

The study of analysis on dynamic capabilities of specialty barista in Taiwan - Examples of the winners of World Coffee Champion (WCE)

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ABSTRACT

Coffee is popular in Taiwan, and opening a café is one of the top choices for those who wish to start a new business. The high attrition rate reported in the 2020 White Paper on Small and Medium Enterprises in Taiwan hints the intense challenges that privately owned cafés must overcome to stay in business. This study administered a semi-structured in-depth interview on winners of the World Coffee Champions (of the World Coffee Events) and performed narrative research to explore the difficulties these baristas have experienced in a highly unstable, dynamic environment and the trajectory and path. The results indicated that these individuals all exhibited exceptional and dynamic perception and opportunity-seizing abilities relative to procedures, business positioning, and paths. Their adaptive business models have enabled them to successfully start their business, reach greater heights in entrepreneurship and in cultural value, thus turning them into leaders in the industry. The dynamic capabilities development of these entrepreneurs can be divided into three stages: three dimensions, three advanced procedures, and three spirits. With this, the study drew the following conclusion: by constantly striking a balance between individuality and market value, the champion baristas allow the two to achieve greatest synergy. A dynamic capability matrix was developed, dividing entrepreneurs into four levels: worker, artisan, expert, and master. This study provides prospective coffee entrepreneurs, and those who have started their business, a chance to examine their capabilities and position from the shoulder of giants.

Keywords:

Dynamic capabilities, Barista, Specialty coffee, World Coffee Champion (WCE).

1 | Introduction

This research does not explore coffee per se, nor coffee brewing techniques, but the thinking and features underlying the dynamic capabilities of baristas and their business model. Below is the primary motivation of this research:

The past studies and research have mostly focused on coffee consumers' perceptions of coffee shops, the atmosphere of coffee shops, the types of coffee shops, or the larger coffee shop chains' management strategy. There are also a few interviewing writers, businesses, professionals, competitors, or baristas about their views on the development of specialty coffee in Taiwan. However, there are few with a general description of the attitude, thinking, and various abilities displayed by baristas during their coffee entrepreneurship. Specialty coffee began to thrive around 2000 as the main character in the third wave of coffee, and baristas play a crucial role in the process of opening a coffee shop, which has been rarely covered in the relevant research articles in the past, that is, the research on relevant topics with barista as the main research subject is relatively few. The baristas who shine on the international coffee stage demonstrate amazing abilities are also the focus of the global coffee industry. Therefore, the researcher believes that it is an important asset of cultural development under the current trend, and is therefore worthy of in-depth research and exploration.

From the perspective of dynamic capabilities, this research aims to observe how Taiwan's iconic specialty coffee baristas used to face challenges from many a competitor as well as market volatility and uncertainties but later established their own long-term competitive business model by nurturing their

own capabilities using internal and external sources. The results of this research may render a reference for those who wish to, or have, started a specialty coffee business to review their own capabilities. Below are the topics of this research:

- I. Is there a pattern along the way specialty coffee baristas develop their own business, from the early stage of learning, to taking a competition, and to starting own business? What resources do they have? What is the blueprint in their mind? How do they become what they want step by step?
- II. How do the specialty coffee baristas identify the opportunities around them and seize the opportunities to realize their dreams? Facing the highly competitive and ever-changing coffee industry, what are the dilemmas faced by baristas? How do they cope with setbacks? How do they allocate tangible and intangible resources to turn things around?
- III. What issues do the specialty coffee baristas think about and focus on to achieve what they have achieved?

2 | Literature review and hypotheses

The theory of dynamic capabilities comes from a highly uncertain and highly volatile environment. Among them, the theories of the U.S. economist David Teece among others are highly discussed, and new academic content continues to be included in the process of theoretical development. Teece *et al.* (1997) proposed dynamic capabilities (organizational and managerial processes, position, path, and PPP) and defined it by saying that "dynamic capabilities are a business's integration",

establishment, and reconfiguration of internal and external competitiveness to respond to the rapid change in the environment.” In the organizational and managerial processes, reorganizing a business’s asset structure and completing the necessary internal and external transformations (Amit & Schoemaker, 1993; Langlois, 1995) is of great value in a rapidly changing environment; thus, setting a benchmark is very useful for an organization to achieve goals (Camp, 1989). As for position, Teece *et al.* (1997) defined “position” as the exclusive assets owned by a business. These assets are part of the business's competitive advantage. He listed eight unique assets of the business, namely, technical assets, complementary assets, financial assets, reputational assets, structural assets, institutional assets, market (structure) assets, and organizational boundaries. These assets include tangible or intangible assets. In terms of path, according to the research by Teece *et al.* (1997), the path of business development can be defined as the trajectory of operations from the past to the present, and the current position is often influenced by the trajectory of past development. Teece *et al.* (1997) explained businesses’ limitations and influences on them from “path dependencies” and “technological opportunities”. In terms of path dependencies, the meaning of history was recognized, so businesses’ past investments and practices would become a framework for future actions. As learning is a process of continuous trial and error and feedback, if the parameters are constantly changed, a business's ability would be undermined easily. In terms of technological opportunities, the technological depth and breadth of a business's existing research and development (R&D) foundation will affect its choice in its R&D operations to be conducted currently. The past experiences would determine the

direction it could choose in the future. In addition, Teece (2007) pointed out that there are three important processes for the development of dynamic capabilities, namely sensing and shaping opportunities and threats, seizing opportunities, and managing threats and reconfiguration (SST). In the aspect of sensing and shaping opportunities and threats, the ability of sensing depends on the knowledge and learning ability of individuals or organizations to which they belong, particularly the relationship and solutions related to consumer needs, which depend on specific knowledge and creative activities; they should also be able to understand customers and make the right decision (Nonaka & Toyama, 2007). The microfoundations proposed by Teece (2007) include processes to direct internal R&D and select new technologies, processes to tap supplier and complementor innovation, processes to tap developments in exogenous science and technology, processes to identify target market segments, changing customer needs, and customer innovation. In the aspect of seizing opportunities, a new technology or market opportunity must be demonstrated through new products, procedures, or services, so there are multi-faceted competition and investment paths in the initial stage. However, the problem faced by businesses is not only what to invest or how much to invest but businesses need to choose or set up specific business models and investment priorities. The success of a business depends on organizational innovation, such as the design of business models at the enterprise level or at the economic level (Nilson, 2005). The business model is linked to processes and incentive mechanisms. The microfoundations proposed by Teece (2007) at this step include delineating the customer solution and the business model, selecting decision-making

