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Module Code :----- BMSK6004

Module Name :-----Strategic Management for SMEs

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Course: -----BA Leadershiip and Management Skills for the Workplace

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Introduction

SMEs (Small and Medium Enterprises) establish a major extent of a country's business activities and create more opportunities in the employment than large corporations as of late. This research has been generated to assess strategic planning as a managerial decision making tool for the SMEs, so as to assist them with accomplishing a progressively predictable and stable development, over a long period of time. All things considered, the standard structure of analysis, decision making and implementation of technique were followed. So as to meet the future goals and objectives of any association and utilise the resources effectively and adequately, it is essential to imply strategic management inside the operations of the business organization. There are a number of various theories of strategic management. In this report, the study of CafePod Coffee Co., a UK based SME has been undertaken to understand the competitive platform of SMEs additionally to dissect and assess the various methodologies of strategic management for SMEs.

It is expected that this report will be able to present a clear insight into the strategic management process of CafePod Coffee Co. and help to understand the overall concept of strategic management for the UK based SMEs more thoroughly.

Strategic Management for SMEs

The small businesses mainly have 2 choices of goals, either grow into a larger business or increase profit but will stay in the SME sector. SMEs can commit time and exertion making a strategic plan that will assist them to accomplish the objective they need to, however, the manner in which they actualize it is the thing that makes the system work. It is often said that the wealth of any nation basically depends much on the health of its SMEs. Yet, SMEs are highly vulnerable, and the rate off their failure is 60% which is really very high; so that not a country can stand to disregard. The Business Statistics Office (UK) said in their report that 60% of the small businesses fail in their first 3 years of presence. Thus it is seen that strategic management is the major key for SMEs. They recommend expounding contribution, significant expense and complex engineering as essentials. The response of SMEs is normally one of being threatened, and thusly they like to work in the standard way and outlook.

Anthony Robbins, the most popular Neurolinguistics Programming authority, once commented that to continue doing the exact same thing and expecting an alternate outcome is a type of craziness. For reasons expressed over, an exploration of strategic management techniques for SMEs is along these lines proposed.

About CafePod Coffee Co.

CafePod Coffee Co. is an independent coffee-based company situated in South West London and stocked in supermarkets nationwide and through online. It was aimed at grabbing adventurous coffee drinkers and was founded on the idea of making hard, strong and stirring coffee for them.

CafePod Coffee Co. was formed by 2 South African friends, Brent Hadfield and Peter Grainger, back in 2011. Over the last eight years, CafePod Coffee Co. has grown to be the 7th largest coffee brand of UK. They particularly have their sourcing of coffees from India, South America ,Central America, and Indonesia (Cafepod.com 2019).

Some Basic information about CafePod Coffee Co.

CafePod Coffee Co.	
Founder	Peter Grainger and Brent Hadfield
Type	Privately Held
Industry	Food & Beverages
Specialities	Coffee, FMCG, Drinks, and Hot Drinks
Company size	11-50
Estimated Annual Revenue	\$6 M
Head Office	LU 417, The Lightbulb, 1 Filament Walk, London, London SW18 4GQ, GB
Website	http://www.cafepod.com

Mission

The mission of the CafePod Coffee Co. is to empower the individuals to do well through the exceptional taste of espresso that is being created by the concerned organization. With the tagline of Live Fast, Drink Strong they say that coffee is their business, however, their motive is really to help people doing more & good and to get started, strong coffee quitely is the best way. (Cafepod.com 2019).

CafePod Coffee Co. has the ambition to turn into the UK's No.1 retail coffee brand in the next 5 years, with a scope of inventive, great quality coffee products that have the 21st-century coffee consumer on the most fundamental level.

STP

Segmentation

CafePod Coffee Co. has a huge customer base aged from young to old, from South UK to the west. They have divided the market in accordance with different segmentation base in order to focus better in the business they are operating.

