



IMPROVE THE CONCEPT OF OPERATION MANAGEMENT AND
ENHANCE THE COMPETITIVE PERFORMANCE – COMESTIBLES
MASTER CO., LTD. CASE

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Abstract

Andrew H. Gold, Arvind Malhotrad & Albert H. Segars (2015) Illustrated that a hallmark of the new economy is the ability of organizations to realize economic value from their collection of knowledge assets as well as their assets of information, production distribution, and affiliation. With the rapid change in the global economic situation, enterprises need to constantly improve their competitive strategies to react the impact of competitors in the industry; rapidly update their productivity, quality and service; and increase their opportunities of survival and growth with flexible decisions.

Simultaneously, That become to be international enterprise groups, enterprises also need to change their organizational structure to strengthen business strategies, to stimulate industrial creativity through functional management, and to create leading brands with entrepreneurial strategies. Through studying and analyzing individual cases in this paper, we illustrate how enterprises change strategies and organizational structure adapting knowledge management to overcome difficulties to become leaders in the industry under crisis conditions.

Keywords: leading brand, differentiation, organizational structure, organizational culture, function management, knowledge management, competitive advantage

Purpose and Motivation

Business Philosophy

The cognition of business management has been conceptualized in the enterprise structure and system flow. The core of business management is to promote the sustainable op-

eration of enterprises. In a competitive market, a strong brand strategy means constantly producing new challenges and responding to competitors based on enterprise management. Kotler Keller said competitive accrues to companies that possess distinctive capabilities or excellence in broader business processes. Kevin Lane Keller & Vanitha Swaminathan (2020): Noted

to provide appropriate concepts, theories, models, and other tools to make better branding decision.

Organizations of internal marketing centers of enterprises need to cooperate to promote their functions, the internal communication of the organization must be smooth, and the members of the organization must put in the time to operate and create a good organizational climate. Dr. Hsin Hsin Chang said that is considering different industrial environments and market niches. Enterprise will try to use different internationalization models to reduce the risks of global operations and consolidate any existing competitive advantages. The concept of successful business management is to generate a profit. Therefore, different levels and the organization of enterprise management can be identified from enterprise structures and system processes.

Business management is derived from the traditional regional market. It is necessary to consider the unique business strategy of a competitive market. Liu (2020): Noted that the action plan of enterprise operation is there to enhance the activity efficiency of business organizations through the life cycle of products and services and the planning of integrated enterprise development. To obtain business performance, in an enterprise alliance or partnership. Kotler Keller (2012) Noted competitive advantage ultimately derives from how well the company has fitted its core competencies and distinctive capabilities into tightly interlocking “activity system”. It is very important that needs have mutual commitment and trust, which will, a promote cooperation and reduce the need for behavior supervision. That

considering the exchange of interests, trustworthiness should be developed on the basis of interests. Creating new technologies and increasing productivity in a complex competitive environment involves different roles, ways of operation and distribution, and differentiation in brand competition.

That enterprises choose and explore the differences in establishing brand roles to gain a competitive superior in knowledge familiarity, to do different positioning as product image of consumer favorite to obtain the maximum benefit,. Successful business requires capabilities as creating, understanding, delivering, capturing and sustaining customer value.

Enterprise Culture

Organizational culture is the driving force of enterprise success. Dr Jin Feng Uen said that Liu Ying-Yen Studio (Academic Research, Business Consultant) Studio Principal organizational culture includes each organization’s tradition, belief, emotion and value, which can make it distinct from other organizations and inject different vitality into the organization. He also said that the combination of values, beliefs, emotions, attitude and behavior of the members of an organization has a great impact on its employees. A good corporate culture is extremely important so that enterprises can maintain a sustainable competitive advantage. Regarding the coordination and integration of an organization, a culture of openness, coordination and willingness to communicate should be established.

Stephen Helba (2003): Elaborated on this and stated that top management is defined as the person or

group of people who direct and control an organization. Organizational leaders need the assistance of key elements in building a business organization and laying organizational culture; which is the concept of the internal management team and the strengthening of employees' ability.