protocols, selecting enterprise boundaries to manage complements and “control” platforms, as well as building loyalty and commitment. Finally, in terms of managing threats and reconfiguration, businesses reconfigure intangible and tangible assets by enhancing, integrating, and protecting them when necessary to maintain competitiveness. Its microfoundations include decentralization and near decomposability, governance, cospecialization, and knowledge management. In 2018, Teece emphasized again that a business’s dynamic capabilities not only determine its capability to set up a business model but also affect its innovation of the business model and adaptation to operate this innovative model as an organization. The coffee wave is constantly changing and belongs to a highly uncertain industry; thus, it is close to the theoretical background of dynamic capabilities. Therefore, the researcher adopted dynamic capabilities as the theoretical framework for longitudinal research, and chose the specialty coffee sector as the industry to be researched to study the performance of the four world barista champions’ dynamic capabilities in practice, winning competitions, and entrepreneurship, in an attempt to seek more highlights of Taiwan’s independent specialty coffee entrepreneurs for this research.

We believe that the research of Teece et al., though the subjects of which were business entities, still relates to our research because baristas are the backbone of Taiwan's independent specialty cafes, and dynamic capabilities are an important aspect of passing on knowledge; so if entrepreneurs have dynamic capabilities, their employees will follow suit, thereby giving more dynamic capabilities to their organization, thus making their team excellent.

3 | Data description and methodology

The theme of this research is the baristas, the soul of specialty coffee cafes. As a qualitative research method is suitable for this people-oriented research, so the qualitative research method is adopted, along with the semi-structured in-depth interview method. As the baristas’ experience and blueprints from entering this industry, participating in the competitions, winning the competitions, starting a business to planning for the future is a trajectory over time, the researcher completed the interview process along with the “narrative method” to record their experiences, in order to piece together their experiences more completely. Clandinin and Connelly (2000) proposed narrative inquiry as a research method. It adopts a three-dimensional narrative inquiry space research framework with the continuity of the past, the present, and the future as the first dimension, the interaction between individuals and the society as the second dimension, and the situation of each scenario as the third dimension, to build a research framework (Clandinin & Connelly, 2000). This research designed interview outlines based on this framework, and identified all aspects of dynamic capabilities from the transcripts of the interviews.

3.1 Subjects

As this research aims to conclude the research results from the special coffee entrepreneurs with reference value, the subjects selected must be technical indicators and representatives in the coffee industry, that is, those who have won the WCE championship and are independent specialty cafe owners or

freelancers. The WCE event is an internationally well-known coffee event, so this research selected the champions of the WCE champions as the interviewees. As the development of business models would be discussed, the interviewees were those who have the right to control their businesses, that is, the independent specialty cafe owners or

freelancers (not employed by others). Among the four subjects mentioned in the first point above, three are independent cafe owners and the other one is a consultant (freelancer), so they are all in alignment with the definition of the subjects in this research. The description is shown in Table 1.

Table 1 Information on interviewees

Interviewees	A (Chad Wang)	B (Pang-Yu Liu)	C (Berg Wu)	D (Yu-Chuan Jacky)
Gender	Male	Male	Male	Male
Year of birth/Age	1988/Age 33	1989/Age 32	1981/Age 40	1980/Age 41
Occupation	Independent specialty coffee cafe owner	Specialty coffee brand owner/ professional lecturer/ consultant	Independent specialty coffee cafe owner	Independent specialty coffee cafe owner
WCE championship	2017 Brewers Cup (WBrC)	2014 Cup Tasters Championship (WCTC)	2016 Barista Championship (WBC)	2014 Coffee Roasting Championship (WCrC)
Interview date	2020/11/6 16:00-16:30	2020/11/6 19:30-20:30	2020/12/9 9:00-10:00	2020/12/9 15:30-16:30
Interview hours	0.5 Hour	1 Hour	1 Hour	1 Hour

Source: Compiled by this research

3.2 Research tools

The research tools of this research include interview outlines and recording software. The researcher in person interviewed the interviewees face-to-face as the main research method, along with the content of the Takao International Coffee Competition seminar in Kaohsiung on October 31, 2020, to which the four world barista champions participated. The interview outlines were designed based on the three dimensions of dynamic capabilities and three steps of dynamic capabilities microfoundations as put forward by Teece *et al.* in 1997, 2007, and 2018. With

reference to the linkage between business model and dynamic capabilities, a total of 25 theoretical variables have been developed as shown in Tables 2 and 3. Meanwhile, dynamic capabilities-related scholars and specialty coffee entrepreneurs were invited to assist in converting the description of dynamic capabilities into words that would be used in the industry. This step ensured that all 25 theoretical observation variables were included in the 14 groups of interview outlines. It also allowed the baristas to clearly explain their specific methods adopted, so that the analysis data obtained later would be more complete and diverse.

Table 2 Relevant interview outlines of dynamic capabilities

Dynamic Capabilities (PPP)	Variable	In alignment with the industry's description of the phenomenon	Question No.
Process	1. Organizational and managerial processes	Do you have the ability to coordinate the organization and the internal and external knowledge? Is there a great mechanism to pass on skills or education training mechanism?	6
	2. Learning	Do you keep being informed of the latest industry information and learning?	4
	3. Reconfiguration and transformation	What setbacks have you ever encountered? When encountering difficulties and setbacks, did you put forward solutions to the problems constantly to prevent the same mistakes from happening again?	12
Position	4. Technological assets	Do you have an exclusive technology or patent that is not easy to be copied?	5
	5. Complementary assets	Do you assist with relevant assets or the ability for the operations of your company's main activities?	8
	6. Financial assets	How is the situation of your company's short-term cash flow? Or is there support from external investors?	8
	7. Reputational assets	What good images, reputation, or honorable awards has your company obtained?	1 2
	8. Structural assets	Is the existing organizational structure and organizational culture conducive to development?	14
	9. Institutional assets	Do existing government policies, systems, or regulations have a positive advantage for your company?	14
	10. Market (structure) assets	Is there enough room for profit in the market and the barriers to market entry high?	8
	11. Organizational boundaries.	Do you have great abilities to integrate resources vertically and horizontally and to diversify your business?	6 13

Table 2 Relevant interview outlines of dynamic capabilities (continued)

Dynamic Capabilities (PPP)	Variable	In alignment with the industry's description of the phenomenon	Question No.
Path	12. Path dependencies	Have you ever adopted the trajectory of your previous experiences and your past experiences for future development?	1 9
	13. Technological opportunities	Do you continue to carry out technology R&D and wait for opportunities to adopt the technology quickly when an opportunity arises?	4

Source: Teece (1997) and compiled by this research.

