Research**

- Finding information relevant to the focus of the study
- Finding recent and updated information
- Information may be too general
- Source may be unreliable which would affect the validity of the results

**Primary Research**

- Responses from the manager and supervisors for the interview may be biased
- Responses from the interviews may not be factual
- Interviewees may be subject to giving a limited amount of information due to confidentiality
- Short amount of time for interviews

- Customers and employees answering questionnaires may be reluctant to answer truthfully as questions may be too personal
- Successfully getting the time of the customers
- Respondents to questionnaire may be in a hurry or feel uninterested; resulting to false answers
- Sample size may be unreliable

**Action Plan:**

Time period	Sept	Oct		Nov		Dec		Jan		Feb	
	22-30	3-17	21-31	4-11	11-18	2-11	16-28	7-16	22-31	3-13	
Select company											
Determine topic											
Write research proposal (1 <sup>st</sup> draft)											
Research proposal (2 <sup>nd</sup> draft)											
Obtain secondary research											
Interview with Manager											
Interview with supervisors											
Create employee & customer questionnaire											
Distribute questionnaires											
Analyze information											
Finish report (1 <sup>st</sup> draft)											
Finish report (Final draft)											
Submission											

## 1. Introduction

The Starbucks Cafe located on Great Marlborough Street just off Oxford Street opened on August 21<sup>st</sup> 2008. On its opening the manager, staff and supervisors all underwent a difficulties due to different factors occurring prior to the launch. Problems erupted immediately after new manager Mercedes was hired five weeks before the opening and only took charge two weeks before the opening. Typically, the manager is called in and hired three months before the opening but due to complications beforehand this was the result. This quickly caused havoc as Mercedes needed to have the 14 new employees recruited, trained and hired as well as have the furniture, machinery and orders for the food organized. The most difficult obstacle had been employing new and fully experienced staff as it was the end of summer which was the period people left or continued their lives (i.e. many of the employees had gone back to school or university). In addition, finding full time employees was even more of a challenge as more people applied for part time. Ultimately, this resulted to the new manager Mercedes having to act quickly; thus, hiring a group of inexperienced staff, all of which were full time employees. Due to the lack of workers with experience working in a cafe around, other Starbucks cafes within the district did not have enough experienced baristas of their own to exchange with the inexperienced staff at Mercedes' cafe for training purposes. Along with not having experienced workers accompanied inconveniences such as having no time to train or learn how to properly operate the machinery. Unfortunately the district manager, responsible for the overall performances of all 12 cafes in the area, was not available to address all the issues concerning the new cafe. This devastating predicament of having a weak workforce clearly shone through on the day of the opening when the district manager was present to assess the performance of the business as drastically poor.

## 2. Research Question

**How can the manager of the Starbucks Cafe on Great Marlborough Street improve the overall performance of her inexperienced staff?**



### 3. Procedure

#### Secondary Research

The secondary research for this project was collected to have a general and official evaluation of the success of Starbucks in the UK, and London in particular. Information including the popularity of the cafe as a customer as well as its popularity as a workplace was vital background knowledge that I would need to have. It would be opportunities to learn what type of people (i.e. gender, age, etc.) apply for jobs at Starbucks cafes and how much of an impact they have on the success of the business. The main sources of secondary information for this project were market research publishers Keynote and Datamonitor, as well as the press releases and the official Starbucks website.

#### Primary Research

Interview with Manager: A personal one-on-one interview with the manager taught me a lot about how the staff in the cafe is managed and the different tasks that must be fulfilled. Speaking with the manager also allowed me to have a full description of the early stages and the current situation of the business. As well as learning much about how the business functions, I gained much information on the type of leadership style the manager has, her objectives, reasons behind her decisions and her opinion of her relationship with the staff.

