

# Starbucks expansion to chicago case studies examples

[Business](#), [Company](#)



The paper covers ways in which the four phases of emergency management are applied to Starbucks. The phases help the Starbucks Crisis Management to provide concise and clear guidance in the event of the crisis. During contemplated expansion to Chicago, Starbucks nature of business changed and became a challenge and created daunting new human resources dilemmas. According to Starbucks culture, the workforce must be proud and educated. Therefore, when it comes to expansion of a new Starbucks business, the company always shifts some of its effective HR staffs.

However, this was contrary to their expectation in Chicago. It was a core issue to be dealt with. It was hard to afford local HR staffs and. Therefore, there was a need to reside expertise from Seattle headquarters.

Nevertheless, this was unmanageable to transfer the core organizational culture, skills and values to new employees, as well as their supervisors. This is because the HR staffs were drawn from a different culture, and were unfamiliar with the organization. The challenge became more difficult in training staffs from thousand miles away and ensures quality of new organizational structure is maintained in the same level in Chicago. This resulted to a transition that is inevitably being an increase of stress and intensity.

When Starbucks shifted into disequilibrium conditions, there was a need to apply amplifying actions as emergency management. One of the unexpected sources of stress in the Starbucks business in Chicago was infamous winter. Winter in Chicago is a long cold season that causes hindrance of potential customers from walking from their houses. This is a threat that was well known by competitive retailers who were already in the area. On the other

hand, stress was increased by higher than expected costs. The higher overhead expense came from employee wages, basic supplies and store leases which went beyond starting capital budget. Eventually, mounting losses were overtaking the Starbucks business in severe downward spiral. The company lost more than \$2.25 million in financial years. The financial losses continue to mount, and operational problems increased and became more pronounced in Chicago expansion. The first two years of established Starbucks incur losses in Chicago expansion. The management could not prove that their decision of transferring their HR staffs was not transportable throughout North America.

Afterward, the company came into a conclusion and introduced experiments that amplify change in the Starbucks business. The company initiated new opportunities which were recognized and amplified in the system of management. For instance, in Starbucks's ecology of innovation there is the specific method of storing and shipping coffee beans. After facing the critical situation in Chicago, the head of retail operations experimented with the company's pricing and product mix. He raised the prices for beverages as well as focusing with customers' attention on café lattes and cappuccinos. This attracted first-time buyers more than the prior services that were offering of stronger drip coffee. The head of retail operations also increased employee wages, altered HR rules, and made other several changes in the business. He targeted a working force that is required by the Starbucks culture, and the workforce became proud to work and making decisions that are reliable with what their partners expected of them.

The company introduced another experiment that was extraordinary bold

commitment of using word-of-mouth marketing strategy wholly in its new Chicago marketplace. The strategy was recognized later as a success and was absorbed to every store that Starbucks was opening. The company also initiated a series of importance and fresh initiatives that would be focused on employee motivation and retentions. Starbucks targeted to operates with a happy workforce that would deliver good services to their customers. The company introduced more money on workforce and became the only private company to give its employees full health benefits to its all part-time workforce. In addition, Starbucks also offered full medical benefits for its workforce who suffers from different diseases. With the knowledge that not all organizational experiments will work, Starbucks tried to branch out into mail order distribution as a way to supplement customer retention. The company created a new organizing systems and structures within the rapidly growing business in Chicago. These resulted to Starbucks attaining new face and sustaining momentum and thus became a national business.

In conclusion, there were several things that Starbucks expansion to Chicago had not considered. According to Starbucks' culture, the company must have strategies that would attract top people to be eager to work for the company and be committed to excellence. It is advisable to create a friendly environment for the workforce by motivating them and employee retention policy. Second, the organization management must accept the local culture and believe in local staffs that are well aware of the climate changes or environment conditions of the area. For a business to be stable, it must have environment leadership in its all facets. Lastly, the company must understand environment issues and be ready to share information with its

partners, develop innovative and flexible solutions that will bring about changes.