Table 3 Relevant interview outlines of dynamic capabilities microfoundations

Three important processes from dynamic capabilities (SST)	Variable	In alignment with the industry's description of the phenomenon	Question No.
Sensing	14. Processes to direct internal R&D and select new technologies	Can you discover your own strengths and link them with the organization well?	6
	15. Processes to tap supplier and complementor innovation	Are you exploring and learning the latest technology or knowledge constantly?	4
	16. Processes to tap developments in exogenous science and technology	Do you engage in positive interaction with upstream and downstream businesses and competitors in order to build an enterprise ecosystem jointly?	3
	17. processes to identify target market segments, changing customer needs, and customer innovation	Can you define your target market segment clearly?	7

Table 3 Relevant interview outlines of dynamic capabilities microfoundations (continued)

Three important processes from dynamic capabilities (SST)	Variable	In alignment with the industry's description of the phenomenon	Question No.
Seizing	18. delineating the customer solution and the business model	Do you choose to adopt new technology? Can you understand the target consumers' needs clearly and set up a successful business model?	7
	19. selecting decision-making protocols	Can you use your assets accurately and control their limits? Do you have an ability for vertical integration for collaboration, such as creating economies of scale with upstream and downstream businesses jointly?	3
	20. selecting enterprise boundaries to manage complements and "control" platforms	Can you identify the development trends? Can you seize an opportunity early to make the right decision when a major change or an inflection point arises in the situation? Are you able to avoid making wrong decisions that would consume the existing resources or opportunities?	7
	21. building loyalty and commitment	Do you provide benefits in a timely manner to build employees' loyalty to the company? Can you remove inapplicable organizational culture and communicate effectively?	10
	22. decentralization and near decomposability	Can you lead by example? Do you have the ability to respond flexibly and mobilize employees in an emergency?	11 12
Transforming	23. governance	Do you have any strategic alliance partners?	3
	24. cospecialization	Is there a great monitoring and reward and punishment mechanism in place to maintain business operations?	10
	25. knowledge management	Did you integrate the knowledge or technology into a system in a systematic manner? Do you have a unique technology or intellectual property?	6

Source: Teece (2007) and compiled by this research

3.3 Data processing and analysis

methods

This research classified and organized the data collected, and converted the contents in the recordings and the content of the Takao International Coffee Competition seminar held on October 31, 2020 related to the interviews conducted by this research into transcripts.

4 | Research Results

The researcher compiled the transcripts of the interviews with the four interviewees and the

interview data of the seminar. After repeated reading and understanding, the researcher extracted meaning units, and compiled the 25 variables of dynamic capabilities and microfoundations into 14 groups of interview outlines, while identifying 6 core themes and the corresponding 25 sub-themes to finally divide the dynamic capabilities into three elements and to create a dynamic capabilities matrix of Taiwan's specialty coffee sector. The following are three aspects of PPP (Table 4-6) and microfoundations SST (Table 7-9) with a total of 6 core themes, and a summary of the research results (Table 10). Table 3 The annual mean values of ESG and three sub-components' Disclosure scores

Table 4 “Internal and external integration and two-way learning” context table

Aspect (PPP)	Core theme	Sub-theme	Sub-sub-theme
Process	I. Internal and external integration and two-way learning	Internal and external integration and coordination	Teach, improve, and train a team. Turn specialty coffee into a national tend.
		Constant learning and having fun	Competitions are a good way for learning. It is fun to provide a work that you like. Creating a work that is most satisfying at the moment is what matters.
		Facing setbacks positively and constant improvement	Use of relief loans during the pandemic.

Source: Compiled by this research.

Table 5 “Connection and integration of tangible and intangible assets” context table

Aspect (PPP)	Core theme	Sub-theme	Sub-sub-theme
Position	II. Connection and integration of tangible and intangible assets.	Each technical asset has its own advantages.	<p>Obtaining a certification first before enhancing the practical experiences. The advantage lies in the experience of being a coffee cupper.</p> <p>Black coffee and cupping are the strengths.</p> <p>The World Barista Championship (WBC), the World Latte Art Championship (WLAC), and the World Coffee In Good Spirits Championship (WCIGS). Knowing what is delicious coffee.</p>
		The main parties to complement each other are teams, competitors, and associations.	<p>Obtained lecturer certificates and certifications in various subjects.</p> <p>Purchase ability, fine judgment, and experience.</p> <p>The team can prevent him from making wrong decisions. Knowing foreign baristas to exchange ideas Learning from experienced baristas to be exposed to new stuff.</p> <p>The most important thing that the association can help is to organize the WCE. It is mutually beneficial for it to find a way to make this competition receive more attention.</p>
		Less support from external funds with investment declined most of the times.	<p>Completely none.</p> <p>If the original intention is violated or partners cannot be fully devoted, external funds are usually declined.</p> <p>Feel stressful to owe someone once</p> <p>A few years into this model, the profit is acceptable and the scale is not large, but he feels that the nature of the business is relatively healthy.</p>

Table 5 “Connection and integration of tangible and intangible assets” context table (continued)