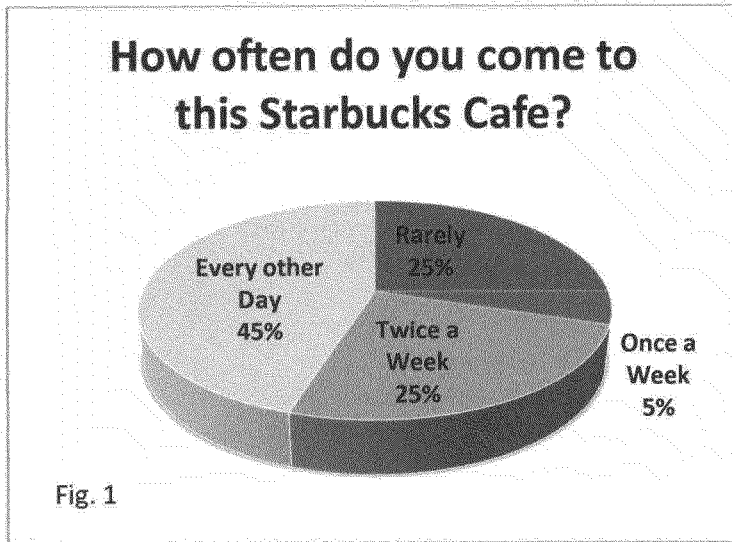
Questionnaires for 20 Customers: The customer's views give me a different perspective on the overall performance of the staff and their motivation.

Questionnaires for 12 Employees (3 supervisors, 9 workers): Finding out the personal views of the relationships in the workforce and how the employee feels about their job as well as their performance over all.

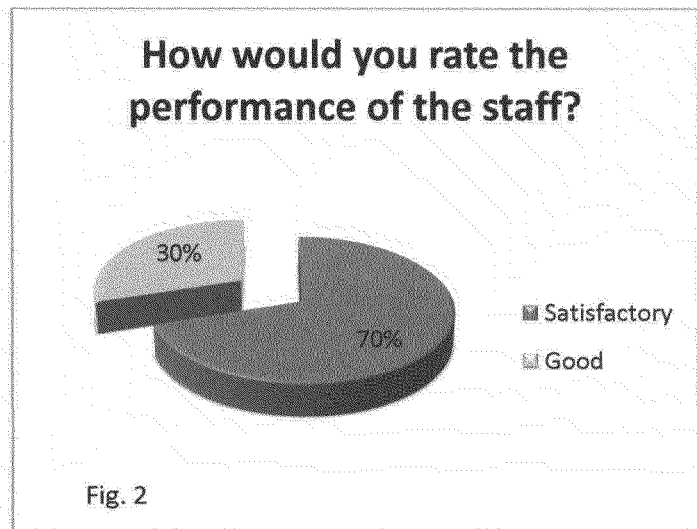
## 4. Main Results and Findings

### *4.1. Primary*

#### **i. Customer Questionnaire results:**



The majority of this primary research came from customers who were regulars at this particular Starbucks Cafe. Interestingly enough the majority of the customers were women.



None of these customers felt that the staff performances were poor, however more than half rated the performances as only satisfactory.

### Coffee, food and other beverages in comparison to the other Cafes in the area?

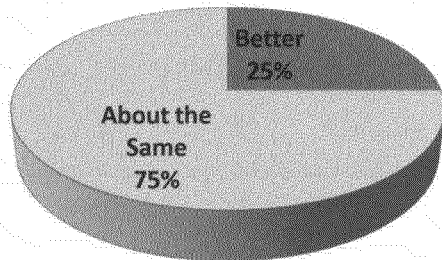


Fig. 3

The coffee, food and other beverages in this cafe appeared to be not much better than any other cafe's (including Starbucks cafes) with only 25% suggesting the quality is better. Other cafes which were in favour to the customers consisted of Cafe Nero, Costa and Coffee Republic

### Do the Baristas seem generally and genuinely happy working here?

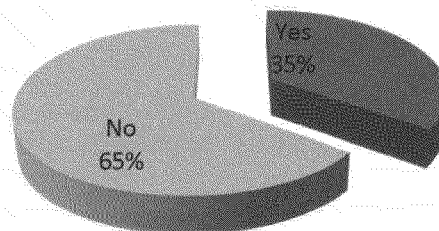


Fig. 4

More than half of the customers believe that happiness within the workforce is quite low.

**Do the baristas seem experienced enough to handle a difficult situation or a complaint?**

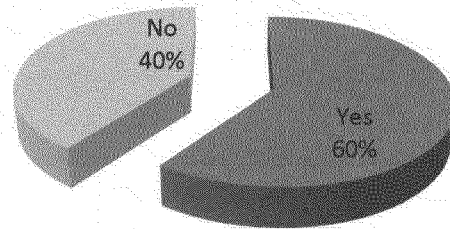


Fig. 5

Almost half of the customers had suggested that the baristas did not seem experienced enough to handle a difficult situation.

