College LaSalle

410-BL3-AS Quality Control

Term Project

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# **Introduction**

Café Pacefika, located at 1443 rue Lambert Closse, is a young business with a liberal, friendly mindset and quality focused approach for its product and services. Starting operation since November 2016 by two doctors Shuvo Ghosh and Andreea Gorgos, this nonprofit project was originally founded to provide financial support for their Meraki Whole Person Health Centre clinic, a clinic which focus on offering medical and psychological services that are specifically catered to trans youth, located next door. The couple are also both vegetarian and vegan-friendly, therefore their cafe features a menu with a variety of items in this category as well as an environmental friendly business model. [[1]](#footnote-0)

As mentioned above, cafe Pacefika provides vegan and vegetarian food options for customers at Café Pacefika, all coffee beans are direct trade which means farmers are paid fairly and the trade is beneficial and transparent for both the farmer and distributor. Pacefika sources its coffee beans from two different source, featuring beans from Hawaii, supplied from a company called Kai Coffee Hawaii. Located in Maui, Hawaii, Kai Coffee Hawaii is owned by friends of Dr. Ghosh and Dr. Gorgos, their beans often provide a lighter, more acidic, tangy flavour of the tropical island. On the other hand, Pacefika also features beans from Italy, sourced through an Italian company called Caffe Bertoni, owned and operated by Bertucci and his family, who is also the owner of the space Pacefika is currently occupying. This special arrangement allows Pacefika to have an extensive menu wide enough to cover different pallets yet condense enough not to dilute their menu options, offering all classic options such as espresso, latte, cappuccino to more specialty options such as the kokolatte or the kardamummakaffe, a rich tasting latte with a hint of cardamom.

In terms of food options, Pacefika provides a variety of assorted, baked goods made in house, with highlight items such as their notoriously rich brownie muffin, rich, nutty cardamom and cinnamon buns or a heart warming bowl of soupe du jour, ranging widely depending on anything locally available that day. For customers looking for a more filling bite, their light snack menu also offer various vegetarian, vegan-friendly options with the top three most popular options being avocado toast, dal with mango chutney and mushroom ragu.

Pacefika’s service style are very different from other coffee shops. While being able to remain professional throughout their shifts, employees are also able to establish a more personal, friendly and informal connection with their customers. This could largely be attributed to the similar views and outlooks established by the owners of the cafe which attracted people with similar mindset, both consumers and employees alike. One of our group members has been a frequent customer with Pacefika for the past year or so and to their account, they have not once experienced a less than enjoyable time at Pacefika and could presumably say so for the majority of Pacefika’s customers. Because of a smaller business model and scale plus with its nonprofit nature, Pacefika’s employees are able to cater to customer’s special requests, especially so in down time. Although, from time to time, due to its rising in popularity and the limited space given by the venue, at times it could be a struggle if one is searching for a more calm and quiet experience, albeit, nothing so outlandish that a pair of quality noise cancelling headphones and a great playlist cannot fix. In one occasion, it was witnessed that upon request, an employee would bake an entire new batch of brownies due to one customer’s request. Absolute top notch service quality with a very human connection and interaction, rarely found in other more industrialized business models.

Also due to the smaller scale of the business, the organizational structure appears to be more relaxed, employees are allowed much more autonomy in their decision making in their day to day operation. In a way this contribute to the more personalized, unique style of service. From observation, the operational functions of the business are divided into two main area, with the cash and cafe bar, responsible for any front of house, customer interaction function and coffee making being one, and the kitchen, being the other more discreet function of the two. Structurally speaking, the two owners have all the say in the decision making regarding the cafe, however, its day to day operation is under the responsibility of one Rachid Menteti, a business graduate from Brussels, Belgium. His responsibility range from daily scrubings to ordering and quality assurance and anything in between. Employees here at Pacefika works in tandem, with one supporting another in whichever area available at the time with their “job description” acting as more of a guideline, with interactions among employees friendly and personable as those found among siblings.

**Quality Control In Detail**

The services always means a government system or private organization that is responsible for a particular type of activity, or for providing a particular thing that people need. The services always shows up in an intangible way. And the services for this shop have the same demand as other service industries. The baristas need to be patient and kindness for all the customers and have to smile radiantly. Never let the guests feel embarrassed and need to overcome language and personality disorders. When the guests are not polite with them, waiters should solve the problem in a polite, advantageous and regular way. When there are more guests and workload, waiters need to pay attention to their service attitude and work efficiency. These are the basic accomplishments of a waitress. And they all have perishability, means the services can not be kept, saved, returned or resold to another person. Once rendered to a customer, the service is not able to show up to another in the same way. By handing in your order in a specific period of time. For example, you ordered a black coffee in Café Pacefika and the waiter gives you the wifi password but it is only able to use in 3 hours after three hours and this particular service already vanishes as it has been consumed by the consumer. And the perishability also affects the company. Such as in summer there would be more people go for coffee and need to hire more employees. Mover, the heterogeneity is also one of the key part of the services and let it become unique.

