**Case Study 1**

**IT Plan for Jaunty Coffee Co.**

Mr. Jack Kalani owns a company, Jaunty Coffee Co., which produces coffee products from organic beans. Jaunty Coffee Co. is a family-owned start-up founded ten years ago in Chihuahua, Mexico. It is a small factory that manufactures decaffeinated and traditional gourmet coffee, syrups, and espresso. The items are sold in packages that customers use to make the finished products at home.

The operations of the factory include the procurement of raw materials from local suppliers, production of items, and distribution of orders to neighborhood markets and supermarkets. Mr. Kalani is responsible for all operations and decision-making. The production process occurs in the morning. The distribution process, procurement, and sales are performed in the afternoon.

**Mission, Goals, and Values**

**Mission**

Jaunty Coffee Co. has the following company mission: be the southern region of the state of Chihuahua’s favorite coffee producer by providing an authentic homemade flavor.

**Goals**

Jaunty Coffee Co. has several short-term goals:

• earn sales of $1,000.00 per day over the next 6 months

• increase the client portfolio by 100% over the next 6 months

• exceed current production by 100% over the next 3 months

• keep an inventory no longer than 8 days to preserve the freshness of the product

**Values**

Jaunty Coffee Co. has the following values for its company:

• produce tasty, quality products

• provide excellent customer service

• serve with honesty

**Target Market and Initial Investment**

The target market is focused on supermarkets and neighborhood markets. The most popular coffee products are packaged in two different ways: cases of 12, 250-gram bags and boxes of 6, 100-gram bags. The initial investment for the startup included office equipment such as a telephone, a mobile phone, a desk, and a computer. For the distribution of the finished product and the purchase of raw material, Mr. Kalani uses his own one-ton pickup truck with a custom-made enclosed truck bed. The industrial equipment that was acquired included a gas stove with the following:

* three industrial burners
* two frying pots with a capacity of 20 liters each
* one 20-liter pot for coffee beans
* two tables, one on which to place the pots and the other to pack and seal the product
* one electric sealer
* one electric scale

**Management**

Mr. Kalani is the only one who works in the factory. He makes all financial, supply chain, and sales decisions. He makes decisions regarding inventory control, procurement of raw material, product packaging, logistics and distribution, market research, and customer service. During the morning hours, he is engaged in production. In the afternoon, he ships orders that were made the day before, purchases raw material needed for the next day, and contacts current clients to take orders. Mr. Kalani also invests time into searching for new customers.

Over the past year since purchasing the company from the founder, Mr. Kalani has invested heavily in marketing. He created business cards and new labels for each product. He also created a social media page to promote the products, reach new customers, and receive orders from as many customers as possible.

**Diagnosis**

After a year of work, Mr. Kalani has increased his customer base and begun to face different problems. Operations have grown, and the company cannot produce enough product to complete all customer orders. The company’s local suppliers often run out of the raw materials, such as beans, water, simple syrups, and cornstarch. Mr. Kalani has been forced to switch suppliers and brands in order to meet the demand. Consequently, the taste of the products has started to vary due to the different raw materials.

Jaunty Coffee Co.’s manual inventory system inherited from the previous owner was accurate for performing daily production based on past demand but has not kept up with the change in demand. Mr. Kalani has received complaints from customers, and production costs have increased. Since production occurs only once a day during the morning hours, Mr. Kalani cannot supply products to customers in a timely manner. The slow production has caused a loss of sales.

**New IT System**

Mr. Kalani knows he needs to hire employees to better meet the demand as well as establish a proper IT system to organize and delegate operations, which will help his business grow. He decides to delegate shipping responsibilities while he continues to supervise the operations and production and be the main strategic decision maker.

Mr. Kalani is prepared to use $25,000 of the company’s savings to invest in a new IT system. Another option would be to apply for a loan to finance the IT system and make other company improvements. Mr. Kalani must be very careful when deciding which IT system to introduce because if the implementation of the new IT system fails, he will lose all his savings and be unable to implement other improvements. The new IT system should help Jaunty Coffee Co. be more efficient and able to process an ever-increasing amount of product in a timely manner. At the same time, the IT system must allow the company to maintain the competitive edge it has as a result of the products’ premium reputation.