Segmentation base	Variable	Attractiveness
Demographic segmentation	Age: 15 to 64 years	Consumption of ninety five million cups of coffee a day (2018) in the UK
	Income: middle to high	69.8% of the total population
Geographical segmentation	Country: the UK	7th largest coffee brand of UK (CafePod.com 2019)
Psychographic segmentation	Lifestyle: adventurous Values: Thrive for quality	Their aim is to develop best coffee offerings for the targeted customer.

Targeting

According to the report by NCA (National Coffee Association), people in the UK consumes around 70 million cups of coffee daily which was figured in 2014. Presently it has expanded to 95 million cups of coffee a day in year 2018 (Eggers et al. 2013). The growing interest for coffee among the UK customers has assisted CafePod Coffee Co. in targeting huge amount of customers towards the product offering. On the other hand, it has been found in a survey that 87% of the customers in UK are mainly focused on the quality offerings over price or quantity (Koryak et al. 2015). Basically they are targeting customers with both middle and high income mostly in the UK. Though they are trying expanding their business globally since 2015.

Positioning Strategy

In case of positioning CafePod Coffee co. goes under differentiation and quite a niche scale positioning. Through enhanced quality of the coffee products and innovativeness in the roasting process CafePod Coffee co. maintain its customer base while operating in different global economies by expanding its business. Also as the provide premium quality coffee products with continuous innovation in the sector, they can charge high prize like the niche market.

Strategic Management in Different Contexts

Strategic management in the SMEs is often less formal than in its larger enterprises, however, is easier to communicate all through the association. Most of the time strategic management is done by one individual, the proprietor/administrator.

The SMEs are limited in the manners it can contend. For instance, it may not be able to compete on cost leadership. Along these lines, it is probably going to focus on utilizing the favourable circumstances which gather from its size, individual help, adaptability, and so forth.

Corporate-level Strategy of CafePod Coffee Co.

Corporate-Level Strategy also called as Grand Strategy refers to the top administration's approach or blueprint for controlling and coordinating the whole concern. It infers the highest level of key basic leadership, which covers those field-tested strategies which are concerned about the organization's target, acquirement and an ideal portion of assets and coordination of business procedures of various units and divisions for acceptable execution. It is classified into 4 parts-



Figure 1: Corporate-Level Strategy

Source: Business-Jargon.com (2019)

CafePod Coffee Co. here follows the growth or expansion strategy as its business is reconsidered to broaden the limit and extent of business and impressively expanding the general interest in the business. The diverse item contributions of CafePod Coffee Co. are focused on coffee lovers through a diversified market. The business is continuously growing in situating their various scope of item contributions in agreement with the market request looked by the equivalent.

Business level Strategy of CafePod Coffee Co.

The business-level strategy centres on how to accomplish and fulfil clients, offer products and ventures that address their issues and increment working benefits. To do this, business-level procedure centres around situating itself against contenders and keeping awake to date on advertise patterns and innovation changes. CafePod Coffee Co. has 3 dimensions in its Business-level Strategy.

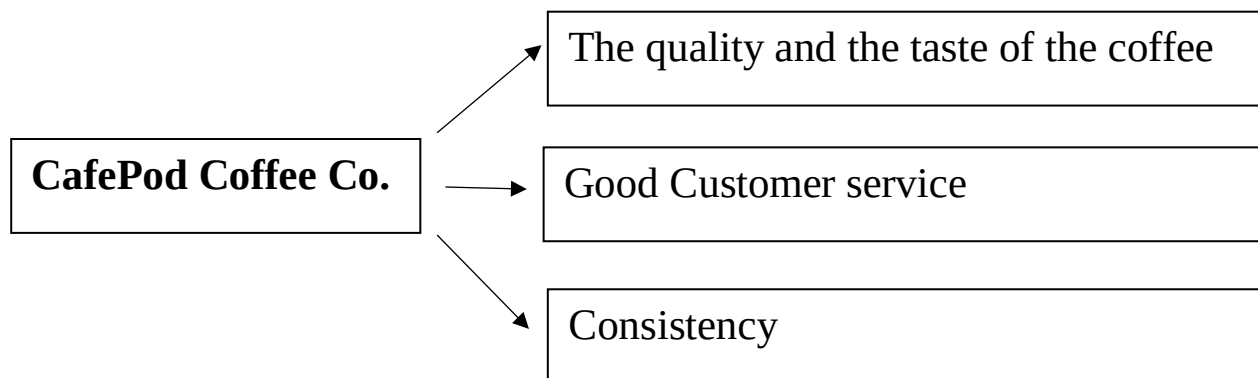


Figure 2: Business level Strategy

They keep their quality of coffee up to the mark with consistency also having a good customer base run their business with an excellent pace.

