

Coffee Cart Analysis

Honors Thesis Paper

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Executive Summary:

The Coffee Cart Class is a hands-on business experience for students to get a chance to see what it takes to start up a business from the ground up. In order to determine what the Oklahoma State students would want in a coffee cart, I surveyed over two hundred students on several different aspects such as taste, variety, food, and location preferences. It was concluded that students prefer a large variety of coffee with a top-of-the-line taste, a selection of snacks, and would prefer the cart to be close to the Greek community on campus. For the coffee cart to be successful, I also needed to research how the group dynamics aspect part of the class was structured. I surveyed the Coffee Cart students and figured out that they all work in smaller groups based on their majors and interests. Within these small groups, there is one main leader that helps the students stay motivated and ensure all tasks are completed in a timely manner. Most of the students made decisions in their groups either by voting or by discussing all of the options together. There were a few tensions within the groups, but the members were able to resolve their issues and find ways to successfully work together. Another main part of starting a business involves Human Resources. I developed a plan for hiring, training, and payroll so that the Coffee Cart can have a set hiring process in order to ensure they employ hard-working individuals. The Coffee Cart Class was a huge success for the students due to the experiences they gained from learning how to start up their own business on campus.

Background:

During the Fall 2015 semester, a new class was added to the business school. The class was called “Hands-on Business Experience” and was an opportunity for Spears School of Business students to have a chance to see exactly what opening up a business entails by starting up a coffee cart on campus. The professor of the course was Dr. Aaron Hill. Dr. Hill would act as the students’ supervisor, but would still allow the students to be the decision makers in the opening of the coffee cart. The goal of this class was to allow students to gain the knowledge and experience necessary to start up a coffee cart business on campus within the span of two semesters.

The class needed to start the coffee cart from the ground up. They would figure out every minute detail from what type of cart they should design or buy to what kind of coffee they would use to brew their own drinks. In order to find success, the class needed to delegate individual projects to smaller groups of students. The students were broken up into different groups based on their majors and interests. There was a marketing group, management group, financial group, and other groups based on different business majors. The students in this class were becoming CEOs of the coffee cart and would face decisions and dilemmas that they never anticipated.

Market Analysis:

In order to find out what students at Oklahoma State University would want from an on-campus coffee cart, I needed to survey a large portion of students. I

developed an in-depth survey on Qualtrics and surveyed over two hundred students. I asked questions that had to do with taste and location preferences, types of coffee requested, open-ended inquiries, and demographic questions.

Part 1: Stillwater Analysis

The first question I asked was if the students drank coffee. A substantial number of students drink coffee, close to 75% of the student body (Figure 1). I cross-tabulated these results with the gender demographics but did not discover any significant differences between males and females drinking coffee. I also asked where students typically purchase their coffee when in Stillwater. Most students said they either got their coffee from Starbucks or from home (Figure 2). The rest of the students either buy their coffee from Aspen, from their sorority or fraternity house, from Caribou Coffee, or other small coffee shops around the town.

Knowing that most of the student population savors coffee is a great sign for the future success of the coffee cart. Considering that most students enjoy either Starbucks or a homebrewed cup, the coffee cart needs to focus on making the types of coffee that these places offer. For the Starbucks lovers, they would expect fancy, blended drinks as well as frothy lattes. For the students that typically grab their coffee at home, they would probably want a great coffee blend as well as a variety of creams and sugars.

Part 2: Importance Analysis

I then surveyed the students on what was most important to them when buying coffee. I gave them the options of convenience, taste, price, and variety. The majority of students, over 50%, indicated that taste was of utmost importance when

purchasing coffee (Figure 3). I found this extremely surprising considering the stereotypical college student is usually concerned with saving money due to limited funds and high costs of college. Convenience was the next in the rankings, with price and variety close behind.

Knowing that taste is most important for students shows that the coffee cart needs to make sure that they have the best tasting coffee in Stillwater. This means that the coffee cart can spend a little bit more money in order to buy a better quality of coffee beans since the students rated price way below taste. One way to ensure that their coffee is the best tasting in Stillwater, the students could conduct a taste test during the spring semester. They could offer several different samples and have the students pick which is the best. The coffee cart students would then analyze the results and be able to choose the best tasting coffee according to the students.

Part 3: Variety Analysis

The next question on the survey asked the students what they typically order at coffee shops. A vast majority of the students, 54%, said that they usually order specialty drinks such as frappuccinos, lattes, mochas, and cappuccinos (Figure 4). More than 20% of students said that they tend to order their coffee just black.