The important structure of an industry is the competitive strategy formulated for its functional management. Dr Dah-Hsian Seetoo mentioned that functional management refers to the administration and decision-making in functional areas such as marketing management, production management, human resource, financial management, R&D management and information management which determines the enterprise's positioning and to effectively enhances competitiveness to gather the strength to develop strategic priorities.

Research Purpose

The objectives of this study are as follows:

To establish a strong brand, an enterprise must pay attention to the importance of brand planning and soundness of knowledge management, and assist the enterprise to smoothly resolve the corporate crisis in organization. That management and operation gain a competitive advantage in the target market, and achieve expected performance growth and sustainable operation.

Although Chairman Wu worked hard on his business philosophy, he used knowledge management and marketing strategies to establish an international chain of catering business. This case study is provide as a reference for corporate practice and academic institutions.

Literature

What is a brand? Abram & La Plante (2008): Stated Brand identity is a set of characteristics that allow consumers to recognize the company as a separate and unique entity. It is the most valuable intangible asset in an organization, and the executor in marketing, to properly manage their value. According to the definition of brand by American Marketing Association (AMA): "A brand is a name, symbol, mark, or design of a product, or a combination of the above, that a brand can use to identify a product or a group of products and services, to distinguish it from the competitors' products and services. Kotler said: Build a strong brand is both an art and a science. A strong brand commands intense consumer loyalty at its heart is a great product and service. Consumers may evaluate the identical product differently on how it is branded.

The importance of brand planning is to establish the basic concept of business philosophy. Idris Motee (2009) explained that the standpoint of a brand leader is to establish the brand value, transform it into customer loyalty and market power, and monitor its progress by using measurement standards to achieve the goal of creating brand equity. The planning life cycle is constantly produced in the world, the sustainable operation of an industry is the integration and extension of diversified operation and management, which depends on knowledge management. The APQC (American Productivity & Quality Center): Indicated that knowledge management is a process to confirm and obtain leverage knowledge to help organizations maintain their competitive advantage. The Gartner Group (1997): Addressed

knowledge management is infrastructure of enterprises in the organizational and technological which promotes the sharing and use of knowledge.

Knowledge Competitive

In the period of a knowledge economy, business management focuses on the innovation of intangible assets of knowledge management and the protection of intellectual capital; while enterprise assets emphasize intangible intellectual assets. Enterprise value comes from the innovative products and the service of comprehensive solutions. That the value of products generation must be accompanied by intellectual services and products. More importantly, it creates value and characteristics for the product to enhance the competitiveness of the enterprise. In the cause, the organization and the individual will have stronger competitive power and make better decisions. Liu (2019): Illustrated that the ability of a corporate organization depends on the integration mechanism that collects the knowledge of individual behavior to enhance the organization's competitive advantage. Maryan Alavi and Dorothy E. Leidner (2001): Explained that the objective of the knowledge management system is to support creation, transfer, and application of knowledge in organizations. The customers, the general public and shareholders can understand the situation of the enterprises operation in the environment faced by business organization that are sources of sufficient information and various mobile resources.

The organizations and the environment, and internal units of enterprises are interconnected and mutual function. Organization management

deals resolve the problems from the overall perspective, whereas organizational and environmental activities are in ongoing change, the organization management should not be a rigid model but rather flexible to the revision of the actual situation. Scholar Expert Wen Jinfeng (2009): Noted that it is necessary to make comprehensive consideration according to the self-contained environment, facing stakeholders and internal organization characteristics so that you make comprehensive consideration in organization management.

A competitive enterprise must consider both effect and efficiency in its decision-making. Through internal discussions and analysis, enterprises can master and analyze important information to find issues and arrange than generate more related sub-issues, which can be developed internally or with external resources through evaluation; to find professionals, to accomplish a consensus, to establish direction, to integrate policies, and take actions after making decisions to achieve the objectives of business units.

