

Starbucks corporation's business culture

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The paper " Starbucks Corporation's Business Culture" is an excellent example of a case study on business. Business is so good for Starbucks, as reflected by the overall revenue increase to \$16. 4 B in 2014. The stores that are 13 or more months old accounted for 6% of the revenue. The revenue growth was fueled by a 3% increase in the number of transactions and a 3% increase in average ticket. In 2014, there was a 25% increase in profitability. For the fiscal year 2014, Earnings per share (EPS) increased to \$2. 71 compared EPS of \$0. 01 in fiscal 2013. Starbucks was able to return \$ 1. 6 B in dividends and share repurchases to shareholders. The increase in both operating profits and EPS was primarily driven by lapping the \$2. 8 B Kraft litigation charge in the prior year, coupled with lower commodity costs and sales leverage. Starbucks will continue to perform well in 2015 due to an acquisition of Starbucks Japan and the addition of about 1, 650 new stores (Starbucks Corporation). They expect sales revenue growth of 16% to 18%. However, they expect a slight decline in the operating income when compared to fiscal 2014 due to the slightly dilutive margin impact of the Starbucks Japan acquisition. They expect high growth in EPS from \$0. 43 to \$0. 49 (Starbucks Corporation 5-36). Starbucks's global international expansion has some advantages and disadvantages. The China market is so important to Starbucks because of the increase in sales, net revenue and operating income in this market reflect the growth and excellent performance of new stores in the region. The China/Asia segment thus has the potential to contribute significantly to the company's overall profits in the future. Expansion to India will be equally bear desirable results as the other neighboring markets. In Europe, however, Starbucks is struggling because factors affecting the success of Europe stores and licensees are

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different from those in the US. Additionally, the stores in Europe are at an early stage of development, hence bombarded with stiff competitions and other factors. Starbucks supply chain has greatly improved global business by helping the company get high-quality raw materials from a broad range of domestic and international markets. The distribution channels have helped to distribute finished products on time. There is a challenge to ensure that suppliers and distributors comply with the set standards to ensure the smooth running of the business (Starbucks Corporation 5-73).

Howard Schultz is a great inspirational CEO. He had left Starbucks for a short period to begin his own Il Giornale coffeehouses. However, in August 1987, he returned to buy Starbucks. According to Schultz and Gordon, he always advocates striking a balance between profitability and corporate social conscience (25). Social responsibility helps the company to reflect on the extraordinary efforts that coffee beans farmers put forth in preparing the farm produce. It also demonstrated how the business cares for people that depend on it for their livelihood. Howard initiated “ Create Jobs for USA” to address the issue of unemployment among the youths and as a form of giving back to society.

Starbucks is considered as one of the best corporations to work for. The work environment is satisfying since it gives all employees equal opportunities to express their feelings and ideas and be part of their success story (Marahão and Carrieri 23). It focuses on building relationships with its employees and enable them to achieve professional growth. Starbucks has made careers so appealing by offering handsome pay that is tailor-made to cater to each employee’s needs. They value recognition by promoting and giving prestigious titles and significant benefits to high-performing and long-serving

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employees. Some employees are referred to as partners since they help them achieve their goals due to high performance and staying longer in the company (Starbucks Corporation).

As a customer at Starbucks, I like the sweetness of the Starbucks Caramel Iced Coffee brand. I am emotionally connected to the brand because of the rich brown color and the coolness it offers during a hot afternoon. The social consciousness of Starbucks draws me even closer to the brand. They value farmers who work tirelessly to produce coffee beans. They appreciate workers who are behind innovative products. Their customers have not left behind since they take care of their needs and preferences.