I decided to cross tabulate these results with the gender demographics and found very unsurprising outcomes. Females made up 62% of the students who said that they typically order specialty drinks. Of the 20% of students who responded that they prefer their coffee black, males made up 82% of them. These results show that gender-specific marketing could increase the coffee cart's sales of specialty drinks as well as black coffee.

Part 4: Food Analysis

I also surveyed the students on whether they normally order food at coffee shops. More than 30% of the students surveyed said that they order food with their coffee a few times a month. There were also 22% of students that said they order food at coffee shops more than once a week. Only 28% of students said that they never order food. Of the students that normally order food, 64% of those purchase pastries and bagels. Only 16% order sandwiches or other lunchtime items. Although there is a sizeable portion of students that never order food, I think that it would be beneficial for the coffee cart to offer a few food options such as pastries, scones, muffins, and other small snacks. If the coffee cart does offer food, I believe it is unnecessary to carry lunch items such as sandwiches. I think that bagels and pastries would be the best sellers for students that are on their way to class due to the portability of these items.

Part 5: Location Analysis

One of the most important decisions for the coffee cart is deciding where they are going to be located. I surveyed the students and asked if they would have a preferred location for the coffee cart. Surprisingly, 23% of them said that they had no preference (Figure 5). For the students that did have a preference, most of them, 24%, said they would like to see the coffee cart on the corner of University and Monroe, which is right beside the majority of Greek Row. The other students said that they would like to see the coffee cart either around the dorms or close to Library Lawn, like around Chi-O Clock or close to the fountain.

I believe that the coffee cart would get the most traffic around the Greek community. A huge portion of the student body is in a sorority or a fraternity. I think these students would be more apt to buy coffee on their way to class or on their way back from class if the cart was located right beside them.

While I think that the coffee cart should spend a majority of its time on the corner of University and Monroe, it is vital for the coffee cart to remain mobile. I would recommend that the coffee cart implement some sort of tracking device and develop an app that students can easily download onto their phones or other devices. It would be extremely beneficial to the coffee cart's success if students and faculty members could see where the coffee cart is located at all times. On this app, they could also show the wait times as well as drink specials of the day. The coffee cart should look into getting onto Facebook, Twitter, and other social media as well. They could easily market on these social websites and keep all of their followers informed on what is happening at the coffee cart. Technology is an extremely important part of people's lives, especially for people in their twenties. Having an app would probably make the coffee cart that much more attractive to students and faculty.

Market Analysis Suggestions:

After surveying the students using Qualtrics and analyzing the data, I have several distinct solutions that will help the coffee cart succeed. I think that the most important element for the coffee cart to focus on is their taste and quality of coffee. Students ranked taste as the most important factor when buying coffee. The price can reflect the quality if needed since the students said that price was not very

important to them. While I believe that the cart needs to spend the majority of its time at the corner of University and Monroe, I also think that it is essential to keep the cart mobile with a universal GPS system of some sort on the cart so that students can easily determine where the cart is by using their app. The cart also needs to keep their menu extremely diverse. They need numerous specialty drinks such as lattes, mochas, and frappuccinos, as well as keep bagels, pastries, and muffins on hand. Having a large variety will keep the students coming back to the cart to try more items.

Group Dynamics Analysis:

Throughout the entire research process of my thesis, I think that the group dynamics portion proved to be the most important part. The class had to figure out how to work together in order to make the coffee cart a success. I gathered research on the class by observing several lectures as well as surveying the students of the coffee cart class using very open-ended questions through Qualtrics about leadership, group decision-making, and their experiences from the class.

Part 1: Observation Analysis

After discussing with Dr. Aaron Hill, the professor of the coffee cart class, we both decided one of the best ways for me to conduct research on the class dynamics would be to observe the class during their weekly lectures. When I first saw the description of the class, I thought the coffee cart would be completely run by Dr. Hill. I anticipated that he would be the main planner and the prominent decision-maker throughout the semester. After seeing the syllabus and observing the class, I knew

that my assumptions were far from correct. This class was all about the students having an opportunity to be the coffee cart's own CEO.

