

Week 5 Persuade Café Case

Perks and Pick-Ups

Order your "Cup of Joe" T-shirt today. We expect a new shipment soon, and employees get one for free!

Following our steady growth strategy of one new store each month, a new PersuadeCafé will open in Birmingham, AL, in February.

Our Colorado Springs store received the highest customer satisfaction ratings on our recent survey. It's always nice to hear about happy customers and the great employees who serve them!

Welcome Mark Parsons, who joins PersuadeCafé as our chief technology officer. Mark brings a wealth of experience from retail and consulting companies.

Scones are coming in March. Watch for plain, blueberry, and strawberry to complement our bakery selections.

Our Pittsburgh, PA, store just topped \$1mm in revenue. Congratulations! Keep up the great work, team.

Thanks to all of you, as a company, we contributed \$114,000 to the American Cancer Society. PersuadeCafé matched all of the funds you raised locally, and we're proud to make this donation on behalf of our many communities.

Welcome, Business Improvement Participants

Thank you for visiting our intranet site! Here you'll find all of the information you need to contribute to our Business Improvement Program. You were selected to participate in this program because you are new to PersuadeCafé, bring a fresh perspective to the business, and already contribute good ideas at your store. Now, we're looking for ideas we can implement throughout the entire company, so you could have a big impact on the future of PersuadeCafé.

After you watch the presentation, below, please explore the rest of this site to fully understand the strategic challenges we face as a company.

[Download PersuadeCafe Presentation by Jackie Marcus 8-1-11](#)

About PersuadeCafé

Who We Are

PersuadeCafé provides our customers with "a cup of Joe and pastry to go." We offer consistent, unpretentious coffee, tea, espresso drinks, bakery items, whole beans, and T-shirts. PersuadeCafé had humble beginnings. The first PersuadeCafé, in 1974, was a coffee and danish stand at Memorial Stadium in Baltimore, MD, the former home of the Baltimore Orioles. Since then, the company has grown to 220 stores throughout North America and maintains a corporate office in Baltimore.

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Customer Survey Results



Over a two-week period, we collected paper-based customer surveys at all PersuadeCafé stores (212 at the time). Over 8900 customers completed the surveys, which were compiled by an outside firm.

Below are the raw results of the survey, with the percentage of respondents in each category. As CEO and President, Jackie Marcus did provide themes to consider for the Business Improvement Program, but you may draw your own conclusions from the data and comments.

Statements	1	2	3	4	5
	<i>Poor</i>	<i>Fair</i>	<i>Good</i>	<i>Very Good</i>	<i>Excellent</i>
How would you rate your experience at PersuadeCafé today?	7	26	10	42	15

	<i>Once a year</i>	<i>Once a month</i>	<i>Once a week</i>	<i>A few times a week</i>	<i>Every day</i>
How often do you visit PersuadeCafé?	5	14	17	38	26

	<i>Poor</i>	<i>Fair</i>	<i>Good</i>	<i>Very Good</i>	<i>Excellent</i>
How would you rate our brewed coffee?	6	16	31	52	21

	<i>Poor</i>	<i>Fair</i>	<i>Good</i>	<i>Very Good</i>	<i>Excellent</i>
How would you rate our espresso drinks?	21	26	26	20	9

	<i>Poor</i>	<i>Fair</i>	<i>Good</i>	<i>Very Good</i>	<i>Excellent</i>
How would you rate our bakery items?	33	14	41	6	6

1. What do you like best about PersuadeCafé?

Comment Category (and representative comment)	Number of responses
Good coffee "I depend on PersuadeCafé's good, reliable 'cup of Joe.'"	547
Quick service "I like getting in and out of the store within a few minutes, so I can be on my way."	411

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No-frills coffee "I don't want to spend a lot on coffee, and I don't at PersuadeCafé."	162
Friendly staff "Everyone knows my name and welcomes me with a smile when I walk in the door."	102
Pastry "Yummy pastries! Where else can you get a prune Danish these days?"	72

2. What improvements do you suggest?

Comment Category (and representative comment)	Number of responses
Upgrade the pastries "How about some better bakery items? Does anyone really like those soggy Danishes?"	433

Serve more quickly "Too slow! I need to get to work on time. Some stores are fast, but others have long lines and take forever."	325
Upgrade the décor "Those plastic chairs have got to go. I want a comfortable place to drink my latte and read the newspaper, and the store is stark and uninviting."	299
Install Wi-Fi "Provide internet access. I have to go to a competitor just to use my computer."	167
Expand the menu "How about offering more food choices? I'd like to see options other than fattening desserts."	110

Employee Survey

Comments Section

Of the 757 total respondents, 690 wrote responses in the comments section. The most common responses, grouped by comment category, are below.