Strategic Management in Practice

Mainly 3 basic strategies might be applied by any venture to accomplish competitive edge: 1) cost leadership 2) differentiation and 3) focus. Then again, firms which provide food for

smaller markets (niche markets) ought to follow a focus based strategy. CafePod Coffee Co. here follows the differentiation strategy. The competitive edge of CafePod Coffee Co. is dependent on the diverse range of product item offerings that are provided by the business over its competitors.

Strategic Position

The SMEs are likely to find it more difficult to raise account thus development is some of the time hard to accomplish. For a similar explanation, the SMEs may think that it's hard to seek after development through new product development. At long last, in the independent venture, the character, abilities and vision of its proprietors are probably going to be substantially more noteworthy in business achievement or failure than in larger businesses.

The creativity of the business recommendation and the improvement of the coffee flavours have helped the concerned business in accomplishing competitive edge over different players in the market. It has helped the business in situating their assorted scope of item contributions incongruity with the market request looked by the equivalent.

PEST Analysis

Macro-economic factors affecting a business can be defined under 4 major groups: 1) political/legal, 2) economical, 3) socio-cultural, and 4) technological. According to Yüksel (2012), PEST analysis helps to analyze and monitor the macro-environmental factors that have an impact on an organization.

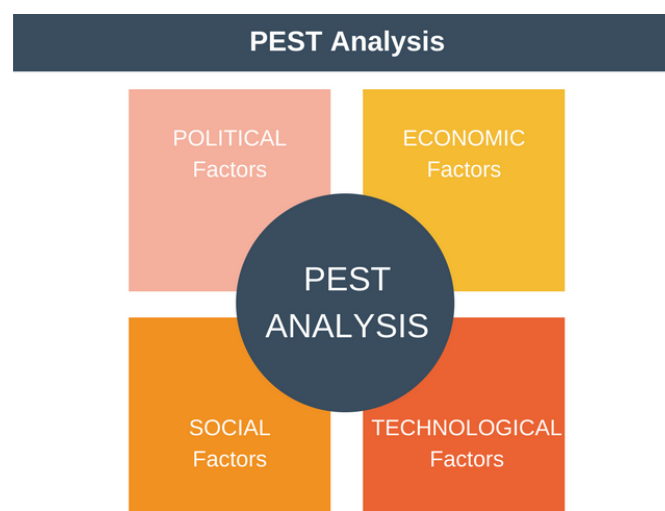


Figure 4: PEST analysis

Source: Wikipedia

PEST analysis on CafePod Coffee Co. follows by-

Political:

To the extent the political stability in the UK is concerned, it can be expressed that the political stability index in the year of 2017 was 0.26 which appears to be somewhat unstable for a developed nation like the UK. One of the principle reason was the Brexit issue that made some crisis in political stability too. But the normal political dependability between 2010 and 2017 was 0.4 that appeared to be moderate. Other than this, the government effectiveness in UK is likewise a huge factor with the incentive in 2017 was 1.41. For an occasion, the debasement file shows a normal estimation of 1.75 somewhere in the range of 2010 and 2017 that gets more straightforwardness to the administration rehearses towards making viable business condition. So it turns into a rewarding business sector for the various organizations independent of its size and capacities to put resources into the UK showcase. Because of that CafePod Coffee Co. get sufficient chance to set up its business adequately in UK.