Aspect (PPP)	Core theme	Sub-theme	Sub-sub-theme
Position	II. Connection and integration of tangible and intangible assets.	Each technical asset has its own advantages.	<p>Obtaining a certification first before enhancing the practical experiences. The advantage lies in the experience of being a coffee cupper.</p> <p>Black coffee and cupping are the strengths.</p> <p>The World Barista Championship (WBC), the World Latte Art Championship (WLAC), and the World Coffee In Good Spirits Championship (WCIGS). Knowing what is delicious coffee.</p> <p>Obtained lecturer certificates and certifications in various subjects.</p> <p>Purchase ability, fine judgment, and experience.</p>
		The main parties to complement each other are teams, competitors, and associations.	<p>The team can prevent him from making wrong decisions. Knowing foreign baristas to exchange ideas Learning from experienced baristas to be exposed to new stuff.</p> <p>The most important thing that the association can help is to organize the WCE. It is mutually beneficial for it to find a way to make this competition receive more attention.</p>
		Less support from external funds with investment declined most of the times.	<p>Completely none.</p> <p>If the original intention is violated or partners cannot be fully devoted, external funds are usually declined.</p> <p>Feel stressful to owe someone once</p> <p>A few years into this model, the profit is acceptable and the scale is not large, but he feels that the nature of the business is relatively healthy.</p>
		The combination of trophies and word-of-mouth reputation leading to a sense of trust.	<p>His fame is created by himself and his company. The sensation from winning awards is high but will fade.</p> <p>Relying on quality and word-of-mouth reputation to build a sense of trust.</p>

Table 5 “Connection and integration of tangible and intangible assets” context table (continued)

Aspect (PPP)	Core theme	Sub-theme	Sub-sub-theme
Position	II. Connection and integration of tangible and intangible assets.	It is important to have a team that suits you.	There are very good partners and agents.
			Without an agent, he must protect himself more. Finding a team that suits you and understands each other is more important than just finding a strong team. The unique charm and value of each store lies in the store manager Desperate desire for a think-tank-oriented team with strong support It is not easy to find with a team that is willing to be fully devoted to operate the business.

Source: Compiled by this research

Table 6 “Interdependent paths and connected dots” context table

Aspect (PPP)	Core theme	Sub-theme	Sub-sub-theme
Path	III. Interdependent paths and connected dots	Life experience is related to coffee.	The family is engaged in the coffee industry. Part-time job as a student. Entrepreneurship as a student
		If there are opportunities for diversifying business in the future, it is related to the coffee and the food and beverage industries.	Attempt to open a hotel under the same brand. Interested in craft beer. Interested in many things with an attempt to open a burger restaurant.

Source: Compiled by this research

Table 7 “Open senses to turn things into those of your own” context table

Process (SST)	Core theme	Sub-theme	Sub-sub-theme
Sensing	I. Open senses to turn things into those of your own.	Exploring yourself and thinking from other people’s perspectives.	Discovering the interest and talent, so participating in the competition. Self-regarded as a self-willed barista.
			A contradicting personality traits: enthusiastic while rather shy.
			Considering yourself as a judge to estimate the scores. Enabling end consumers to understand the meaning of specialty coffee.
			More introverted and choosing a more simple competition event where exhibitions or performances are not needed. Needing to understand the competition well to understand who you are.
			Having your own style, or you will only fail. Not wanting to delivering the professional but elusive knowledge to customers.
			With a reservation system in place, waiters/waitress were less stressful and more able to provide services, and the customers also felt that things were more clear.
			Needing to hit the judges’ sweet spots accurately.
			Practice understanding others’ views rather than practicing your own methods.
			He knows what customers feel when he pays.
			Paying attention to the development of industrial technology and new technology.
Aware of the advantages of complementary collaboration with suppliers to keep abreast of the latest information early.	The privilege of always being one step early when wining the championship. The agent will ask his opinions during the development stage. What equipment he uses and what products he introduces influence the coffee circle gradually. The green bean suppliers are willing to pick the best beans for him first.		

Table 7 “Open senses to turn things into those of your own” context table (continued)

Process (SST)	Core theme	Sub-theme	Sub-sub-theme
Sensing	I. Open senses to turn things into those of your own.	Exploring yourself and thinking from other people’s perspectives.	Discovering the interest and talent, so participating in the competition. Self-regarded as a self-willed barista.
			A contradicting personality traits: enthusiastic while rather shy.
			Considering yourself as a judge to estimate the scores. Enabling end consumers to understand the meaning of specialty coffee.
			More introverted and choosing a more simple competition event where exhibitions or performances are not needed. Needing to understand the competition well to understand who you are.
			Having your own style, or you will only fail. Not wanting to delivering the professional but elusive knowledge to customers.
			With a reservation system in place, waiters/waitress were less stressful and more able to provide services, and the customers also felt that things were more clear.
			Needing to hit the judges’ sweet spots accurately.
			Practice understanding others’ views rather than practicing your own methods.
			He knows what customers feel when he pays.
			Paying attention to the development of industrial technology and new technology.
Aware of the advantages of complementary collaboration with suppliers to keep abreast of the latest information early.	The privilege of always being one step early when wining the championship. The agent will ask his opinions during the development stage. What equipment he uses and what products he introduces influence the coffee circle gradually. The green bean suppliers are willing to pick the best beans for him first.		

Table 7 “Open senses to turn things into those of your own” context table (continued)

Process (SST)	Core theme	Sub-theme	Sub-sub-theme
Sensing	I. Open senses to turn things into those of your own.	Both “uniqueness” and “alignment with market demand” are taken into account.	<p>Clearly aware how best he can be. A reasonable design can be created only with clear knowledge of the market.</p> <p>Innovation must be in line with others’ needs to be meaningful. Having access to new information often without copying it.</p> <p>Needing to create a higher-end products by yourself, or you are just one of the many stores rather than the only one.</p> <p>Launching a cafe chain while each store with its own characteristics.</p>

Source: Compiled by this research

Table 8 “Decision at the right time and right place to win over consumers while with an open mind” context table

