

# Starbucks – operational limits and the financial crisis

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Starbucks Corporation is one of the dominating coffee brands in the international market. The company focuses on providing customers with outstanding beverages by utilizing highly trained employees and creating a hip and cozy setting for customers. The importance that Starbucks puts on its customers gives them an advantage over their competitors, both in the domestic and international markets [ 1 ]. Starbucks has been successful in conquering the coffee industry, with an international brand presence and a solid consumer base around the world.

However, with the looming financial crisis that has hit the globe, Starbucks has been affected and has decreased operations in several countries. Chief Executive Officer of Starbucks Corporation, Howard Schultz, has focused on the safety and strengthening of the company's business, in the long run, removing the spotlight on quarterly profits and sales [ 3 ]. The company has closed over 900 stores around the globe and has reduced its workforce by around 15, 000 employees in recent years.

Schultz's plan aims to reduce operational costs by nearly \$500 million [ 2 ]. Schultz believes that Starbucks' current strategy will pay off in the long run. I believe that Schultz has made a wise decision in reducing operations in lieu of the global crisis. Given that I was in the same position, I would have utilized the same strategy. Although Starbucks has a very solid grip on the coffee market, the safety of the organization is not assured because of the uncertainty of the market.

Setting a boundary on the organization by limiting the number of operating branches around the world has allowed Starbucks to survive the crisis relatively better than other firms. Ultimately, Starbucks is prepared to take

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the necessary precautions and measures to make sure that it remains one of the leading providers in the coffee industry.

## References:

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