Economic:

The report of the Global Economic Forum affirmed that in the worldwide focused list of 2017-18, UK positioned eighth with a score of 5.51. It makes a worthwhile market for the business associations to convey increasingly strong market infiltration and augment the shoppers (Ballesteros, Teixeira and Mussatto 2014). To the extent the expansion in the UK showcase is concerned, the normal swelling rate is 2.5 with high government control on the expansion rate. But the corporate expense rate is high because of a created market yet the commonness of liberal advertising worldview, the administration attempts to diminish the market estimation of assessment by 19 in contrast with 23 in the time of 2013. It can likewise be found if there should arise an occurrence of the utilization rate in UK where the normal utilization development is 7.93%. It tends to be expressed that the monetary development and the advancement in the UK advertise makes a favourable domain for CafePod Coffee Co. to typify the market effectively.

Social:

Competitiveness in the UK showcase is a key element that is looked like with the business prospect for the new corporate associations. The normal estimation of competitiveness is 5.4 that helps to set a sound business direction in the market. Other than this, there are no such sexual orientation biases in the UK society hence the business association need to regard it and change the course of business towards hostile to oppressive practices. Female to male proportion an incentive in the optional training in UK is 1.03 which implies the powerful measure for the business association to set business based on against oppressive practices. Besides, assorted variety in strict practices additionally impacts CafePod to set successful procedures for various strict gatherings. It is additionally viewed as a vital bit of leeway for corporate firms to embody the market widely. The social liveliness and the broadening make the UK showcase a powerful spot for CafePod to present advancement and innovativeness.

Technological:

Mechanical headway alludes as a centre element of the UK showcase. The UK government consistently urges the business associations to present new business advancements with the assistance of high innovation. The pace of cutting edge send out in UK is measured \$68,625.23 million in the time of 2017 and the pattern is developing quickly. Because of that the privately owned businesses additionally put tremendous spotlight on presenting and executing new advances during the time spent expanding the market. In actuality, the neighbourhood networks are likewise profoundly intrigued to the innovative contemplations in business association. In this manner, it very well may be contended that the reason for presenting new innovations is related to the thought process to shape a superior and eco-accommodating business condition CafePod Coffee Co. The neighbourhood networks and the privately owned businesses will get equivalent advantages from this and it will additionally encourage a vital open door for CafePod to amplify the market adequately.

Porter's Five Forces Analysis

This concept was presented by Professor Michael Porter in 1970s. It can be termed as a structured analysis of competitive environment. The Porter's five forces analysis can be useful in the case of CafePod to discover the five different comparative forces which are the threat of new entrants, the threat of new substitutes, bargaining power of buyers, bargaining power of suppliers, and rivalry among competitors.

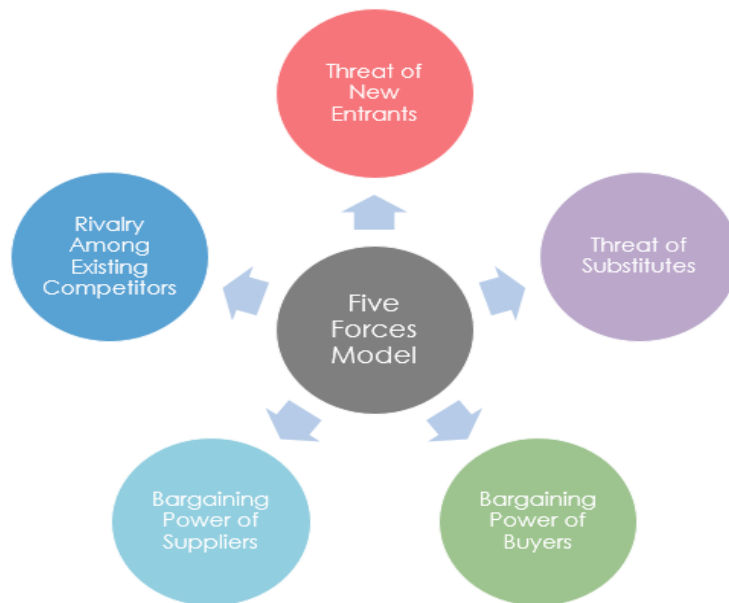


Figure 5: 5 Forces Model

Source: Wikipedia

The threat of new entrants: HIGH

The threat of entry refers to the ease of new companies entering the business. The easier it is to enter the market, the lower the prices will become and making it challenging to generate profits. Due to government support for starting SMEs in UK threat for new entrants is very high. Also, too many consumers brewing their own coffee and purchasing package coffee for home brewing creates lesser demands to visit a coffee shop.