Process (SST)	Core theme	Sub-theme	Sub-sub-theme
Seizing	II. Decision at the right time and right place to win over consumers while with an open mind.	Putting forward a business model based on consumer needs and customization in alignment with market demand.	<p>It must be a “brand” for everyone, not just a cafe.</p> <p>Running a digital media platform.</p> <p>Passing down the core values of the company and the brand.</p> <p>What he wants to do is the same brand with different styles.</p> <p>Preparing the quantity for one season and promising the materials will be available throughout this season.</p> <p>Providing higher-end products is the long-term solution to be [differentiated] obviously from the convenience stores.</p> <p>Delicious coffee not coming in one form.</p>
			<p>Good coffee is because of the “essence”, and it lets others know the “value”. What he is doing is to give life to coffee beans.</p> <p>The mass market is stable, and changes can be made in niche markets. His products are used to understand the market and consumers’ preferences.</p> <p>He has heard a “Soft Serve Theory”. You may not want to buy soft serve in the urban area, but you will at a scenic spot. You will want to drink different coffee at different places.</p> <p>He [generally] does not set prices too high or too low, including buying coffee beans.</p> <p>A roaster is like a makeup artist. It depends on to which stage you want to send your customers.</p> <p>Each of his coffee shops set the price of a cup of coffee at the price of a boxed meal in the area.</p>

Table 8 “Decision at the right time and right place to win over consumers while with an open mind” context table (continued)

Process (SST)	Core theme	Sub-theme	Sub-sub-theme
Seizing	II. Decision at the right time and right place to win over consumers while with an open mind.	Vertical integration creates interlocked integration.	Asking the owner of the manor in the place of origin to process the green coffee beans.
			The key point lies in integration, to have every detail in place. The supply chain in the coffee industry is very long and interlinked. His work is in the roasting plant. He wants to open a food plant.
		Withdrawing from the front line, with normal operations relying on machines.	He felt that he should slowly withdraw from the front line consciously. If you work on front line, you are an actor, but he always thinks he is a director.
			Baristas should devote more energy to customer service, with normal operations relying on machines. He asks each store to brew coffee with automatic coffee machines, as he wants his baristas to talk to customers. The intangible feeling of coffee is based on interpersonal interaction rather than the physical temperature.
Creating a joyful environment, understanding employees’ desire for entrepreneurship, and having an open mind.	The corporate culture to be shaped is based on professionalism and happiness. Respecting employees’ professionalism. With sufficient resources and opportunities, he feels it is worth it. His employees’ desire for entrepreneurship is acceptable to him. He had been an employee, and he knows how it feels to achieve what he wants to achieve.		

Source: Compiled by this research

Table 9 “Insistence on details, maintenance of flexibility, and constant improvement”
context table

Process (SST)	Core theme	Sub-theme	Sub-sub-theme
Transforming	III. Insistence on details, maintenance of flexibility, and constant improvement	Because of the small scale, the products are diverse, and the response to difficulties can be more flexible.	<p>The coffee beans and seasonal drinks in each season are more flexible, which is one of the reasons that the team enjoys the R&D process.</p> <p>Highly flexible work models.</p> <p>The performance on the e-commerce platform was boosted during the pandemic period.</p> <p>Because of the small scale, they do not have a framework. They have to keep changing to survive.</p>
		Cross-industry collaboration and careful selection of partners.	<p>He likes stable and sustainable operations, so he got an opportunity to turn a pop-up store project into a long-term program. Thinking of using his own advantages to establish an organization similar to Coffee Review abroad.</p> <p>He is usually aware of the core value of [collaboration], and will give it up if there is a conflict of interest.</p> <p>He had worked with many people, which did not end up well; he felt it was quite a pity.</p> <p>It is not that he is unwilling to cooperate, but that he wants to choose partners carefully.</p>
		Supervisory capabilities are demonstrated in the spirit of the specialty coffee industry.	<p>Committed to giving what is freshest to customers.</p> <p>Only by doing things honestly can there be a healthy cycle in the industry.</p> <p>What he pursues is that no matter what he serves, it can win the first place in any competition.</p> <p>The three core principles are: 1. health, freshness, and no expired beans; 2. uniqueness; 3. naturalness and no spices.</p>

Table 9 “Insistence on details, maintenance of flexibility, and constant improvement” context table (continued)

Process (SST)	Core theme	Sub-theme	Sub-sub-theme
Transforming	III. Insistence on details, maintenance of flexibility, and constant improvement	There are no secrets in the coffee circle, but capabilities cannot be copied.	Seeking beans at the place of origin and asking the manor owners to process the green beans, but he thinks this is not unique.
			<p>“I am the only Iron Man”; “You are the one who makes you great.”</p> <p>Whatever is too much of a business secret. Coffee is very flexible, but it will not be good with a very fixed technique or formula.</p> <p>There is nothing to be leaked because. Even if these recipes are stolen, it is useless. What you can do is to try your luck.</p> <p>No technology is unique.</p> <p>He will set up a brand to specialize in creating formulas in the future. He believes that “formulas” are irreplaceable and unique assets.</p>

Source: Compiled by this research

Table 10 Summary of Research Results

Core theme	Sub-theme (from the observation of 25 variables)
I. The process is full of efficiency, fun, and positive attitude.	1. Internal and external integration and coordination
	2. Constant learning and having fun.
Aspect (PPP) II. Positioning from connection and integration of tangible and intangible assets.	3. Facing setbacks positively and constant improvement.
	4. Each technical asset has its own advantages.
	5. The main parties to complement each other are teams, competitors, and associations.
	6. There is less support from external funds with investment declined most of the times.
	7. The combination of trophies and word-of-mouth reputation leading to a sense of trust.
	8. It is important to have a team that suits you.
	9. Except for the pandemic subsidy, government assistance is rarely used.
	10. The market environment in Taiwan is a positive asset for the specialty coffee sector.
	11. Upstream and downstream businesses are integrated to connect resources vertically and horizontally.