**Have you ever had any complaints about this cafe?**

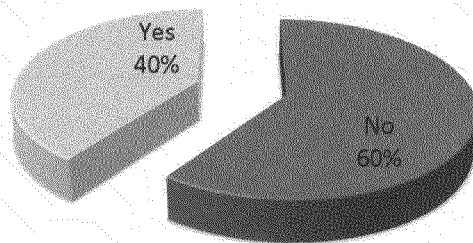


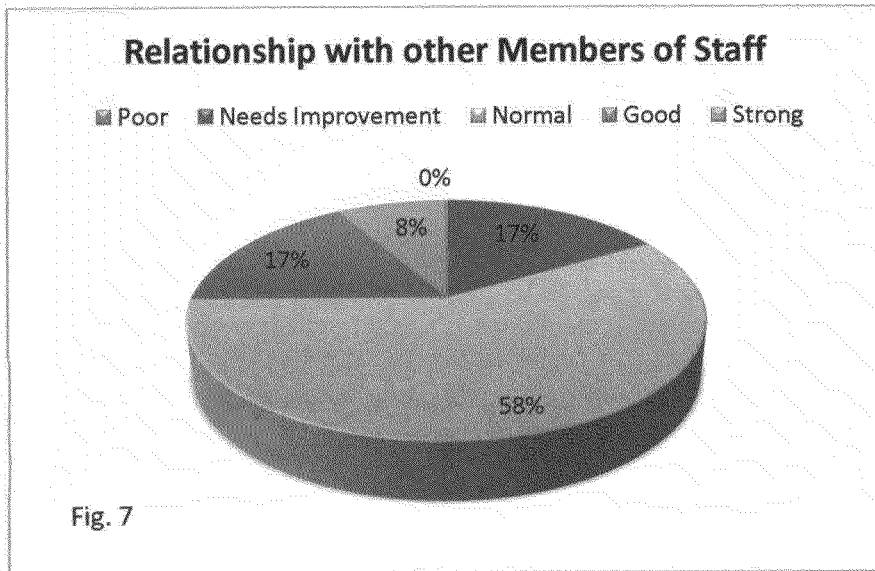
Fig. 6

The same number of customers had also had a complaint of the food, drink or services during their stay. Lastly, the majority of the customers felt the significant factor of the cafe was more the atmosphere created rather than the service of the customers. When asked what other cafes they enjoy favour in addition to Starbucks, the majority stated Cafe Nero and Costa. More responses can be viewed in appendix A.<sup>1</sup>

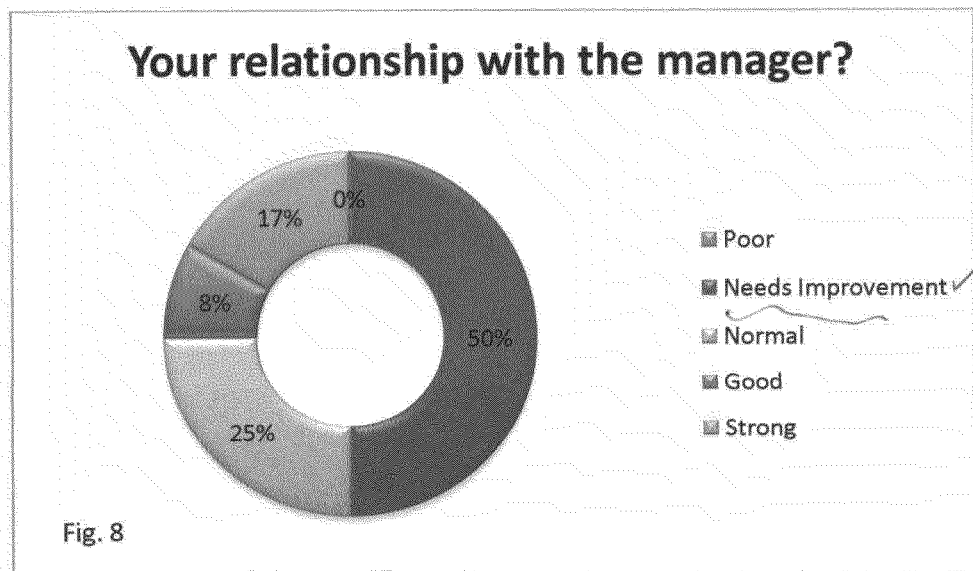
<sup>1</sup> See appendix A for customer results; p. 24. See Appendix D for competitors in the market; p. 29.

ii. Employee survey results:

These results are a combination of each of the employees' personal views of their experience and relationships within the workplace.