The services cannot be exactly the same. Such as one customer order another cappuccino after 10 mins the taste might not be the same and the cappuccino made by different barista also taste different. So such as these kind of product they could asked them to customize like add more sugar, want add milk or not. Lastly, absence of property rights is also one of the part of services features. Without authorization, the same or similar trademarks, special marks, patents, works and other creative achievements should be used in production, operation, advertising, publicity, performance and other activities. These will bring bad influence and unnecessary trouble to the company. Trademark violations can even hurt a business's reputation, and its bottom line. Service have a lot of classification this one are in accommodation and food services. While a large group of people believes service industries do not exist. There are only industries offered services more important than others. All in all, everyone is on services. Services also have different kinds of categories the services destined to human organism is the tangible services as coffee shop.

About the service production process have three main parts: production inputs, production resources, goods to support the service. First need to understand customer’s demands and then you can providing a better range of services. About the production resources the performance of services requires the work of the employees who can be in direct contact with the customer which is the front-office or indirect like back-office. For Café Pacefika they only got these two departments and it is much easier to control the budget for the company. According to Larochelle, a barista from Cafe Pacefika all of the baristas earn $12 an hour plus tips. She don’t think she have ever made more than minimum wages working at a cafe. That means the coffee shop need to control the wages for each employees. In order to better control the cost, the waiter and barista always are the same person they do a lot multitasking. And most importantly, they need goods to support the service. Such as to import milk, beverages, supplies for processing and selling.

As a service industry, there should be a positive response for service quality evaluation. While the features of service evaluation are absence of easily measurable criteria; Difficult evaluation of pre-purchase in the absence of information; Use of quality indicators: price, contact personnel performance , physical environment or corporate image. [[2]](#footnote-1)For a coffee shop they are hardly to accept other people's comments. I believe they can set up an opinion box and encourage people to help them to improve and get better. The service provider can repair the building, decoration, equipment before they getting too old.

However management want to control the expenses. After all, coffee shop is a place for people to relax, charting and study. And not like fast food restaurant people in coffee shop would not purchase more than one drinks by after staying whole day there. So It's hard to reduce the cost while trying to improve the quality of the service at the same time and most company chose the former. Compared to decoration, rent and labor are the biggest pressure for cafes to survive.

One of the most principles of quality management lies within the involvement of people during all steps of the improvement process. Because people is one of the most resources and people are key do drives the organizations. From the basic level of the employees to the manager by set the goal and make sure it will executed. People can help to solve different kinds of troubles and achieving its goals and outcomes.

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# **Quality Diagnostic**

## Mission

The mission of Café Pacefika is to create a harmonious environment in which their customers may partake in a calm and satisfying time with one of their delicious products. The goal is to try and create a business who, albeit has the same business model as many other franchised coffee shops, is close to the customer’s worries and needs and to feel less like a business but more like a home for its customers. The ultimate goal for the owners at Café Pacefika is to be able to say that their coffee shop is an integral part of their community that brings people of all ages, sexes and views together over one of their coffees.

## Quality Culture

Café Pacefika tries and hold their products as fresh as possible because they hold their customer’s satisfaction in the highest regard. As mentioned earlier, we witnessed that an employee made a fresh batch of baked goods to server one customer which projects the outlying culture that Café Pacefika tries to provide. Instead of having uncomfortable chairs and tables, Café Pacefika provides a homey ambiance with its wooden and comfortable chairs, further proving their attempt at a home-like feeling. The shop is constantly being cleaned and looked after by a constant flow of employees coming in and out of the kitchen/bar. The cleanliness can also be attributed to the demographic that the Café focuses on – people who care equally care about the Café as the employees and the owners alike.

## Leadership

Leadership in Café Pacefika of course obeys the laws of an organizational chart where the owners have authority over the managers and the storefront employees. Despite having a traditional view on authority and leadership in the enterprise, it seems like the power that the owner has over his employees is more loose then other organizations. The employees say they have the ability to make judgement calls on a level that other coffee shops they worked at didn’t let them have. The managers have also stated that since they are much closer to their employees and the owners that they have a certain amount of personal trust invested into his colleagues to do a good job. This might be attributed to the facts that storefront employees and managers have a very similar job responsibilities, apart from a few authority restrictions.