Table 10 Summary of research results (continued)

	Core theme	Sub-theme (from the observation of 25 variables)
Aspect (PPP)	III. Interdependent paths and connected dots	12. Life experience is related to the coffee industry.
		13. The business which they attempt to develop in the future is related to the coffee industry.
		14. Exploring yourself and thinking from other people's perspectives.
		15. Paying attention to the development of industrial technology and new technology.
Process (SST)	IV. Open senses to turn things into those of "your own".	16. Aware of the advantages of complementary collaboration with suppliers to keep abreast of the latest information early.
		17. Both "uniqueness" and "alignment with market demand" are taken into account.
		18. Putting forward a business model based on consumer needs and providing customized services in alignment with market demand.
		19. Vertical integration creates interlocked integration.
Process (SST)	V. Decision at the right time and right place to win over consumers while with an open mind.	20. Withdrawing from the front line, with the efficiency of normal operations relying on machines.
		21. Creating a joyful environment, understanding employees' desire for entrepreneurship, and having an open mind.
		22. Because of the small scale, the products are diverse, and the response to difficulties can be more flexible.
		23. Cross-industry collaboration and careful selection of partners.
		24. Supervisory capabilities are demonstrated in the spirit of the specialty coffee industry.
Process (SST)	VI. Insistence on details, maintenance of flexibility, and constant improvement	25. There are no secrets in the coffee circle, and only capabilities cannot be copied.

Source: Compiled by this research

5 | Discussions

This research aims to analyze their dynamic capabilities from various perspectives through in-depth interviews with Taiwan's top baristas to piece together references for entrepreneurs who wish to step into the specialty coffee sector, thereby reduce their chance of failure in the highly uncertain and competitive coffee

industry as a contribution of this article. The "PPP" is the three aspects of dynamic capabilities proposed by Teece et al. in 1997. We use the "PPP" to analyze our research results by defining the "PPP" as the three basic dimensions along the progress of dynamic capabilities. The "SST," the micro basis of dynamic capabilities put forth by Teece et al. in 2007, observes the demonstration of

dynamic capabilities by looking at the operation details. As a result, we define the “SST” as the three advanced capabilities along the progress of dynamic capabilities. Lastly, we have some findings that were mentioned by those World Coffee Champion winners but not mentioned in Teece’s research and that are the demonstration of capabilities at the spiritual level. As a result, we define our findings as the demonstration of the three spirits. The researcher divided specialty coffee baristas’ dynamic capabilities into three elements: three dimensions, three advanced procedures, and three spirits, as described below.

I. Three dimensions:

1. Enthusiasm and talent

- (1) Enthusiasm and talent: If you can perceive that you have talent for a skill, can do it naturally, without pleasing anyone deliberately, and enjoy doing it while other people find it tough, you will be more able to inspire enthusiasm and persevere. Thus, enthusiasm and talent are the key to a greater chance of success.
- (2) “Practice” with “improvement” included: If you do not make improvement, practicing 10,000 times would be just useless and wasting time and energy. Therefore, in the process of managing threats and reconfiguration, the specialty coffee baristas should not only keep practicing in the process but should also know what should be improved.

2. Interlocked links

- (1) Entrepreneurship is the same as participation in competitions: When you choose a competition that you are familiar with and beneficial to you, the chance of success will become higher. Coffee competitions are the same as

running a cafe; when every links are interlocked, synergies will be created.

- (2) Not only “trophies” but “word-of-mouth reputation”: Because there are constant ups and downs in the process of creation, trophies are certainly helpful, but your business will only become more robust with a sense of trust developed through your word-of-mouth reputation.

3. Inertial forces

Interdependent paths and connected dots: There will be traces in history. You should make good use of what is brought by the inertial forces.

II. Three advanced procedures

1. Thinking from other people’s perspectives

- (1) After “seeing yourself”, you must be able to “see other people”: Because of the experience of winning international competitions, the specialty coffee baristas know how to think from other people’s perspectives, so they have a significant ability to identify opportunities in their career life.
- (2) The balance between “human touch” and “machine efficiency”: Because of the experience of winning international competitions, the baristas can perceive that the intangible feeling of coffee is based on interpersonal interaction rather than the physical temperature. They tend to let their baristas talk to customers and to adopt high-tech and high-quality machines to maintain stability and to create operational efficiency.

2. Dominant position:

- (1) To be “the only” and not just the “one of”: On the front of the performance of a business model, the baristas has realized from their past experiences in the

competitions that when they cannot outdo other competitors by “becoming better”, they can outshine them by “differentiating themselves” to dominate the trends.

- (2) Balance between “uniqueness” and “stability”: The baristas are clearly that only a profitable dream will guarantee sustainable operations, so they can seize opportunities. The business models selected are to strike a balance between uniqueness and stability. They do not innovate for the sake of innovation, and will not strive to highlight their uniqueness while getting out of touch with market demand.
- (3) Insistence on “quality” in the pursuit of “efficiency”: They do not only focus on efficiency; instead, they focus on developing the core value of their cafes, so they have striven to create intangible and valuable brand value to maintain their leading positions in the market.
- (4) Meanwhile, they have converted their “personal fame” into “advantages to their team” at the right time:

Because the specialty coffee baristas know how to position themselves as directors rather than actors/actresses, to transfer their personal fame to their teams consciously, so they have seized the opportunities to dominate the trends.

3. Flexibility

The trade-off between “flexibility” and “scale”: Aware of the momentum and the perseverance spirit from being the “small scale”, so the specialty coffee baristas have managed to maintain a high degree of flexibility and the restructuring ability in the process of business growth; as such, flexible adaptation has become the norm, and the team enjoys the process because there are constant changes all the time.

III. Three spirits

Under the interview outlines based on the dynamic capabilities theory, the existing theories are proved by the conclusions above; meanwhile, the researcher discovered that some variables might not be in alignment with the theories, while having some noteworthy discoveries at the level of spirits. The baristas know that success is achieved by doing the right things constantly; therefore, the researcher believes that there are three spirits from the specialty coffee baristas’ dynamic capabilities that can be summed up independently, namely all-in, belief, and mind.

1. All-in

A brand that is built whole-heartedly: The partners should agree with long-term collaboration as the premise, and they do not accept the mindset of just giving it a try.

2. Belief

Don't forget your belief to respect your dream: “Capital” is very important, and “dreams” must not be forgotten. Choose partners carefully and know how to refuse other people when necessary, so that you can stick to your own views to move toward your dreams.