Research Methods

This study mainly expounds the establishment of the brand "85°C Cafe". After many business successes and failures, 85°C adopts the operation principle of "value for moment" and "noble but not expensive" to hire the talents with high salary to establish the catering business, bring consumers high-quality service, and meet the consumers' needs. The enterprise does not accumulate the resources, but innovatively manage to establish a leading brand of catering business.

In this study, appropriate measurement items have been found in the literature, and relevant dimensions and evaluation criteria have been selected based on the professional literacy and rich experience of experts, and questionnaire interviews have been conducted according to the hierarchical analysis method. This study is a reference for business practitioners and academic institutions.

This study adopts the case study and questionnaire investigation method. Firstly, the study uses the case study method to collect qualitative data, then investigates the current application situation of the tourism industry by analyzing the backgrounds of the study subjects, in order to understand the requirement and expectation of the managers for customers in the tourism industry.

Next, the study uses questionnaires to perform a quantitative investigation by referring to relevant foreign and domestic literature and studies, and integration to content of the correlated cases. Furthermore, the study performs a questionnaires investigation by random sampling, and further analyzes and confirm the marketing management method by tourism industry.

Finally, the study analyzes related data and the questionnaires investigation of the correlated case to understand how marketing management modes influences brand position to determine, the study's results and provide effective suggestion for brand position.

Case Study:
Comestibles Master Co., Ltd.

Early Entrepreneurship

85°C was established in 2003 by Mr. Wu, Cheng-Hsueh, and then chairman of the board, who captured the business opportunity during the spread of the SARS virus and when Taiwan's catering industry was experiencing severe impacts. He adhered to the strategy of "destructive innovation" while combining products with low prices but high quality to penetrate the general consumer market with the market positioning of "affordable luxury" and creating his business empire.

Chairman Wu grew up in a poor family when he was a child and often moved with his parents and transferred to different schools. However, he was not discouraged by his plight and planned his future earnestly; he firmly believed that only by creating his own business could he realize his dream. Starting with only \$110000, he became personally involved in business first in the beauty industry to opening a shoe factory to build contacts and accumulate management experience while being able to purchase a house and a car. But this was not always easy, many labor-based processing plants have set up factories in China due to the changes in the economic structure in Taiwan, and Chairman Wu was also forced to move the shoe factory to China. However, the market was oversupplied in the following two years and the price was impacted accordingly, which made him think that it was hard to survive in this industry and chose the opportunity to sell his stock equity and moved back to Taiwan.

He temporarily assisted the family in marble laying after returning to Taiwan and became a contractor lo-

cated in the Taichung area a few years later, until he finally had a construction team. Chairman Wu found that it was difficult to make a breakthrough in the business management due to the lack of his own construction stones and so he thought about whether to continue the business or plan for others. At that time, the real estate industry was flourishing and he saw the prospect of a “franchise chain” and he happened to know that his old friend, Mr. Guo Wenhe, had set up a bubble black tea shop at a dinner party, by whom he was introduced into the field of bubble black tea and founded his own “Easy Way” that was run in the form of franchise. Then, Chairman Wu gave the marble business to his younger brother and formally entered the catering industry.

At that time, the franchise rules of “Easy Way” needed to be strengthened with urgency, many franchise stores jointly wanted to turn to other brands instead of renewing their contracts to protect their rights and interests. Chairman Wu thought that the reason was due to the lack of management technology and professional knowledge, even though they included most of the franchisees or the largest provincial franchisee, it couldn’t be changed at will, so he finally solved this crisis with his personal experience and sensitivity to the market, which was known as the event of “Deceiving A’ Cai”, after which Mr. Guo Wenhe and Mr. Fu Xinqin had more trust and respect for Chairman Wu and decided to work together to operate the “Easy Way”. In addition to the evaluation, Chairman Wu studied the franchise system and rules of McDonald’s and 7-11, and finally decided to join the management team to build the organizational structure and strengthen the

business organization. During the course of business, Chairman Wu considered that the control of the franchisees was very important to the operation and profit of the headquarters and found that it was hard to control the franchisees with an incomplete franchise system, and the franchisees could not get support from the headquarters, so there was a lack of cohesion with the franchisees.