1. What do you like best about working at PersuadeCafé?

Comment Category (and representative comment)	Number of responses
My co-workers/the team environment "I love my co-workers. We have a great time together, but we also work hard together."	253
Fair pay "I really appreciate the recent equity adjustment I got. I know management is committed to paying a living wage, and it's one of the many things that make PersuadeCafé a great place to work."	222

The customers "Our customers are the best! I love working with them and getting to know our regulars by name."	133
My supervisor "[Name omitted] is great to work with. He's accessible, cares about us on a personal level, and will always pitch in when things get crazy at the store."	127

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2. What improvements do you suggest?

Comment Category	Number of responses
Training <i>"We need better training, particularly for new hires. If you can't figure things out on your own, you're toast. We've lost a lot of good employees because we have no orientation program and a 'sink-or-swim' training philosophy."</i>	399
Opportunities for career advancement <i>"I'm not going to be a barista the rest of my life, and I'm not moving to Baltimore, so what's next for me? I have to leave the company to get a better job."</i>	325
Information-Sharing <i>"I feel like I work in a bubble. What's going on in other stores and at Corporate?"</i>	299

Review the "Executive Profiles" information in the area at the top of the page.



In 2002, Jackie Marcus joined PersuadeCafé as CEO and president. As the company's first external hire in this position, Jackie has taken a rather conservative approach to growing the company. Although she's been adamant about continuing the strategic plan of opening one store per month, she has not historically encouraged or rewarded innovation. However, now that PersuadeCafé is facing unprecedented financial challenges, Jackie recognizes that the company must change. She is more open to new ideas but only if they are well substantiated.

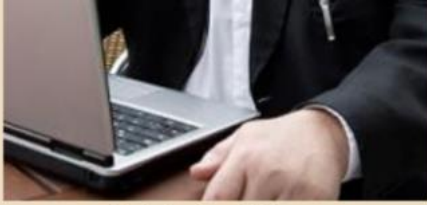
With an MBA from Stanford Business School, Jackie is known for her financial rigor and commitment to disciplined business processes. Jackie's previous work experience includes twelve years as COO of Peet's Coffee & Tea.



Chris O'Connor joined PersuadeCafé in 2001 as manager of the Anaheim, CA, store, which he grew to one of the top performing stores at \$1.3mm in revenue. As a proven leader, Chris was moved to the corporate office and held several sales management roles with increasing responsibilities. He was promoted in 2008 to VP, Business Development, and now oversees Sales, Marketing, and Customer Relations.

Chris is an affable manager who values personal relationships *almost* more than he values profits. Customers are of primary importance to Chris, who was particularly disappointed with the customer survey results and blames PersuadeCafé's lack of training as a primary cause. Chris spends much of his time researching new business opportunities and potential store locations. He works closely with Dalia Flores, VP, Design and

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Christopher O'Connor
VP, Business Development

Development, and admires her business savvy and sense of design.

Before joining PersuadeCafé, Chris held store management and sales positions at Starbucks and Gloria Jean's Coffees. He holds a bachelor's degree in business administration from Westwood College.



David Patel
VP, Operations

The executive team's most tenured employee, David Patel has worked for PersuadeCafé since 1989, when he started as a barista in Dallas, TX. After a stint at Starbucks, David returned to PersuadeCafé to hold two store management positions and a regional director position before joining the corporate staff.

As a purchasing manager with a keen focus on controlling costs, David had developed a reputation as a miser, but he was appreciated for his stringent cost-cutting, particularly during difficult times in PersuadeCafé's history. As a result—and because of major process improvements he led between 2002 and 2004—David was eventually promoted to VP, Operations.