3. Mind

- (1) An open mind: You should have the demeanor of a master and understand your employees’ desire for entrepreneurship.
- (2) Peace of mind: You should be aware that “a team that suits you” is more exhilarating than “the strongest team”. When specialty coffee entrepreneurs can build a team that suits them most rather than the strongest team, they will feel most comfortable with peace of mind, and they can face all the setbacks calmly.
- (3) There are no secrets in the coffee circle: You should be happy to share because your skills and techniques cannot be stolen. The researchers summarized the above

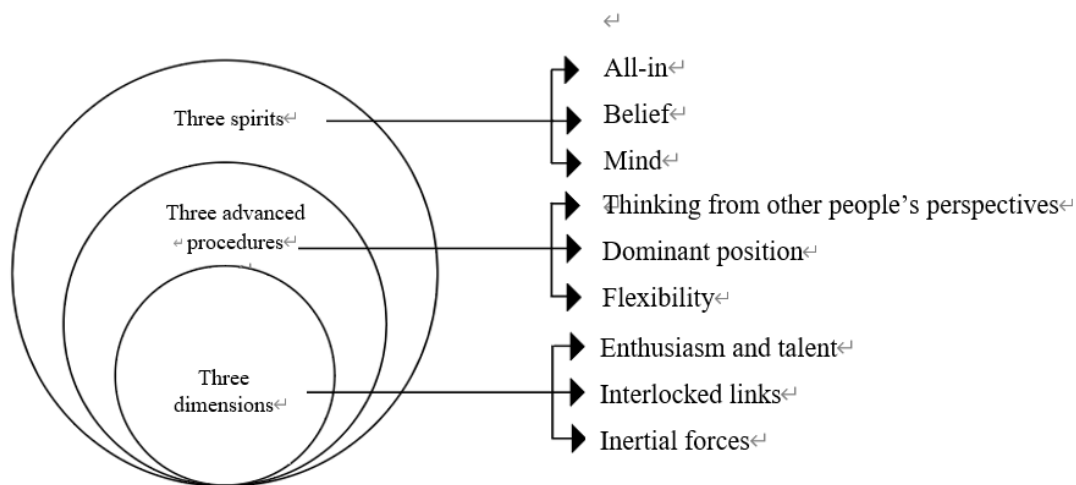


Figure 1 Three elements of dynamic capabilities for specialty coffee entrepreneurs

In summary, the baristas have created the following synergies with the above-mentioned trade-off and balance between the various aspects: “Interdependent paths and connected dots to lead to interlocked integration”. Entrepreneurship is the same as participation in competitions. When you choose a competition that you are familiar with and beneficial to you, the chance of success will become higher. Coffee competitions are the same as running a cafe; when “integration”, “collaboration ability”, and “professional technical ability” are interlocked, the synergies will be created. However, this research has encountered some limitations as follows:

I. Limited interviewees

As the WCE is a relatively large and indicative event in the coffee industry, it is very difficult to win the championship. Currently, there are only four baristas in Taiwan who have won the championship, and the number is relatively small, so it is one of the limitations in this research.

II. “Capabilities” are not easy to be measured

As the main purpose of this research is to observe the shaping process of top baristas from the perspective of dynamic capabilities, and capabilities are more difficult to quantify specifically, so this is the second limitation of this research.

Table 11 Description of the specialty coffee entrepreneur matrix

Axis (Dimension)	Y-axis (Height)	X-axis (Width)	Y-axis and X-axis (Depth)
Considerations	Passion	Talent	The Synergy Achieved (Depth) when X Equals Y (Width/Height)
	Dream	Capital	
	Suitable team	Powerful team	
	Trophy	Word of mouth	
	Seeing yourself	Seeing others	
	Personal nimbus and mindset	Teamwork	
	Thinking	Practice	

Table 11 Description of the specialty coffee entrepreneur matrix

Axis (Dimension)	Y-axis (Height)	X-axis (Width)	Y-axis and X-axis (Depth)
Considerations	Flexibility	Scale	The Synergy Achieved (Depth) when X Equals Y (Width/Height)
	The only one	One of a many	
	Human touch	Machine efficiency	
	Uniqueness	Stability	
	Brand	Quality	

6 | Research conclusions

This research discovered that the title of the world championship is of great help to their coffee operation whether they won the championship before starting a business or started a business before winning the championship. Specifically, the fame of the world championship has a positive effect on their business, and their abilities to put themselves in the spotlight in the market with many masters have also positive influence on their coffee business, and who they try to cater to has switched from the judges to consumers. Therefore, the researcher put forward a dynamic capability matrix of specialty coffee

entrepreneurs (Figure 2) and make the following research conclusions: The greatest synergies that Taiwanese specialty coffee entrepreneurs can create under the balance between “uniqueness” and “market worth” can be divided into four levels: worker, craftsman, expert, and master based on different capabilities and experiences. The researcher has defined that what specialty coffee entrepreneurs need is a demonstration of synergies, which are created under the balance of uniqueness and market worth, and has divided the role of entrepreneurs in the industry into four levels according to their capabilities demonstrated. The closer to the upper right corner, the stronger the integration capability, and the more successful the entrepreneurship.

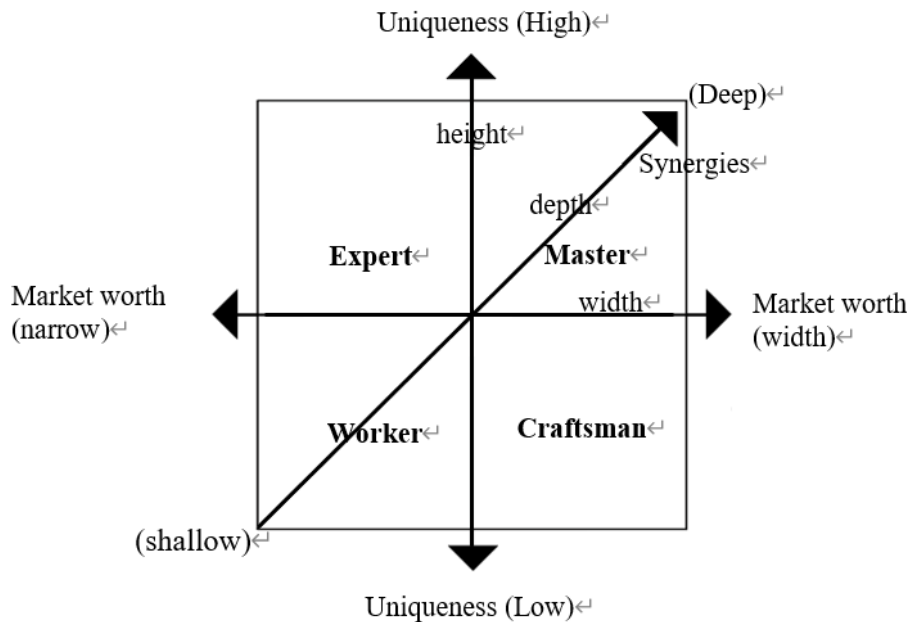


Figure 2 Specialty coffee entrepreneur matrix

I. Matrix description

The specialty coffee entrepreneurs create synergies under the balance between “market worth” and “uniqueness”.