Consequently, he decided to strengthen the control of franchisees to increase over 400 direct-sale stores and franchisees. Afterward, with the opening of the Chinese market, investment partners and Wu hoped to seize the opportunity of the Chinese market opening and successively went to China and Hong Kong to invest but the result was not as expected, and the cooperation ended because of dissimilar ideas and individual persistence. When Chairman Wu ran Easy Way, he also ran the “Hot to Home” pizzeria, which broke the tradition of providing pizza for one person at a cheaper price, and attracted many customers, as well as a lot of investors. Then he opened the “Hot to Home” pizza chain store in 2003 when the market share did not increase particularly, and the excitement of pizza faded. He then witnessed a long line of people rushing to a five-star hotel to buy Bento and he thought about a coffee shop in a foreign country, although it was not big, it had good business, which encouraged his idea to open a special coffee and egg cake shop with the cake baker from the five-star hotel. Chairman Wu once said, “I was lucky to start my own business, I have met a lot of right people but they had to be found by me”. Drucker (1985): A master of management, said that “change is to provide people with the opportunity to

create new and distinctive things. When change comes, business startups will use it to create new added value”.

The establishment of the company Chairman Wu, Cheng-Hsueh established 85°C, the first coffee and cake bakng store in Taipei, with an investment of NT\$15 million in 2003. There are more than 50 kinds of cakes in the store, which have won the hearts of the general public because of their high quality and low prices. The creative and exclusive store was established based on the quality of five-star coffee beans and mainly focuses on cake baking and coffee, where the elegant and bright environment enables customers to enjoy the pleasure of coffee and delicious desserts in an open and tidy space. Chairman Wu devotes himself to the quality of products and services, pays attention to professional skills and response to customers in terms of personnel training, and regularly launches new products to attract customers. It is through such excellent equipment and strict management that 85°C has superior competitiveness.

At the beginning of the start-up, the store with street corners was a necessary condition because the signboard can be seen throughout the street, no matter where you are traveling from and where classic cakes with excellent quality and reasonable prices are displayed in a bright window to attract customers. In less than two years, 85°C opened 90 branches in the province, including 16 direct- sale stores and 74 flagship stores, with the average monthly revenue of each store reaching approximately NT\$1.2 million to NT\$ 1.3 million and approximately NT\$2.5 million in the direct-sale stores, among which the highest performance was a monthly average of

NT\$6.7 million. Soon after, 85°C’s chain business rapidly expanded in Taiwan, with the annual revenue exceeding \$850 million and the cumulative annual retail and catering industry turnover of 2005 reaching NT\$1 trillion and NT\$466. 7 billion, becoming one of the top 10 industries in the country.

The name of 85°C comes from the concept that “the coffee at 85°C is the best to drink”. The most suitable temperature for drinking is 85°C, at which the balanced strong flavor can be tasted. The flavor and aroma of the coffee, as well as its bitterness, acidity, sweetness, and consistency are different, which also means that 85°C not only presents the best products to customers but also provides customers with a kind of relaxed and sweet enjoyment. Coffee was introduced in Taiwan from western countries; drinking coffee and enjoying dessert is no longer the exclusive right of Westerners since the mini-industry of coffee shops has made infinite achievements in the past decades. With innovative thinking and following the transformation of the times and the needs of customers, 85°C focuses on R&D and strengthens brand opening to increase the market share and constantly renews to build its reputation and improve to participate with the international competition to become an international enterprise.

Strategy Of Business Management

Scholar Alberto Carneiro stated how knowledge development is related to personal characteristics and personal development and also said that the enterprise provides useful insights on the links between innovation and competitiveness. The competitive advantage

of a business strategy sustainability operation, 85°C has the following key factors:

The span of the product project.

