THE COFFEE HOUSE

Ho Chi Minh City, Vietnam

PROJECT GOAL

Recommend digital transformation best practices to guide The Coffee House as they:

(1) further **integrate** technology into operations;
(2) seek to better **understand** their customers; and
(3) **develop** their employees in a changing landscape.

G-LAB 2019 TEAM

Left to right: Dana Mekler, Brittany Churchill, Kelsey Sommers, Emily Guo

KEY PROJECT PHASES

Phase I
Digital Transformation Research & Best Practice Recommendations

- Our team leveraged MIT research databases and our networks to better understand the approach of key players in the industry, such as Starbucks and Dunkin'
- We combined our learnings with insights from The Coffee House (TCH) leadership about their progress and vision to recommend best practices for TCH to consider

Phase II
Building Business Leaders Deep-Dive

- Our findings and TCH's strategic priorities emphasized the importance of developing and empowering employees to thrive during and after digital transformation
- While onsite, we interviewed TCH employees, conducted more research, and developed recommendations for how TCH can train and build leaders across their business

Phase III
Training Effectiveness Dashboard

- We looked at existing data, analyzed gaps in current data collection and identified opportunities for further analysis
- We built a framework for measuring future success of TCH's new L&D programs, pinpointing key KPIs and priorities for data collection

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PHASE I
DIGITAL TRANSFORMATION RECOMMENDATIONS

Research on successful, global coffee companies such as Starbucks, Dunkin' and Luckin Coffee highlighted that effective digital transformations:

- Enhance customer experience through personalization

  e.g., Luckin Coffee customizes menu for customers based on purchase history and preferences

- Optimize operations

  e.g., Starbucks' artificial intelligence program, Deep Brew, has predictive analytics capabilities and is used for:
  - ✓ Food prep testing
  - ✓ Backroom optimization
  - ✓ Personalization engine
  - ✓ Optimized store labor allocations
  - ✓ Improved inventory routines and automation

- Emphasize employee development

  e.g., Dunkin' new crew member training is managed by the Talent Management and Training team and includes video modules and on-the-job training

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PHASE II
BUILDING BUSINESS LEADERS DEEP-DIVE

A. Training Employees

- Successful training programs include:
  - A multi-faceted approach: (i.e., classroom, e-learning, on-the-job)
  - Clear objectives
  - Relevant, interactive content and delivery (e.g., roleplay)
  - Frequent review
- Measurement is key, as outlined by the four levels of training evaluation defined by the Kirkpatrick Model:

  Level 1: Reaction
  What the employee thought and felt about the training
  Level 2: Learning
  The resulting increase in knowledge or capability, compares knowledge from before and after the training
  Level 3: Behaviour
  Extent of behaviour and capability improvement and implementation/application on the job
  Level 4: Results (includes ROI)
  The effects on the business or environment resulting from the trainee's performance

B. Motivating Employees

GOOD JOBS INSTITUTE
Cross-train employees to increase flexibility
Train employees to perform both customer-facing and non-customer-facing

ABCD
Training appeals to Drive to Comprehend
Employees are motivated by opportunities to solve a challenge

Gamification can encourage motivation
Ability to earn certificates, badges, etc. in training can be motivating and fun

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PHASE III
TRAINING EFFECTIVENESS DASHBOARD

Training Progress: How is TCH doing with training overall?
Audience: Training Management Team (Tim, My)
Update frequency: Weekly

By Forum

E-learning	Classroom (Training Center)	In-store
Employees who have logged in: Total hours active: Total courses completed: Total attempts: Average assessment score:	Employees trained: Total hours: Total courses completed: Total attempts: Average assessment score:	Employees trained: Total hours: Average QC/assessment score:

Aggregate

Hours spent by forum E-learning vs classroom vs in-store	Training relevance Employee reported usage of training (times per day)	Knowledge retention Average hours of training (per individual) vs. assessment score average

Training Effectiveness: How is training impacting our business?
Audience: Leadership
Update frequency: Quarterly

Customer Satisfaction Hours spent on training vs customer satisfaction ratings	Employee Retention Aggregate hours spent on trainings vs turnover rate Resulting estimated cost savings (if applicable):
Sales Growth Hours spent on training vs sales Hours spent on training vs operating costs	Employee Performance Ratings Performance matrix ratings vs hours spent training

Individual Training Performance: How much training are individual employees doing and who is doing well?
Audience: Individual employees, Store Managers (SMs), Department Heads
Update frequency: Monthly

Employee Name	Orientation Number of attempts: Score:	E-learning Course 1 Number of attempts: Score:	In-person Course 1 Number of attempts: Score:	E-learning Course 2 Number of attempts: Score:

Number of courses attempted:
Number of courses completed:
Hours of training:
Hours per course:

Leaderboard

MIT MANAGEMENT SLOAN SCHOOL