The students in the class all had different majors, and those with the same majors and same interests were placed into small groups together. One of the main groups was made up of finance majors and accounting majors. This group of students was looking for ways to either get loans or donations through fundraising in order to pay for the main expenses of the cart. They were also working through a process of finding a way to use the future profits of the cart for scholarships. They would then have to decide whether these scholarships would be developed for just a select few students in the coffee cart class or if they would open up the scholarship application to all Spears School of Business students. Another chief group was the marketing group. This group was working on what the coffee cart name would be, what the business logo would be, and also working on ways to spread the word about the coffee cart to the rest of the Oklahoma State campus.

Dr. Hill used the majority of the class time to allow each group of students to meet and talk amongst themselves regarding the projects they were working on. At the end of each lecture, Dr. Hill would compile a to-do list consisting of the things that had to be done before their next class time.

Communication is always key when working on a project that is as large and as detailed as the coffee cart. The students mainly stayed up to date on the class through the discussion board on D2L. They used the discussion board to upload excel files about the expenses, pictures of the potential logos, creative designs of the cart, as well as posting questions for other groups to answer. Dr. Hill would also use

the D2L discussion board as a tool to keep up with his class. He often responded to questions and commented on the potential ideas students posted. He also communicated updates on the coffee cart through emailing the entire class. The individual groups also used email and texting as a tool to keep up with all members in their group.

After spending several lectures in the back of the classroom, I was extremely surprised not only by the huge amount of moving parts that were taking place in the class, but also by the fact that only the students were starting the coffee cart. I think it is important that the groups have more time to meet individually so that Dr. Hill can more efficiently use the class time for meeting about what each group has accomplished and what decisions have been made.

Part 2: Leadership Analysis

An important part of being in a group is having a leader that is constantly ensuring the group's progress. One of the questions I asked the coffee cart students was whether or not they had a leader for each of their groups. Surprisingly, 100% of the students said that there was some sort of a leader in their group that was naturally formed when the groups were first established. In future semesters, Dr. Hill could require each group to appoint one member as the leader of the group at the beginning of the semester. He could also attempt to give every member a chance to be the leader, but this can sometimes be problematic when students are not comfortable being in charge of a group.

I also asked the students to elaborate on how the leaders influenced each of their groups. Most of the students said that the leaders helped to keep everyone in

the group organized. They did this by keeping tabs on each member of the group in order to make sure they were finishing their tasks correctly and in a timely manner. The leaders also helped the members by giving them detailed directions on what needed to be done and prioritizing the to-do list to show what was of upmost importance. The leadership theory that closely resembles the leadership style of these groups is Fiedler's Contingency Theory. The theory proposes that there is no one perfect leadership style. The style the leader chooses to follow is based all on the different situations leaders are put into (Fiedler, 1964). I agree with the use of this leadership theory because unexpected occurrences are bound to happen when starting up a new business and leaders need to be able to adapt their leadership style so that they can continue motivating their team members no matter what happens.

The students also disclosed that the leaders motivated the groups. The motivation mainly came from constantly checking on the members as well as rewarding hard work with individual praise. This style of leadership is known as transformational leadership. Transformational leaders inspire and excite their followers to high levels of performance (Burns, 1978). It is exceedingly important to consistently keep the members of a group motivated so that task performance and team initiative will increase.

I think that a large part of the coffee cart's success came from the hard work of the individual groups and their leaders. Without a leader, groups often feel overwhelmed, face a lot of tension, and even lose track of what is supposed to be getting done. The leaders helped to motivate, organize, and keep the groups on

track. Every student in the class said that they were very satisfied with the way their leader influenced their group to better find success.

Part 3: Group Decision-Making Analysis

Each group had their own individual list of tasks that needed to be completed as well as important decisions that had to be made. On the survey, I asked the students how their group made decisions. The groups were divided fairly evenly, but most groups, 60%, said that they made their decisions by voting while the other 40% said they made decisions by discussing among the group.

Tension is typically an unavoidable element when it comes to group dynamics. I asked the students to list a few of the tensions they faced in their groups and the results I found were pretty similar for every student.

Social loafing was one of the main issues throughout the student responses. Social loafing is when participants working in groups tend to exert less effort than participants working individually (Latane, Williams, and Harkins, 1979). In order to overcome the issue of students not putting in as much effort as needed, the leaders of the groups assigned tasks and deadlines more assertively. They did this by setting an exact date of when the specific tasks were due, as well as ensuring that if the assignments were not complete on time, there would be consequences brought on by Dr. Hill. These consequences could be anywhere from a bad group evaluation from the rest of the students in their group to even knocking their grade down in the class.