The threat of substitutes: HIGH

Substitute products refer to the ability to buy different items that are comparable and can supplant the thing. Numerous items can be substituted by the implication of other unique materials. Price plays significant role in the consideration of substitutes. Given the accessibility of alternatives any customer will be looking for the best fit.

The more substitutes are accessible in a market, the lower the prices will make it harder to

make profits. There are a lot many competitors who offer warm/hot liquids such as– tea, hot cocoa, cider, creating an enormous threat to the coffee business. Then again, majority of coffee drinkers brew their own coffee with packaged coffee for home brewing. Thus creating a high threat for substitutes.

Bargaining power of buyers: HIGH

Purchasers might be distributors, consumers or end-user associations. The more dominant the buyers, the less state a supplier has. Bargaining power of buyers demonstrates what number of purchasers there are and the size of them. It very well may be said that if there are just a couple of enormous purchasers, clients can deal down costs. Because of numerous providers having the option to fulfil the need, bargaining power is high. But as CafePod is doing business using differentiation strategy it can charge high for being premium.

Bargaining power of suppliers: Very HIGH

Power of suppliers refers to a number of suppliers present in the market. CafePod Coffee Co has suffered for the lack of good relationship with the suppliers. As a result the company has faced severe mismanagement in raw materials in the inventory and also in the R&D projects. As CafePod is limited suppliers their bargaining power is really very high.

Rivalry among competitors: HIGH

The major competitors of CafePod Coffee Co are Tassimo and Nespresso Coffee. Though there are other competitors as well who are efficient enough to cut down the company's profit. It is said that the more competition within the industry, the hard it is making profits. There are numerous contenders inside the industry who have savage loyalty among consumers. The coffee business has high industry concentration ratios, low degrees of product differentiation, moderately low production cost, and high strategic stake.

Analyzing CafePod Coffee Co.'s Core Competencies & Organisation Capabilities

Johnson et al. (2011) argued that it is the process of developing a strategy for a business by researching the business and the environment. Strategic analysis of CafePod Coffee Co. using the SWOT analysis is done here.

SWOT Analysis

SWOT ANALYSIS



Figure 6-SWOT Analysis

Source- Wikipedia.org (2018)

Internal Environment

Strengths:

CafePod Coffee Co. is one of the prestigious organizations in UK with a number of products and colossal market capitalization. The strategic vision articulation of the association iseffectively resembles with the dynamic measure. For example, Cafepod Coffee Co.intends to augment its market and ready to turn into the seventh-largest roast and ground espresso brand in UK. Other than this, the mission of the organization is combined with providing excellent coffee to the customers (Ferreira 2017). Additionally, the utilization of LML innovation also improves the nature of the espresso and manufacturing unique coffee capsules (cafepod.com 2019).

Weaknesses:

There are a few weaknesses that the organization is enduring in terms of lack of good association with the providers. Thus the company is confronting cut off irregularities in raw

materials and the inventory also the R&D projects are affected by this. Furthermore, the top-down decision-making process is also viewed as a lethal for Cafepod Coffee Co.as the representatives do not participate in the decision-making practice. Moreover, absence of advanced technology is also a serious issue for the company as it fails to manufacture unique products. Therefore, the predominance of product diversification is also stopped in Cafepod Coffee Co.

External Environment

Opportunities:

Though shortcomings are there still enormous opportunities for the company can be found in the dynamic and developing business sector in UK Coffee industry. Due to tremendous demand in the market makes enormous opportunities for Cafepod Coffee Co.to expand its potential customers. Effective advancement with growing market successfully makes sustainable progress for the organization to hold its business direction in market (Carvalho, Paiva and Vieira 2016). It tends to be further compelling by securing a successful association with the providers and there are still a few potential outcomes for the association to extend showcase with the assistance of consistent stock of crude materials and advancement.

