

Starbuck's strategy essay



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Assignment 1: Starbucks' Strategy Starbucks' Success - More than Java!

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Miller Jr. July 21, 2013. Suggest the key elements of Starbucks'

organizational culture that contributes to its success in a global economy.

Indicate management's role with creating and sustaining the organizational culture.

The Starbucks Corporation presents a strong appeal for potential customers and employees because it has a strong organizational culture based on its values, which include "ethical sourcing, environmental stewardship and community involvement" (Being a Responsible Company, 2013). These values embody many cultures and Starbucks has incorporated them into their business model so they reach every corner of their organization. These values influence all Starbucks' business decisions including who they buy coffee beans from, as well as how they do business. They only purchase from countries that practice fair trade and use recycled materials. (Being a Responsible Company, 2013). Because these values are engrained into the culture of the organization, they have a global reach that expands outside the walls of Starbucks and spread to the communities that they serve.

One example is their Ethos Water product that helps fund clean water initiatives by giving \$.05 of every \$1.80 to underdeveloped countries (McPherson, 2013). These types of initiatives come from strong core values which are the major factor contributing to Starbucks' global success.

Reviewing Starbucks' organizational culture reveals they are inclusive of all ethnicities and cultures and they have successfully implemented their tactics

into an appealing model. Their company motto and principles guide this model and support their vision of offering a unique lifestyle experience for their customers from all over the world. If management merely follows the corporate guidelines and governance developed by Starbucks leaders, they can maintain this culture. On Starbucks website, the first statement made about their company is “ To say Starbucks purchases and roasts high-quality whole bean coffees is very true. That’s the essence of what we do – but it hardly tells the whole story” (Our Company, 2013). It is clear the Starbucks’ appeal starts with its well-recognized, high quality product.

Starbucks’ mission and principles expand to tell the rest of the story. Their mission states “ to inspire and nurture the human spirit – one person, one cup and one neighborhood at a time” (Our Starbucks Mission Statement, 2013). They follow the mission with six guiding principles meant to govern the key elements of their business. These six factors include their coffee, partners, stores, customers, neighborhoods, and shareholders. These set the foundation for Starbucks’ organization culture and guide Starbucks’ managers.

Starbucks has a detailed organization chart with several levels of managers. This helps guide the structure of the organization and puts in place decision makers at each level starting with the baristas, up to shift supervisors and then to the assistant store manager and store manager, and finally to the district and regional managers. Each level is given specific guidelines for their decision making powers. As mentioned on their website, “ working in a Starbucks store is different from any other job (Retail Careers, 2013).

Baristas are considered the face of Starbucks making their role extremely important (Retail Careers, 2013). Shift supervisors “ help direct work on the floor. Running a shift, leading a team, and making decisions that impact store operations” (Retail Careers, 2013). Assistant store managers are typically learning skills to become actual store managers and store managers are on the “ front line, connecting with customers and partners” (Retail Careers, 2013). Through each of these levels, Starbucks has created models in order to give specific guidance to managers to assist them in performing their duties, both ethically and unbiased. These decision making guidelines are based on Starbucks values and principles and are meant to help employees make unbiased decisions.

Starbucks understands that if people have inaccurate perceptions, they can make poor decisions. (Goldstein, 2006). So, they have created guidelines that both direct employee behavior, as well as shape corporate perception. Because Starbucks understands perceptions can affect decisions, the models help standardize the decision making process in order to always get a satisfactory result. These models organize the decision making process into steps which “ identify a need, create a process to determine what will satisfy the need, identify matches to the need, then help make a decision based on what best matches the need” (Robbins, 2005). In addition, these models try to shape moral and ethical decisions as well as focus on the rights of individuals and social justice.

Starbucks uses what they call the “ Ethical Decision Making Framework” to guide the models (Business Ethics & Compliance, 2013). In order to be transparent Starbucks posts the framework and all of the models on their <https://assignbuster.com/starbucks-strategy-essay/>

website (Business Ethics & Compliance, 2013). If Starbucks' managers simply follow this guidance, they will be successful and Starbucks will continue to be a successful corporation. 2.