The workforce of 12 employees consisted entirely of women. Most of the members of staff believe they have a good relationship with one another while half of them believe their working relationships with the manager needs improvement as seen in fig 8.



**Do you receive praise or recognition for what you do and the effort you put into your job?**

■ Yes ■ No

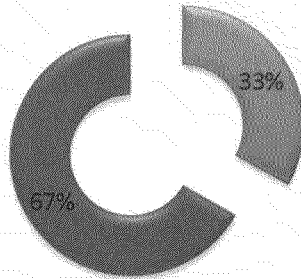


Fig. 9

The majority of employees claim they do not receive any recognition while a staggering 75% of them feel they cannot communicate with the manager about any issues that may interfere with their job.

**Would you be able to speak to the manager of any personal issues that may interfere with your job?**

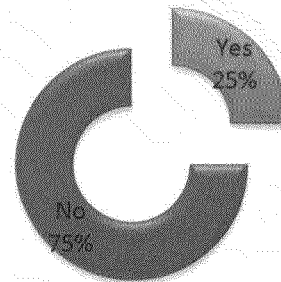


Fig. 10

### Role of the Manager in relation to the work force?

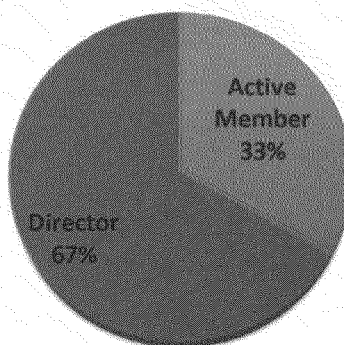


Fig. 11

Most workers coincidentally feel the manager is more of a director rather than an active member of the workforce.

### Does your salary reflect the time and effort you put into your job?

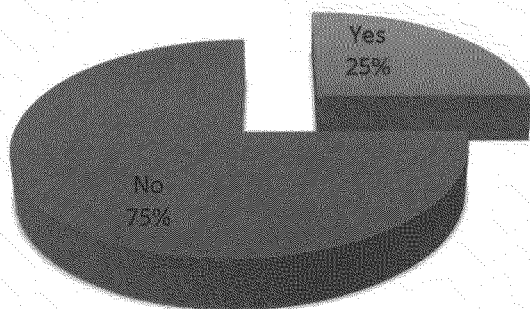


Fig. 12

Unsurprisingly, 75% of the workers feel they are underpaid for the amount of time and energy they put into their jobs.<sup>2</sup>

<sup>2</sup> See appendix B for more results; p. 26

## 4.2 Secondary Research

### Starbucks and the Coffee/Sandwich Market

One of several principles of Starbucks is to value their customers. Starbucks aims to try and form a connection with and fully engage with their customers to make them feel a part of the company.<sup>3</sup> Another one of Starbucks principles is to create a safe haven for anyone who desires a relaxing atmosphere and high quality coffee as well as other food and drink.<sup>4</sup> Its aim is to create a setting where people can come to meet and spend time together or even work without being disturbed and going through the havoc a busy life brings. In 2008, Starbucks was recognized by the Great Place to Work® Institute as one of the Best Work Places in the UK.<sup>5</sup> The success of Starbucks heavily relies on the universal need for food and drink; mainly in the retail scene.<sup>6</sup>

Due to the increase in busy lifestyles many major operators of coffee chains have suggested there is still room for growth and development in the market. However, Starbucks is set to cut jobs and further plans of opening new stores due to falling sales all over the world.<sup>7</sup> Sales have inevitably dropped in both the UK and Canada; both of which are Starbucks's largest international markets. Coffee shops have benefited more from office workers who desire quicker lunches and sometimes healthier food and drink.<sup>8</sup> Women are also said to favour coffee shops for a place to eat; in addition, statistics show that the market is benefiting from the gradual increase of working women.<sup>9</sup> Statistics show the importance of women in the market as they are greater users of coffee shops than men.<sup>10</sup> The coffee shop market has

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<sup>3</sup> Official Starbucks website