It refers to the extension or simplification of production lines, the increase of R&D products, the retention or elimination of old products through the evaluation of sales rate, and the adjustment and creation of “product features.” Enterprises must have different strategic plans for the sales situation of external environment products and the market competition that it faces. Scholar Philip Crosby believed that quality is let customers feel that they have received more than expected value. They should carefully consider the decision-making and marketing strategy in terms of product innovation and substitution, to improve the industrial style. Michael Porter said: “The competitive advantage of products depends on putting forward a unique value position and performing it through a tailor-made value chain, and to differentiate apart from other competitors.” In the aspect of product research and development of 85°C, the specially employed international bakers guarantee the efficiency and quality of products and services and regularly push out new products to attract the favor of customers. Liu (2021): Noted the primary goal of enterprises is to achieve sustainable business relationships by providing quality commodities and satisfying customer demands.

Target market.

This refers to the selection by the enterprise from the segmented market. Decide to enter the market segment is the most beneficial market component. Due to the changes in consumers’ habits or the location of the population,

some- time target market must be re-classified or reselected for companies. Marketing scholar McKinsey said: “Consumers should be regarded as a specific group called the consumer market.” When an enterprise expands its scope or suffers from profit impact, it should change its strategy by choosing another target market.

The products of 85°C enter the market directly and enterprise has the business philosophy of “innovation and development value” to meet the different needs of consumers, and improve the business performance. Stephen Helba (2003): Said that the ASQC (American Society for Quality Control) survey on the end-user perception of important factors that influenced purchases are performance, feature, service, warranty, price, and reputation.

The stable supply chain of raw materials.

The expansion or downsizing of the operation scale of an enterprise is to stabilize the supply of key products and to have more power to control the input resources to provide a degree of vertical integration. Anne T. Cuoghlan, Erin Anderson, Louis W. Stern and Adel I. Ansary (2006): Believed each channel member is seeking its own profit. For example, Michael Porter supply chain management, Wiki encyclopedia revealed under the previous topic that the goals of supply chain management conducts comprehensively manage all various material of the whole supply chain in satisfied consumer demands from purchase, material management, production, distribution, marketing to the goods logistics, information flow and capital flow of the whole supply chain for consumers, and it can sup-

port the growth of the core business then reduce minimizing logistics and inventory. The supply chain management is only to plan, coordinate, operate, control and optimize the activities of the whole supply system. Anne T. Cuoghlan, Erin Anderson, Louis W. Stern and Adel I. Ansary (2006): Explained there are tangible, supportive operating that demonstrate a supplier's desire to maintain its intermediary channels. The raw materials for 85°C are purchased based on the inventory according to the operation status of the day, check the inventory of various raw material by calculating the appropriate purchase quantity and via warehouse staff delivered to their central factory for production in the next day; and finally to consumers.

When it mentioned the production process, that recommended ERP technology at 85° C will not only ensure standardization and stable quality but also help the central factory to reduce product consumption rate and cost losses. Stephen Helba (2003): Said that understanding the customer's expectations and needs is essential to winning new business products and keeping exciting business.

Scale economy benefits.

The overall development of the enterprise are generated through the expansion of the development scale or the growth of the enterprise. Dornier et al, (1998): Believed that SCM is just like an ERP information system in a single enterprise. Its purpose is to manage the combination of production resources across functional departments in the enterprise, and optimize the allocation of enterprise resources. Anne T. Cuoghlan, Erin Anderson, Louis W. Stern and Adel I. Ansary

(2006): Noted economic satisfaction plays a fundamental role in building and maintaining the trust that is necessary for committed relationship. The scale economy refers to the average production cost of the manufacture which decreases with the expansion of production scale and the long-term total average production cost that increases with the production scale, and thereby the fixed cost is gradually shared and reduced, thus improving the economic benefits. Anne T. Cuoghlan, Erin Anderson, Louis W. Stern and Adel I. Ansary (2006): Believed economic satisfaction is a positive affective response to the economic rewards generated by a channel relationship.