David and Chris O'Connor have had several conflicts about PersuadeCafé's financial situation. While David focuses on

controlling expenses, Chris has little concern for costs and instead prioritizes new business opportunities to increase revenue.

David holds an associate's degree in business management from Nassau County Community College.



Maggie Simmons is no ordinary HR VP. With a background in investment banking, Maggie prides herself on quantifying the HR function, which she prefers to call human capital, despite resistance among the PersuadeCafé executive team. She did, however, get approval for a living wage for all employees, believing it was the right thing to do—and that it would make PersuadeCafé more competitive during the recruiting process. Maggie brings a practical approach and a good sense of humor to HR at PersuadeCafé, much needed during this transitional time.

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Maggie Simmons
VP, Human Resources

Before joining PersuadeCafé, Maggie worked for JPMorgan Chase as an asset manager and then moved into the HR organization, working her way up to VP, Recruitment, for the U.S. She joined PersuadeCafé in 2006 as staffing and selection director, until she was promoted to VP, HR, in 2008.

Maggie obtained an MBA from Georgia Tech College of Management.



Katrina Garza
VP, Communications

Katrina Garza joined PersuadeCafé in 2004 as director of internal communications. In 2007, she was promoted to VP, Communications, and is now responsible for all internal and external communications.

Katrina's priorities in the past few years have been improving investor communications, establishing the employee intranet, and instituting the customer and employee surveys. She has

recently played a strong role in reputation management for PersuadeCafé because of criticism that they don't buy fair trade coffee. Holding a press conference following a boycott and week-long picketing outside the San Diego store in 2009 was a pivotal point in Katrina's career.

Prior to joining PersuadeCafé, Katrina held communication management positions for Abercrombie and Fitch, Payless ShoeSource, and Burger King.

Katrina earned a bachelor's degree in corporate communication from the University of Baltimore.



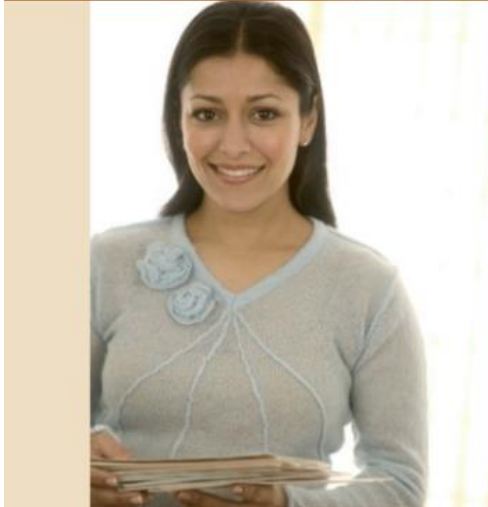
Benjamin Wilson
VP, Product Management

Responsible for all food and beverage products and the roasting plant, Benjamin Wilson is VP, Product Management. He joined PersuadeCafé in 2002, after working in store management and corporate positions at Starbucks for seven years.

Benjamin is a strong believer in PersuadeCafé's mission and frequently expresses concern about becoming a Starbucks mimic. With this philosophy, Benjamin has resisted upgrading coffee quality and expanding the food and beverage selection. This is a point of contention among the executive team, particularly between Benjamin and Chris O'Connor, who sees strong revenue potential from more varied and higher quality choices, and Katrina Garza, who has been on the front line fighting public criticisms of PersuadeCafé's lack of fair trade coffee.

Benjamin received a bachelor's degree in business management from Northwestern University.

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Dalia joined PersuadeCafé in 2009 as the VP, Design and Development. Prior to joining PersuadeCafé, Dalia worked on a city revitalization effort in Buenos Aires, for which she received several design and innovation awards. She also served as chief designer for Panera Bread Company for two years.

Dalia is frustrated by the staid décor and narrow design standards for PersuadeCafé stores. She would like to overhaul the brand image but fights resistance from others on the executive team, particularly Benjamin Wilson and David Patel. She works closely with Chris O'Connor and, as a new employee, tolerates his "good-old-boy" style because she has much to learn from him.

Dalia graduated from the Parsons School of Design in NYC.