<sup>4</sup> Official Starbucks website

<sup>5</sup> Official Starbucks website

<sup>6</sup> Key Note Report

<sup>7</sup> See Appendix C; p. 27

<sup>8</sup> Key Note Report

<sup>9</sup> Key Note Report

<sup>10</sup> See appendix E; p. 30



grown 15% every year since 2004 with an estimate of 7,500 to 8,000 coffee shops in the UK and the Republic of Ireland.<sup>11</sup>

## **5. Analysis and Discussion**

### 5.1 Customers:

The results from the customer surveys gave me an idea of how the employees perform and are perceived in the eyes of the general public. Although customers feel the overall performance is just average they still return to Starbucks due to it being a popular global brand as well as it being located just off Oxford Street, in the centre of the retail scene. Strengths such as location, popularity and well known comfortable atmosphere make it a predictably attractive to those living busy lifestyles in the city. Based on general observation I agree with the slight lack of experience shown through which was evident through the panicky atmosphere and frequent calls for assistance when using the machinery. Interestingly enough, most customers believed the baristas were generally confident doing their job; however, they did not appear to be genuinely happy. Ultimately, the performance of the baristas is significantly influenced by a particular factor. This seemed to be how and if they are motivated to work knowing they're inexperienced.

### 5.1 Employees:

The results from the employee surveys depict that many have difficulties with making drinks, coping in the busy peak times and dealing with the amount of work demanded. The issue however was to do with relations involving the manager. From the employees' perspective, the manager is distant, stern and unapproachable. She may have decided to take this route to maintain the focus of the business and achieve the goals of the business. In these situations a hostile environment is then formed between the leader and the subordinates, which may potentially affect their motivation and performance.

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<sup>11</sup> Key Note Report

To find out how and if these factors influence their performances, **Herzberg's Two Factor Theory** can be implemented to understand the relationship between job satisfaction and motivation. The "hygiene" factors, which do not motivate the worker but can cause dissatisfaction if removed, consist of the decent Starbucks facilities, job security, the interpersonal relationships and salary (the employees believe their pay is not enough and are therefore dissatisfied). All of which were mentioned are factors the employees at Starbucks receive and get an adequate amount of. The "motivating factors" of receiving recognition and praise, responsibility, growth, sense of achievement and advancement are all examples of motivating factors that are important to individual's performance. More than half of the employees feel that they do not receive praise and recognition for their work and some have stated that feedback would be beneficial to their growth and development.<sup>12</sup> From numerous discussions with the manager, it is understood that promotion in the cafe is very rare and if an employee feels they desire or deserve more they may resign. It appears that the employees from this cafe lack the "motivating factors" influence performances in the workforce.

## 5.2 Manager:

The leadership style Mercedes believes she has somehow contradicts how she is perceived by her own employees. She claims to have a democratic style of leadership while survey results from her workforce suggest an authoritarian style. Because of the predicament the cafe was in during the opening of the cafe, Mercedes has undertaken a rather strict and direct way of handling her workforce. Her objective after the horrendous opening of the cafe was to deliver excellent service to the customers and quickly develop the many inexperienced baristas with practice. In some respect this aim has brought much focus into the workforce but the performances are still rather low. She employed more baristas than she needed so that the baristas would work off one another's strengths and weaknesses. In the end, having six baristas behind the bar, instead of the customary three had backfired completely resulting to several resignations and a continual decline in the performance of the business. The manager assumes 100% control and responsibility for everything that goes on in the workplace. According to Mercedes, everything is done her way without exceptions or suggestions from the workforce; and a crucial decision is to be made by the trusted supervisor if she is not

<sup>12</sup> See appendix B; p. 26

around. Two examples of crucial decisions Mercedes made without the input of her subordinates are:

- Hiring more baristas to have more of them working behind the bar. By having more baristas working they will be able to feed of the skills and qualities of one another to make a compromise with the weakness and inexperience.
- Increasing the number of working hours per week for the employees to have more time to improve their performances and gain experience operating the machinery in a busy environment.

These decisions inevitably backfired and did not deliver the results she needed. Because she is results orientated, Mercedes style of leadership can be determined using **Tannenbaum and Schmidt's Leadership Model** on the following page.