Assess the effectiveness of Starbucks' management decisions in providing innovative offerings for its customers (e. g. , WiFi, style of coffee, etc.) in order to achieve its current competitive marketplace advantage. Provide support for your rationale.

One of Starbucks decision making guidelines gives their Baristas the authority to offer customers many choices. Starbucks employees are not called employees, but Partners. Being a Starbucks Partner" is not just a word to the employees at Starbucks it is the relationship they have to each other and how they work together to enhance their customers lives. (Working at Starbucks, 2013). Along with this personalized customer service, Starbucks has enhanced their stores to include appealing offerings that allow customers to enjoy a pleasant experience every time they walk into a Starbucks. These extras include Wi-Fi, a digital network, music, books, mobile apps, entertainment, and comfortable chairs.

Along with great coffee and food, these extras add to the ambiance and entice customers to come and stay for a while. Starbucks' has made it their mission to create a unique experience for their customers by providing these extra innovative offerings. These added features are what set Starbucks apart from other coffee shops. Customers go to Starbucks for more than a cup of java. They go to Starbucks to meet a friend or colleague, to check

their email or go on the internet, to take a break from a busy day, to recharge, to study, to read, to listen to music, or just to relax.

Creating this atmosphere where customers feel comfortable just “ hanging out” is how Starbucks has carved out a competitive market advantage. 3. Determine one (1) key management competency that a successful manager at Starbucks is likely to have. Indicate one (1) way in which this particular competency is a good fit for the organizational culture. With Starbucks emphasis on its organizational culture and ethics, I think that a key management competency of a successful manager would be to have authentic leadership abilities.

When using this term, I am referring to someone who projects integrity and respect and leads with it. The Hay Group defines authentic leadership as “ acting with integrity in interpersonal and organizational practices, and treating everyone with respect regardless of their background and which group they represent” (Government of the Northwest Territories Management Competency Model, 2012). I believe the current CEO, Howard Schultz has this quality and I believe he would want all his managers to have this. Howard Schultz was recently quoted as saying to anti-gay marriage stockholders, “ You Can Sell Your Shares” (Allen, 2013). This is an indication that he is an inclusive leader and does not discriminate against others.

He went on to say, “ Not every decision is an economic decision. Despite the fact that you recite statistics that are narrow in time, we did provide a 38% shareholder return over the last year. I don't know how many things you invest in, but I would suspect not many things, companies, products,

investments have returned 38% over the last 12 months. Having said that, it is not an economic decision to me. The lens in which we are making that decision is through the lens of our people. We employ over 200, 000 people in this company, and we want to embrace diversity.

Of all kinds" (Allen, 2013). I think it takes a high level of respect for others to come out and say this. Managers with this same type of respect for others who are different would fit in well at Starbucks. Being authentic also includes acting with integrity, which means being honest with others and behaving consistently with the vision, principles, and values that are important to the people you associate. Managers with this quality would be more apt to act based on their core beliefs when encountering difficult ethical dilemmas. Based on Starbucks' values and principles, a manager who exhibited an authentic leadership competency, with both integrity and respect would be a good match for Starbucks.

4. Speculate on whether Starbucks would achieve long-term sustainability as a global leader in the coffee industry without the organization's CEO, Howard Shultz. The vision of Starbucks' CEO, Howard Shultz has helped lead the company to becoming a global leader. He recently led the company to open up the first new community store in Thailand after 15 years of success with Starbucks Coffee in Thailand (McPherson, 2013). This is just one of his recent global accomplishments out of many.

It is clear that his leadership at Starbucks is the reason they are now a global leader, but I don't necessarily believe if he left they could not achieve long-term sustainability. One of the reasons he has been so successful is that he

has put detailed policies and procedures in place to ensure his vision is fulfilled at every level of the organization. Because Schultz has done so well at laying out and stating all of Starbucks' vision and goals for everyone to see, and for incorporating them throughout his organization, I feel he could find someone to take over and guide Starbucks when he steps down. I would recommend promoting someone who totally understands his vision, probably someone from within the company. References Allen, F.

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