Scholar Lin Zujia (2011): Describes the source of economies of scale as an enterprise with large fixed costs that can support large-scale output. When the output increases, the fixed input can be shared to each unit, and the average fixed cost of each unit becomes smaller and smaller. As an international catering group, 85°C has scale economy due to its huge fixed investment, which is the result of low pricing, progressive labor division and specialized chain enterprises in large scale marketing.

Regional strategy.

When the industry is gradually mature, the scale economy tends to be nationalized. Although the enterprises have achieved national operation, the regional strategy is to focus on those areas with higher profit margins. Anne T. Cuoghlan, Erin Anderson, Louis W. Stern and Adel I. Ansary (2006): Said according to economic theory, return on investment is a paramount criterion. Even if profits in a certain area are poor, the well-known profit areas can

make the whole operation stable, increase the supply base of materials, improve the production efficiency and ensure a smooth distribution system. Richard B. Robinson (2011): Stated that the stable relationship between the company and its suppliers. Regularly, company depend on suppliers support to provide service, raw materials and financial equipment about the long-term survival and growth of the enterprise. The scale economy of 85°C not only extends across the country but also develops into international chain groups.

The support of logistics administrative staff and various resources is not only localized but also provide to produce with appropriate raw materials through quick information; this will reduce the costs and adapt to local conditions for shop development.

Competitive advantage.

That an enterprise organization can gain higher profits than its competitors more efficiently. In terms of “competitive advantage,” the development of business strategy will rely on relationships as the factor of competitive advantage, and the structural strengthening ability of enterprise organization, to pursue the benefits of comprehensive performance. Enterprises provide products that are invincible compared with other competitors. Enterprises have product features and advantages and the difference makes it difficult for other competitor to model. Enterprise constantly innovate and develop new products to attract the attention of customers and meet their demands, in order to increase market share and obtain higher profits. High-quality brands owned market share must adapt to change in the market, and they must have advanced cul-

ture, conception, management, and immediate production capacity. It shall create a diversified brand which makes it hard for competitors to follow up. And the most sustainable competitive strategy for enterprises is to devote product innovation, create product uniqueness and obtain brand status. Idris Moodee (2009): Believed establish leading brand-building must not only create brand equity but also successful condition for overall organization. Dornier et al, (1998): Showed that SCM is no longer just a pure production, marketing, supply and enterprise alliance, but a further improvement of cooperative relations. It makes SCM cooperation procedures more rational and flexible to obtain a competitive advantage that cannot be substituted in the industrial environment fluctuation.

To build a “grandeur and not expensive” product brand and gain the leading brand position in the catering industry means that 85°C must firmly believe in the product quality and service; to gain the confidence and loyalty of consumers is the most sustainable competitive strategy for an enterprise. Michael Porter said: The company’s basic policies and approach for achieving long-term vision have to build a company that can grow in a sustainably way and establish an excellent global brand.

Conclusion

This management concept is the foundation of management style, based on the spirit and aspirations of the establishment to master core strategy through innovative research, knowledge management, and competitive advantage globally. Kotler said, “a successful cause-related marketing

plan will improve social welfare, create the brand position of differentiation, establish a strong customer cohesive force, intensify the enterprise's public image, create reputation accumulation, advocate internal morality, motivate employees, as well as drive the sales volumes and increase the marketing value. The customer can form a strong and unique cohesive force with the company and such a force can surpass general market transaction."

The leading brand measurement and analysis of 85°C is to become a leader in the industry. It is a difficult and continuous task to win the loyalty of consumers, and only by understanding their needs can a brand affect them. Enterprises accumulate more strength to generate creative industries on the core value of society and to gain the trust of consumers to increase market share, achieve sales performance and create leading brands that will create leader brand while an international chain enterprise. The core competencies and value chain activities of the enterprise are used to evaluate and select the strategy of enterprise. 85°C adopts the low-cost and differentiated strategies to achieve the long-term success in the environment. The brand significance of 85°C makes its operation principle obvious, and clears its business objective. Henry Mintzberg said: where do you want to go? And how do you want to get there?

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