1. X axis: Market worth (width)

- (1) Definition: Efficiency (quantity) of creation; the more to the right, the greater the tangible market worth.
- (2) Description: The breadth of involvement is the cornerstone of the capability to perceive and seize opportunities. Only by opening the senses, learning constantly, being able to consciously discover what should be improved, and transforming it into positive energy at any time, can it be transformed into profitable operational efficiency.

2. Y axis, uniqueness (height)

- (1) Definition: The ability to create differentiation and uniqueness (quality); the higher, the more difficult to replace

intangible worth.

- (2) Description: Although the coffee industry does not have the specific unique skills/techniques as in the technology industry, it has soft power hidden behind it. Therefore, the depth of skills/techniques and expertise in various aspects presented in the business model will differentiate a cafe from others due to uniqueness and differentiation, and it is difficult to copy it in the industry.

3. Synergies between the X and Y axes (depth)

- (1) Definition: The synergies created from the trade-off and balance between the width and the height. The more right on the X axis and higher on the Y axis, the greater the synergies of quality and quantity, and the more likely to have a differentiated business model in line with market needs to maximize the synergies.
- (2) Description: No matter how many skills the baristas have, they will eventually

redirect their focus back to market needs. When they are able to find the most suitable model from the efficiency and uniqueness to reach the best state, they are more likely to win over end consumers.

II. Managing Signification

When specialty coffee entrepreneurs know where they are in the matrix, they should play their roles accordingly in the organization. It is also true for interviewee C, who said that he/she became aware that he/she should draw back, and for interviewee D, who said that he/she became aware that he/she was a director as opposed to an actor/actress. When judging from the matrix, if you are at the “Worker” stage where there has yet to be any relative market worth, you should keep your business small to pursue quality, because small scale means large flexibility; it is advised that you formulate an agile and flexible corporate foundation and culture at this stage, i.e., you should pursue quality before pursuing quantity, go vertical before going horizontal, and seek the small before seeking the large, to form a flexible culture. When you are at the “Craftsman” stage where quality is so obvious that products can be massively produced, you should scale up your business on condition that flexibility and agility be maintained, i.e., you should be able to make an elephant dance at any time. When you are at the “Expert” stage, you should be able to pursue market worth while streamlining your over-reaching ambition to form a precise goal; not doing so may make your organization operate in vain because there is a lack of a specific goal, and may also make your organization invest resources in the wrong areas, which will require more resources invested to improve the performance. When you are at the “Master” stage, it means you have attained proficiency in all respects; it’s time you take a back seat

and let your team play the game. In summary, in a diverse and ever-changing environment, a business’s capabilities to integrate, extend, and innovate existing resources are the principle of creating competitive advantages and creating values. Because of the ever-changing market and environment, along with the lack of brand advantages of cafe chains, independent specialty coffee shops can adopt progressive planning to achieve their goals in terms of organizational structure.

The key research conclusion put forward by this research is the “specialty coffee entrepreneur matrix”. Its significance is to allow entrepreneurs who wish to step into the specialty coffee sector to examine their own positioning before entering the industry, and provides a basis to follow during entrepreneurship. If specialty coffee entrepreneurs can refer to the main thoughts of those world barista champions in the process of entrepreneurship as a direction of progress, they will be able to improve their business more efficiently. An approach with a bigger chance of success can be adopted to realize dreams. With awareness of the gap between the differences in the specialty coffee sector and its market worth, if greater synergy can be created in each variable, the chance of success will be greater. This is the value and contribution of this research.

Owning a cafe is the dream of many, but this dream can be realized only by creating a cafe that creates value. An approach with a bigger chance of success can be adopted to realize dreams. With awareness of the gap between the differences in the specialty coffee sector and its market worth, if greater synergy can be created in each variable, the chance of success will be greater. With the exceptional world barista champions sharing their experience, this research has made a

contribution to those who dream of starting their own specialty coffee business.

III. Future research suggestions:

A successful coffee brand and a popular coffee shop can think about the factors of success from a variety of angles and perspectives. This research, considering the time, scale, and scope of the research, has selected this aspect for evaluation without losing focus, so there are still limitations. It is suggested that researchers who are interested in entrepreneurship in the specialty coffee industry can extend the subsequent relevant research projects.

(1) Increase the size of research interviewees

Since the international WCE event is an annual event, and specialty coffee will receive more attention. Researchers can continue to pay attention if there are new WCE championships or more indicative events or certifications Taiwan in the future.

(2) Manage to quantify the “capabilities”

Researchers in the future can quantify the various variables of this research, list the vast number of independent specialty coffee entrepreneurs as research subjects, and turn the four levels of the matrix into more detailed materials for research, while examining the existing specialty coffee cafes in Taiwan to explore the linkage between their operating condition or scale and dynamic capabilities, and thus creating a practical scale, with greater reference value for the industry.

(3) Study the “business model” issue of the specialty coffee industry independently

In the end, the academic research of strategic management must return to the examination of market worth. It is suggested that researchers in the future can list and discuss the specialty coffee shops’ abilities to set up a business model from the

dynamic capabilities independently, and examine them one by one with relevant theoretical frameworks of business models, such as business model canvas and other tools. Furthermore, researchers can combine the above suggestions to explore different considerations of business models at different levels of capabilities and positioning and conduct cross-verification to have more specific and practical suggestions for businesses at each level.

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