

HERBIE IS ALIVE AND WELL

By Thomas Bertels, Valeocon Management Consulting

A recent visit to the local Starbucks near Penn Station was a wonderful illustration of Goldratt's theory of constraints – and a great example of how important real process management is. What was intended to be a reward – a medium café latte with an extra shot of espresso, or in Starbucks' lingo a "triple grande latte" – turned into a twenty-five minute case study of what not to do.

I should have known it from the get go: besides the usual line of maybe five people ahead of me, there was an employee with reindeer headgear taking advance orders. While it might seem like a good idea to give the baristas a heads-up, the unintended consequence is that now the customer has to repeat his order to the cashier. How can we be sure that what has been ordered in advance will match what we pay for at the cashier? Having paid a bit more than five bucks, I move towards the counter where surely my triple grande latte will arrive shortly. Well, not really. It turns out that unfortunately "only one espresso machine is working", as an employee explains repeatedly to the increasing number of people impatiently waiting for their beverage. A lonely barista behind (the only working) espresso machine bravely tries to keep up with the orders, but it is hopeless.

With three cashiers taking orders, she is Herbie – the famous overweight kid with the large backpack from Goldratt's "The Goal" who slowed everybody down. Being the bottleneck in the operation, orders are starting to pile up. What makes things worse for our Barista is that not only does she need to churn out espresso shots at a rapid pace – she also needs to respond to status inquiries as a result of customers asking where their drink is. The customers have reasons to be concerned – at least one in five drinks showing up fails to find a taker – and gets ultimately flushed down the drain. After twenty minutes of waiting, I cannot help but step up to the counter. I ask the person whose job it is to hand the beverages to the customer whether he could check up on my triple grande latte. He turns around and asks the busy barista if she has received an order for a triple grande latte. She does not seem sure and is far too busy to check. However, a few minutes later the beverage arrives, and twenty-five minutes after I gave into my craving for coffee, I emerge from the crowded Starbucks, where at least fifteen people wait for their beverage and another fifteen people stand in line at the cashier. While nobody seems quite ready to abandon their quest for caffeine, one can sense a growing level of anger rising up.

Looking at the experience from a process angle, one can see problems everywhere: With only once machine running, capacity is down 50% - which is obviously not enough to cope with the demand, so the espresso machine (and its operator, the Barista) become the bottleneck. The advance order taker is an ineffective band aid and in fact causes more problems than it intends to solve – when there is a backlog of orders, taking new orders earlier does nothing to reduce the wait time, but rather increases confusion among both the employees and the customers. As the number

of orders grows, so does the number of customer inquiries, which results in duplicate orders and more confusion behind the counter. As a result, customers wait longer, prospective customers are dissuaded by the long line and many of those who placed orders regret their purchase decision. In this way, Starbucks has a high probability for losing potential sales.

My experience going to the Starbucks on 7th Avenue is not a rare one: it happens every day, all over the world, in all kinds of companies. Poorly designed processes break down, employees try to solve the problem but tackle symptoms instead of root causes, performance deteriorates further, employees start to fight fires, wait times increase, and customers leave. Herbie is alive and well, I saw him at the Starbucks on 7th avenue.

How could Starbucks use process thinking to fix the problem? The theory of constraints points us towards the bottleneck idea, the lone espresso machine and its lone Barista trying to deal with a flood of orders. With one machine down, capacity is clearly constrained, with the equipment being the 'hard' constraint – there is a limit as to how many espresso shots the machine can crank out each minute. The 'soft' constraint is the lone Barista – one could picture a quick fix with two employees manning the machine, one churning out espresso shots, the other one foaming milk. Understanding the true capacity of the bottleneck and using that information to send excess demand to other Starbucks locations would be a better use of the advance order taker. Once we are able to look at the customer experience of any business, simple solutions to these kinds of processes become obvious.

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