Another main reason tensions were present was due to conflicts on decisions and differences in opinions. There were numerous decisions that had to be made in

each group, at times causing individuals not to agree with decisions that were made or ideas that were discussed. In order to overcome these disputes, the groups would take the time to discuss every option and hear every opinion. Once they talked about all of the options, they would come to a final decision by either voting or by having an in-depth discussion.

Part 4: Experience Analysis

I decided to ask the students what they learned from taking the coffee cart class. This question would not only help me in my research, but it would also help Dr. Hill to know what his students got out of this course and maybe even help him to decide what he needs to change and what he should keep the same for future classes. The responses were broken down into communication, expectation, and clarity subcategories.

Communication is one of the most important factors when working in a group. Students responded that they learned it is extremely important to remember that even though you think your idea is best, other people in the group have great ideas as well. Instead of just focusing on your own great idea, you should also listen to the ideas others have as well and you may come up with an even better idea as a group. Another student responded to this question by saying that they learned that if you work together, you could make anything work. This means that although there are a lot of grueling tasks and a lot of difficult ideas to implement, as long as you work together as a team, any undertaking can be completed. Group cohesion is the “glue” that helps the members of the group stick together. Highly cohesive groups can heighten task satisfaction for members and even improve organizational

productivity (Summers, Coffelt, and Horton, 1988). In order to be the most successful group that they can be, the group members need to ensure their group is vastly cohesive. The last response on communication was that students learned to always keep in mind that communication is the biggest key to success when working in a group. Communication can help students make decisions as well as help groups ease tensions.

The students in this class also learned a lot about their expectations. They said that they must keep their expectations high, but at the same time they have to remember to not sweat the little things that go wrong. If groups were to focus solely on the small problems they faced, they would never have time to work on meeting their high expectations and reaching their goals. Students also responded that they learned to always be prepared for the unexpected. The students in this class have never opened up their own business. They do not know the ins and outs of what it takes to accomplish such a large task, but they need to be ready to take on unexpected tasks. For example, the tragedy that struck the Stillwater community during homecoming caused the coffee cart class to have to delay their launch party. There was no way to prepare for this event, but the class had to quickly adapt to this unexpected change and decide what would be best to do in this type of a situation.

Another lesson that students learned in this class was the importance of clarity. The students quickly realized how essential it was to set clear deadlines. Without deadlines, the individuals in each group would not be concerned with getting their tasks done in an efficient manner. Deadlines are also extremely important because they help the students prioritize their to-do list. They learned to

manage their time in a proficient way so that each task was completed before the allocated deadline. Clarity is also critical when assigning different roles in a group. Each member was in charge of a different part of the project and without clarity, the students would not know exactly what they were supposed to be doing and would not be successful in their class.

Group Dynamics Analysis Suggestions:

I believe that understanding group dynamics is the most important part of this hands-on business experience class. I have come up with a few suggestions to implement into future semesters of the coffee cart class in order to make the group dynamics aspect of this class better. I think that it would be beneficial if each group had another required meeting time outside of the class. For example, instead of the groups just meeting once a week as a class, I think that it should be mandatory for all of the groups to meet on another day. It takes a lot of time to form mature groups and meeting an extra day will help to build trust more efficiently in the group. Bruce Tuckman came up with a five-stage model of group development, which proposes that teams move through five stages: forming, storming, norming, performing, and adjourning (Tuckman, 1965). Each stage emphasizes on different phases the groups go through, such as their first meeting with little to no agreement, clearly stating roles and responsibilities toward the middle of the project, and then all the way to feeling good about the group's achievements. Having more time together as a group will allow the members to go through these stages and build trust with each other. Meeting more often would also help the groups by ensuring that everyone is clear on what tasks need to be accomplished and when these assignments were due. Dr.

Hill could then use his class time to hear what each group has individually decided and hear any concerns that they might have. He could compile a detailed to-do list and the groups could then use their other meeting day to determine how to best get tasks completed on their individual lists.

Human Resources Component:

Human Resources is a huge part of any company, but is even more important for businesses that are just starting up. The coffee cart has several moving parts, and in order to start their business on the right foot, they need to be sure that they have a strong Human Resources aspect.

The hiring and firing process is a substantial portion of Human Resources. The coffee cart needs to solidify a procedure by deciding whom they want to hire. If they only want to hire Oklahoma State students, they need to upload an application onto HireOSUGrads.com as well as send emails to students or post flyers. They also need to decide if the students they want to hire should only come from the Spears School of Business. If this is the case, they need to send emails to only those students enrolled in the business school. They also have the option of using the students enrolled in the coffee cart class as the sole employees. In my opinion, I think that this would be the best option. The students in the class will already have a solid background on the makings of the coffee cart and would most likely work harder so that they can see the coffee cart succeed.