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# Quality Problem

## Customer Dissatisfaction

At first, most customers are delighted in Café Pacefika. On most social media like facebook, yelp, and Instagram Café Pacefika gets excellent reviews and recommendations. For example, on Facebook, they’ve got 4.8 stars, and there are 651 people who follow and 645 people who like the business.. [[3]](#footnote-2)

On yelp, Café Pacefika is rated in the ten best coffee shops in Montreal. Their food and service is highly recommend, and their latte art like bears, flowers, and swans get customers’ like. Their vegetarian food and no-profit-plan won praise from both vegetarians and charitable organization. Some radios and newspapers publicize their achievements on reducing the medical and psychological services price to youth, people are motivated to join this activity and make their contribution by consuming in this coffee shop.

However, there are still some problems in the coffee shop. Due to the high costs, the shop does not employ enough staff. Some customers claim that they need to wait for food for a long time, which causes a certain quality of service defect.. This defect caused the loss of some customers. Another problem is that in their company culture they only provide fresh food, so sometimes there are not enough products for customers to use because the fresh food market in the local market is changing and their purchase quantity is also limited. This has caused one or more products to be sold out quickly. Their menu is limited, and some customers say they want some traditional Canadian food, such as fried eggs and bacon in the store.

## Profitability level

The profitability level of Café Pacefika is low. The market is shaped and competitive, and there are 730 coffee shops to share this 11 billion dollar market in Canada.[[4]](#footnote-3) There are a lot of competitors in the coffee shop industry in Montreal such as Tim Hortons, Starbucks, and Second Cup. For example, there is one Tim Hortons for every 9000 customers in Canada.[[5]](#footnote-4) Café Pacefika has to provide a high quality of service and product to keep their market strategy, it increases the training expense, cost of goods sold and operating expense. Café Pacefika provides a training program for their employee to make sure their quality of service and the product like they teach the knowledge of coffee and company culture to let their employees have enough skills and a good understanding of the business. They also buy their coffee beans from two coffee suppliers Kai Coffee Hawaii and Caffe Bertoni directly to provide excellent coffee to customers. They offer $12 per hour salary excluded tips and share their non-profit idea to their employee to let their employee get involved in the business and enjoy the operation.

## Market Trend

Coffee is a daily drink for Canadians, the demand and profit are very stable. According to a statistic from IBISWorld, in the next five years, the coffee shop industry will grow slowly and the benefit also will increase due to the householder income increasing. Out of 80 countries, Canada is the third country that consumes most coffee in their daily life. According to the 2015 statistic, on average, Canadians consume 152 liters coffee inside and outside the home. Drinking coffee is a lifestyle for Canadians, they like to drink coffee for breakfast, lunch, and dinner. Some of Canadians even consume more than 4 cups per day. [[6]](#footnote-5)After scientist presented that drink coffee is good for health, people consume more coffee than before, and it also increases the demand for coffee. Nowadays, people focus on humanity and equilibrium, free trade is an excellent way to reduce unequal in the coffee bean trade, and it also increases coffee farmers’ living condition. During the free trade process, retail store buys coffee beans directly from the farmers, so there is no extra cost on the intermediary. Coffee farmers can earn more money, and the trade is clear and transparent.

The government is trying to increase households’ income and the amount of money that they can spend. When they have more money to spend, at first they will spend on foods and drinks outside the home. For example, they increase the minimum wage to $10.75, decrease personal income taxation to 10% and decrease the small business taxation to 10%, so people have more money to spend. [[7]](#footnote-6)

## No-compliance Rate

Due to their training program, their no-compliance rate is meager. The hardest part of the production is latte art, they focus on provided beautiful painting on coffee, so it is difficult for a beginner to make sure every painting is perfect. They also will scrape the coffee bean, if these beans are not fit the standard like the size, drying level, and taste of coffee. They send surplus food, coffee and scrapped coffee beans to the homeless shelter.

**Analysis and Recommendation**

## Analyse the Quality Culture

### Mission

The mission of Café Pacefika is clear and easy- Better serve customers with green food and coffee that are as environmentally friendly as possible and direct all the profit into the clinic for reducing the expensive medical service fees for patients seeking help. Therefore, the mission of Café Pacefika includes their quality requirements and shows the importance of product quality and service quality.

### Objectives

Café Pacefika’s objective is providing customers with excellent services and high-quality health food and coffee to obtain customer satisfaction then recover costs and increase profits as quickly as possible.

