

Starbucks company



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BUSTER**

Starbucks Company Starbucks Corporation, Washington based coffeehouse chain, is the largest coffeehouse company of the world. The business started in early seventies when Jerry Baldwin, an English teacher, Zev Siegel, a history teacher, and Gordon Bowker, a writer opened the first outlet called "Starbucks Coffee, Tea, and Spice" with investment of \$1, 350 each, and they had borrowed \$5, 000 more from bank (Auch-Roy, 3). Today, Starbucks Corporation is a huge profit making company in coffee business, earning in excess of \$600 million in 2004. The financial status of the company is firm. The net income for financial year 2010 was US\$ 945. 6 million (Please see Appendix). Everyone is afraid of the economy drowning. The action for survival remained one of most important inside issues at Starbucks. Two years back, the company declared to close down overall three hundred stores and cutting more than six thousand jobs. Moreover, the pay cut and declined bonus of the higher executives were other marks of the crisis. At the same time they got reputation for development of new products and creativity. The availability of the branded coffee in several grocery chains is a remarkable creative effort. In collaboration with Kraft Foods the products were distributed in grocery markets. Starbuck has ended the long term contract, and announced the partnership with Green Mountain in order to improve their business. Moreover, the Starbucks are exposed to rises. The rising cost of coffee and dairy products are another challenge. However, the executives of the company failed to see certain facts. The products and services offered were not fit for the characteristics of market. The customer dissatisfaction issue is yet another problem. If retail is all about customer relationship, retail of Starbucks simply not attractive in present market. The current marketing strategies do not necessarily meet its objectives. That

reflects the inside state of affairs. Starbucks turns out to be the largest coffeehouse chain with an ever increasing passion of serving quality coffee and exotic tea. Financial Highlights: Starbucks (Yahoo Finance) Fiscal Year Fiscal Year Ends: Oct 3 Most Recent Quarter (mrq): Jan 2, 2011 Profitability Profit Margin (ttm): 9.61% Operating Margin (ttm): 13.10% Management Effectiveness Return on Assets (ttm): 13.74% Return on Equity (ttm): 28.35% Income Statement Revenue (ttm): 10.94B Revenue Per Share (ttm): 14.68 Qtrly Revenue Growth (yoy): 8.40% Gross Profit (ttm): 6.25B EBITDA (ttm): 1.97B Net Income Avl to Common (ttm): 1.05B Diluted EPS (ttm): 1.37 Qtrly Earnings Growth (yoy): 43.50% Balance Sheet Total Cash (mrq): 2.05B Total Cash Per Share (mrq): 2.75 Total Debt (mrq): 549.40M Total Debt/Equity (mrq): 13.53 Current Ratio (mrq): 1.74 Book Value Per Share (mrq): 5.41 Cash Flow Statement Operating Cash Flow (ttm): 1.61B Levered Free Cash Flow (ttm): 997.86M " Works Cited" Auch-Roy, Herve, R. The Starbucks Corporation: Past, Present and Future, Starbucks Corporation Case Study, New York: 2004. 3. www.calarosbay.com/files/StarbucksCaseStudy.pdf (Web-link) Starbucks Corporation (SBUX) Stock Quote and Charts Financial Statistics Data Source: Yahoo Finance