Once the coffee cart decides on whom they plan to employ, they also must come up with a training program for their newly hired employees. Training is vital to the coffee cart because in order to keep students and faculty coming back to the

cart, they must have the ability and skills to make all of the drink options. The employees also need to have good customer service skills. A lot of the student-run restaurants in the union and around campus have a bad reputation due to their student workers being rude or impatient with the customers. This is most likely because they have never been trained in the area of customer service. Again, I think it would be a much easier solution to hire only students enrolled in the class because they will already be in the class learning about how to successfully run a business and they can then learn about how everything works.

Another major chunk of Human Resources is the pay of employees. The students of the coffee cart, as well as Dr. Hill, must decide if the coffee cart will actually be a paid position for the employees or not. If the coffee cart extends their hiring to the rest of the student body, they would most likely have to pay the employees or offer them a scholarship. If the coffee cart chooses to only use the students in the class as employees, they would not have to offer pay because the students would be earning college credit for working at the cart.

These are just a few of the major components of human resources, but I think that the hiring process, training, and pay are of upmost importance for the coffee cart. As long as the coffee cart lays down a solid plan for these sections, the coffee cart will have a much better chance of being a successful start-up business.

Conclusion:

The coffee cart class is a unique opportunity for students to gain the knowledge and skills that are necessary for opening a new business. I think that the Spears School of Business should most definitely keep this class because it was

extremely valuable to the students who were enrolled in it. This class demonstrated what it would be like as a CEO and gave the students a realistic look into how much work and dedication it takes to start up your own business. This class also allowed the students to be exceptionally creative. Most classes are lecture based and do not give students a chance to delve deeper into the curriculum. The coffee cart class was completely different.

Although the coffee class did not meet their original goal to have the cart up and running by the end of the semester, I believe that this coffee cart class has been extremely successful. Dr. Hill has met his ultimate goal of allowing the students to gain the knowledge and experience necessary to start up a coffee cart business on campus. The extensive research I conducted for this thesis showed that starting a business on campus is a reasonable and doable goal, but there are a lot of details and moving parts that must be taken into consideration when taking on a project of this magnitude.

References

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Appendix

Figure 1:

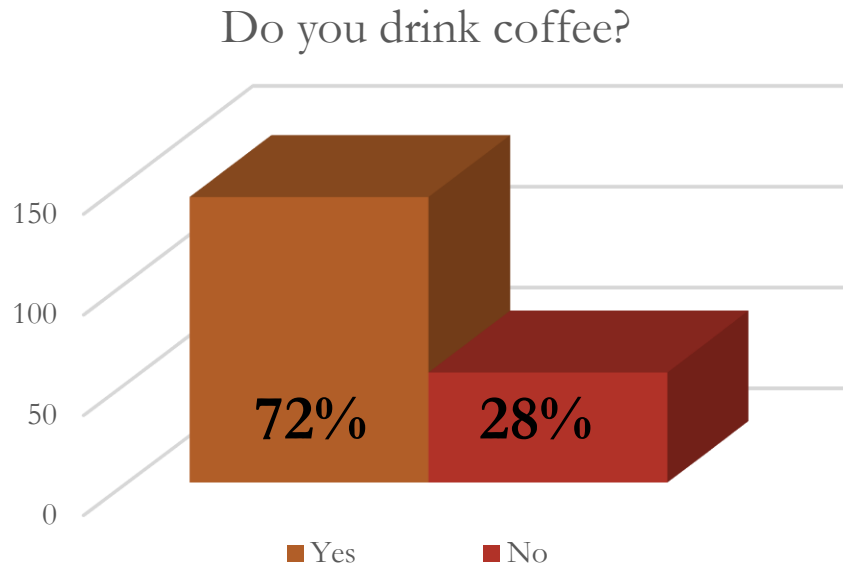


Figure 2:

Where do you typically get your coffee in Stillwater?