Therefore, the objectives of quality can be mainly separated into two segments, one is product quality objective and the other one is service objective which means offering high-quality products and high-quality personalized service to meet customers’ demands. It can be seen quality is a primary tache from the objectives.

### Culture

As they believed, opening Café Pacefika is not for profit, it exists for providing a relaxing place with fresh food and delicious coffee to customers. Their values are investing all the profit into the clinic to help more patients in need. In the members of this organization, they dedicate to offer warm and friendly service to their customers in a harmonious working atmosphere. Thus, we believe that in their culture, quality is a very important part.

### Leadership

By interviews, the employees perceive this is a transactional leadership and this is the leadership style they want. Before being able to work, they will receive an appropriate training. The owners Dr. Ghosh and Dr. Gorgos create a harmonious group and with their influence, each one in this group performs its own functions to achieve their individual and common objective. Dr. Ghosh and Dr. Gorgos respect the ideas and time of each employee and they are willing to develop exchanges with them.Because of their values, there is no happy guest without happy employees. Under this leadership, employees work with good motivator and confidence.

As the above analysis of objectives , leadership, mission and culture, in the cafe's quality culture, they really lay emphasis on both service quality and product quality.

## Analyse the Operational System

As mentioned in objectives, the company devotes to provide customers with excellent services and high-quality health food and coffee and which matches to the two segments of the quality objective very well--product quality segment and service quality segment. To achieve the objectives, there is a quality plan within the company based on the two quality objective segments.

First, product quality plan. They have stringent quality checks from coffee beans to coffee, from vegetables to finished products in order to maintain and improve the quality of their product. For examples, the company grows their beans locally and hand roasts them, their juice is freshly squeezed and their vegetables were purchased intraday. Regardless of procurement, baking, brewing, they follow the industry's highest standards and adhere to the best freshness of coffee beans. To ensure that every cup can meet the high quality they demand.The beans will be scrapped as long as they do not meet the standards. They also plan to reasonably forecast the daily raw materials needed to solve the customer dissatisfaction caused by the shortage of goods.

Second, service quality plan. To better serve their customers, there is staff training including theory and practice for the employees before taking the post. During the trained, they will clearly communicate about the quality plan for making sure they can understand their quality responsibilities. For example, in addition to learning the knowledge of coffee beans, each employee must be familiar with the type of coffee and the degree of heating different coffee in order to achieve the high-quality coffee and improve the service reliability. In order to obtain high-quality tangible service, the design and decoration of the coffee shop are comfortable and pleasant. Soft sofas, fresh green plants and warm light create a sense of belonging at home. In this environment, people can listen to beautiful songs and enjoy friendly services. What is more, for solving the problem of service quality reduced because the wanting employees cannot handle works when it is too busy. The company develops a related plan. In addition to hiring full-time employees, they will hire one to two part-time staffs to work shifts on busy Saturdays and Sunday.

The technique for detection and resolution of product quality problem is when they receive the coffee beans, the staffs first will test the colour, size and degree of roasting of the coffee beans. The beans that meet the requirements are then placed in the machine to check the degree of oil. In these inspection processes, as long as the beans do not meet standards, will be scrapped. In addition, to ensure the product quality can meet customers’ demands, they will invite customers to taste and recommend before officially launching new products. For service quality problem, they will invite customers to make comments and give suggestions on the website to ensure that their services can satisfy the customers. The technology to solve the problem of customer dissatisfaction due to the shortage of goods is to use forecasts like the single period model to estimate the daily needs of fruits, vegetables and coffee beans reasonably.

**Analyse the company’s competitiveness**

The coffee market is huge and there are so many competitors. In such a large competitive environment, this little cafe is unique in its personalized products and services. Unlike the consistency of products and services in big-brand coffee shops, it is characterized by the emphasis on high quality in personalization. Even more to the point, the most dominant characteristic of this cafe is its public welfare. As mentioned before, all the profit will be invested in medical research projects. Formally because of this, its products and services are highly appreciated by their customers.

By interviewing these customers, the reason they prefer this cafe is that they can enjoy a comfortable atmosphere and personalized experience here. Not only that, they believe coffee provided here has a higher level of quality and taste than other cafes. In addition, the quality of service is another reason they choose here. In our interview, one of the customers mentioned that, unlike other cafes, the staffs here seem to more focus on interacting with customers like friends, which makes people feel open and comfortable. After their drinking, the staffs will take away the coffee cup and ask the customer's feelings and opinions proactively. Then in the next experience, it seems they really do better.

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