### Continuum of Leadership Behavior

*Source?*

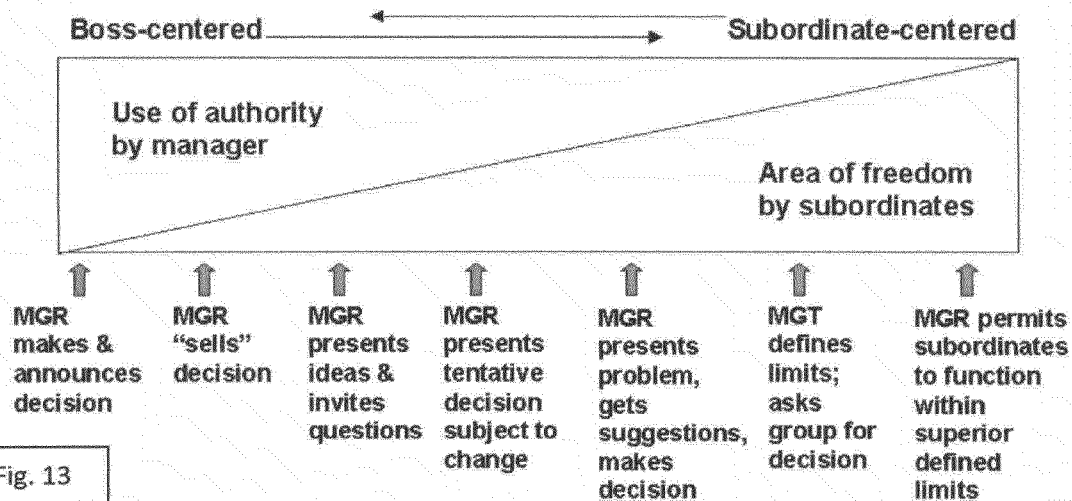


Fig. 13

Using the model we are able to see where Mercedes lies in terms of her authority and the freedom she allows her subordinates in any way. After long discussions with the manager and from general observation it is clear that she assumes full authority and makes decisions on her own. She controls the workforce as her decisions are usually communicated through the supervisors. Mercedes' position on the diagram would certainly be level one (boss centered).

## 6. Conclusion

Despite the issue of having inexperienced baristas the manager must question the motivation levels of her staff members. According to the customers, the performances of the employees are not highly rated in comparison to nearby cafes and discontent within workforce is apparent. This is somewhat understandable as the workforce lacks experience. Generally individuals get along in the workplace and the job itself is a satisfying thought; however the inexperience of most of the workers is emphasized through the lack of motivation which ultimately affects their overall performances. The members of the workforce have a different reality to that of the manager's which indicates a lack of cohesion. Mercedes is unable to understand the individuals in her workforce due to focusing on the goals of the cafe and being results orientated. As the employees settle in, the relationship the manager has with the workforce eventually affects the motivation which influences the performances.

## 7. Recommendations

Since Mercedes hired more employees than required it would perhaps be better to employ ten workers in total and arrange shifts throughout the day. Although Mercedes desired the baristas to learn from one another despite the overcrowding, it does not ensure control, stability and focus in the performance. It does indeed present disorganisation and panic that may disappoint the customers, which it did. Reducing the amount of baristas would ensure improved and easier communication between the baristas available to succeed in working and learning together as a unit.

It is strongly suggested that Mercedes become closer to the baristas and treat them as human beings with needs rather than machines. To become a part of the workforce she must try to take part in the daily work of serving customers and working with the baristas behind the bar. By improving her own spirits Mercedes could improve the spirits of baristas who may reflect enjoyment in their work. Clearly the baristas within the workforce feel a lack of motivation as a unit. To enhance the motivation Mercedes would need to provide "motivating factors" as known in Herzberg's two-factor theory. This includes complimenting efforts of employees, helping/encouraging during difficulties, possible promotions by providing increased

responsibility to improving baristas. According to Herzberg's theory these factors seem to influence the individual and improve performance as well as effort.

Lastly, the significant distance between the workforce and the manager is due to her style of leadership being autocratic. By developing a democratic style of leadership she would involve the workforce in decision making and allow feedback and suggestions. This will permit more freedom to the subordinates and most probably improve communication and the relationships between the manager and the baristas. It will also enhance motivation and spirits within the workforce.

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- <http://faculty.css.edu/dswenson/web/LEAD/continuum.jpg> (figure 13)
- [http://tutor2u.net/business/people/motivation\\_theory\\_herzberg.asp](http://tutor2u.net/business/people/motivation_theory_herzberg.asp)
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Dates?

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- The Financial Times
- The Times

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