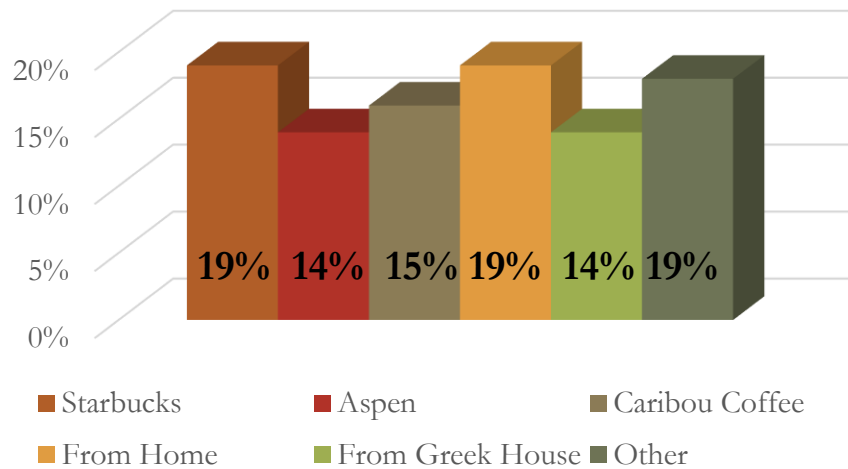


Figure 3:

What is most important when buying coffee?

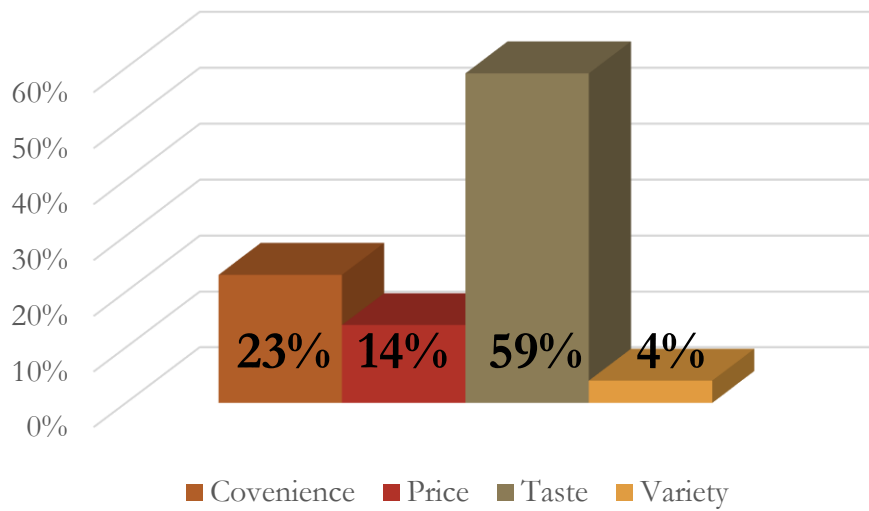


Figure 4:

What kind of coffee do you order?

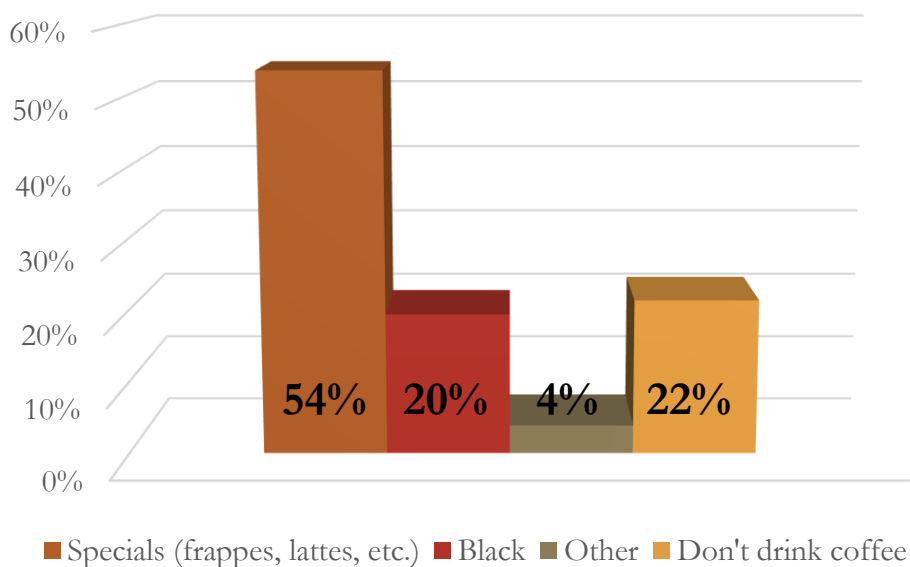


Figure 5:

Is there a preferred location for the coffee cart?