Threats:

UK market is highly competitive. The benefit in the market and its developing pattern attract various organizations to infiltrate into the UK coffee market. In addition, the differing client base makes a powerless condition for Cafepod Coffee Co.to proceed with its business direction. From this time forward, broadening of items with the assistance of imaginative thoughts and concentrating on quality are alluded as the most significant part for Cafepod Coffee Co.to get key points of interest. Other than this, the vigorous government obstruction and nearness of worker's organization reduce the opportunity of working together in the UK (Martinez-Saez et al. 2017).

TOWS matrix

Internal Strengths and External Opportunities (S-O) – Cafepod Coffee Co. has the strength of innovation and creativity providing quality coffee and there is an emerging customer base in UK who would love to pay for premium products.

Internal Strengths and External Threats (S-T) – Competitor threat is always there. Through innovation and quality is their strength, it can easily be taken over by the other players in the market as it's mostly a service business.



Figure 7: TOWS Matrix

Source: Toolshero.com (2019)

Internal Weaknesses and External Opportunities (W-O) – Weakness in communication with the suppliers and technology enables competitors to beat Cafepod Coffee Co. However, opportunities to adopt new technological advancement and closing the gap with providers can help the company to grow gradually.

Internal Weaknesses and External Threats (W-T) – Being a service-oriented company Cafepod Coffee Co. cannot just patent whatever it provides. So unprotected exposure of service may result in losing the uniqueness in coffee flavours to the competitors. Thus immediate measurement should be taken.

Stakeholder expectation and organisational purpose

Consumers are profoundly significant for the Cafepod Coffee Co. so as to make better marketing exposure. In such manner, the items, value, quality, price, service, reliability, expertise, reputation, location, appearance and image are profoundly significant for the client

for visiting in Cafepod Coffee Co. In the case of the products, the customers try to find out the uniqueness in them. It is profoundly connected with the innovation and diversification of products. Other than this, the price of the Cafepod Coffee Co. products has direct impacts on the buyers. Therefore, consumers are highly concern about the price. Also, product quality is also an important aspect for organizations for maximizing consumers effectively (Ranicet al. 2014). The quality of Cafepod Coffee Co. has a powerful concern for UK customers as the company charges high price for their products. The image of the company also plays a vital role so as to make some advantages for Cafepod Coffee Co.(Barrios et al. 2016). But the image of the company is mediocre compared to Tassimo and Lavazza.

Strategy for Achieving Sustainable Competitive Advantage

An organization must make clear objectives, techniques, and activities to build a sustainable competitive advantage. The corporate culture, as well as values of the employees, must be in arrangement with those objectives.

There are three primary ways organizations accomplish a sustainable advantage. They are- cost leadership, focus and differentiation.

For Cafepod Coffee Co. differentiation is the perfect strategy in order to achieve sustainable competitive advantage. A company can achieve differentiation by providing an exceptional or top-notch product which CaféPod is already been doing. They can charge a premium price.

Organizations typically achieve differentiation with innovation, premium quality, or quality customer service.

Corporate level strategy

Product diversity

Product diversity may involve companies adapting and changing a product so that they can enter it into an alternate market to be made increasingly beneficial. CafePod must find a way to build up the range of coffee products so as to meet the expectation of consumers after having a successful market penetration through the utilization of significant technologies.

Unexpectedly, aside from the new item improvement process, the CafePod may make moves to EPS packaging systems so as to proceed with the viability of the supply chain operations. Additionally, build up various ranges of coffee products for the substantial growth of the company.

Therefore, the diverse developments product lines relating to the taste and quality would help the CafePod in achieving a loyal group of consumers.

International diversity

International diversity refers to the scope of contrasts that depict the composition of a group of at least two individuals in a culturally diverse and global context. The organization believes that focusing on international diversity will allow it to embrace increasingly comprehensive practices. The expansion in the international markets will bolster the association in proceeding with the sustenance of the business. CafePod may find a way to embrace market infiltration through the use of merger and procurement in the Asian nations (Folmer 2014). Merger and acquisition will bolster the company in making align with an outside brand so as to attract the customers in the respective market segments. The stage will require a year for the association while working in various global markets and in this manner creating customer attention to the item contributions.

Corporate parenting roles

CafePod Coffee Co. as a parent company will have multiple roles including decision making through basic leadership about the new businesses to support or acquisitions to make, determining the structural body of enterprise, characterizing budgeting and capital expenditure processes, setting the corporate values, attitudes and ethics. The organizations better perform in aggregate under the parent's proprietorship than they would in the event that they were autonomous independent entities. Also, as a parent CafePod Coffee Co. must add more incentive than the cost to the organizations in the portfolio.

Portfolio management

Portfolio management is the art and science of settling on choices about venture mix and strategy, coordinating investments to objectives, resource allocation for people and organizations, and adjusting risk against performance. Portfolio management is all about identifying strengths, shortcomings, opportunities and threats in the decision of debt versus equity, household versus global, growth vs. safety, and numerous other trade-offs experienced in the endeavour to augment return at a given appetite for risk. The CafePod can have their portfolio management by proceeding 3 basic steps -1) The Planning Step 2) The Execution Step and 3) The Feedback step.

Strategic Evaluation

Strategy Evaluation is as critical as methodology definition since it illuminates the proficiency and adequacy of the complete plans in accomplishing the ideal outcomes. The managers can evaluate the suitability of the present procedure in today's dynamic world with financial, political and technological developments. This is the final phase of strategic management. Then again it is a very significant because of various factors such as - creating contributions for new strategic planning, the desire for input, examination and reward, the advancement of the strategic management process, making a decision about the legitimacy of strategic choice etc. Evaluating through different matrixes such as SWOT, PEST, TOWS matrix, Power-interest matrix and through Porter's Five Forces Analysis the current business strategies of Cafepod Coffee Co. seems sound and further has the opportunity of growth in future.

Strategic Development Methods

In case of development through expansion, there are 3 common strategies to be realized. The three techniques to pursue expansion strategies are:

Internal Development

Internal development means expanding by using own resources. Sometimes also called as organic growth. Cafepod Coffee Co. should go for it as internal growth allows the firm to grow though it requires time to see outcomes. During the internal development phase, Cafepod might look into Market penetration and promotion in the existing markets and Product development and diversification to have a greater outcome.

Mergers and Acquisition

Cafepod Coffee Co might take steps to embrace market penetration through merger and acquisition in the Asian nations (Folmer 2014). Merger and acquisition will bolster the concerned organization in making allies with an outside brand so as to draw the attention of the consumers in the respective markets

Also, there might be financial incentives too. Purchasing up a firm allows the concerned organization to possess the required skill only if it is a coffee-based business. In fact, for a static market, this one is a better way to enter into a market and grow the business through

mergers and acquisition.

Strategic Alliance

Since the 1970s, organizations find it harder to adapt to the inexorably unpredictable condition alone. Strategic alliances came out as a great solution. The stage may facilitate Cafepod in making a market expansion between 3- 5 years. The development in the overseas markets will be supporting the association in proceeding with the sustenance of the business.

Cafepod has already confronted some issues with the restricted expansion of the venture with the diverse regions. The stage will require minimum a year for the association while working in various global markets and in this manner creating customer attention to the item contributions.

Conclusion

Strategic management has developed over 50 years or so. In SMEs like Cafepod Coffee Co. it's not essential of having strategic management combined with formalized and instinctive planning, so as to have the best outcomes. It can begin with their very own adaptation and incorporate structured planning steadily. There are other significant elements that Cafepod Coffee Co must invoke to ensure continued prosperity. True leadership spirit is needed for SMEs focusing in expanding their life circle (networking) to increase their resources. And also they should not ignore the supporting role of government as it can offer great assistance. Therefore, in this context, the lack of suitable expansion related strategies has affected the capabilities of the Cafepod Coffee Co in proceeding with the adequacy of the business. Though the concerned organization has several shortcomings as SME and threats against them, they are still going strong and have more strengths in them and opportunities in front of them. They still can rule the market in the coming days by mobilizing strategic management in the respected sectors of the organization.

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