

Starbucks' mission: aligned with its strategies

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



Is Starbucks' Mission (vision, goals, objectives) aligned with its strategies? Analyze Starbucks based on the strategic process outline and write a five page paper answering the preceding question. As I drove to work this morning, I decided to make a slight detour from my normal route to get a cup of morning goodness in the form of fresh coffee. I could have stopped off at the corner convenience store, smelt gasoline being pumped and the ring-a-ding-ding of the slot machines that frequent just about every Las Vegas establishment, but I was looking for a little more something.

I decided to drive an extra 30 seconds out of my way to go to an establishment that I knew would provide outstanding quality coffee, serve it with a smile, and provide an environment that was classy and warm. I decided to go to Starbucks. As I walked in, I smelt the fresh coffee grounds and heard a catchy song on the stereo. When the gal behind the counter greeted me with a big smile and asked, " What can I get started for you? " I knew I had made the right decision.

The Starbucks corporation has done an outstanding job since 1970 with the execution of it's strategic process resulting in it currently owning 40% of the specialty coffee market and boosting annual sales exceeding \$7 billion according to an article published by Burt Helm. Figure 1. Strategic Management Tasks According to the courseware there are five steps to be accomplished in the Strategic Management Process. See Figure 1 above. The one essential area that this graph excludes however is analysis. I will include this step in the following discussion. Mission Statement

From the Starbucks website we find that the Starbucks' mission statement is, " Establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles while we grow". The website goes on to say " the mission is more than words on a piece of paper but rather a philosophy that guides how we do business every day. " While the later half appears to be fluff and corporate jargon, it is actually relevant in the way the Starbucks conducts business daily. With this mission statement they have determined who they are and what they intend to do.

Breaking it down further we find that the key market is the coffee market, the contribution is to be the premier purveyor of the finest coffee, and that the distinction is doing all of this while maintaining their uncompromising principles. I will state the uncompromising principles as part of the objective area to follow. Analysis Starbucks knows that it is not in this market alone. In fact in some areas of the world it is already slightly behind. According to caterersearch. com, " in the UK Starbucks has been usurped by Costa Coffee as the UK's largest coffee shop operator, with 24. % (540 stores) compared to 24. 7% (555) for the Whitbread-owned chain". The article went on to say that the market continues to have huge growth, exceeding 15% per year. The courseware introduced one method of analyzing the market known as SWOT (Strengths, Weaknesses, Opportunities, and Threats). It was interesting to find the following chart, Figure 2, located in the Datamonitor Starbucks Corporation Company Profile. Figure 2. Starbucks SWOT Analysis This SWOT analysis invariably helped Starbucks with the next phase of the strategy process, that of objective setting. Setting Objectives

As mentioned earlier, Starbucks mission statement eludes to uncompromising principles. According to the Starbucks.com, these principles include: 1. Provide a great work environment and treat each other with respect and dignity. 2. Embrace diversity as an essential component in the way we do business. 3. Apply the highest standards of excellence to the purchasing, roasting and fresh delivery of our coffee. 4. Develop enthusiastically satisfied customers all of the time. 5. Contribute positively to our communities and our environment. 6. Recognize that profitability is essential to our future success.

While the Corporation calls these principles, and they are principles indeed, they also use these principles as a set of objectives from which they conduct their daily operations. A final objective that has recently come about from the Corporate Chairman Howard Schultz, is to ensure that the company does not forget its roots as it attempts to continue to grow. Schultz is aggressive. According to a Business Week article by Burt Helm, he would like to triple annual sales up to \$23 billion by the year 2012, and almost quadruple the number of Starbucks stores globally. This is smart.

He sees the strengths and opportunities of the SWOT analysis above and wants to expound on his global presence and take advantage of the continual 14-15% annual growth of the market. Schultz also knows that there are slowing US retail sales however. To counteract this he intends to preserve the old world feel of a coffee bistro. In order to keep up with the demand, Starbucks has had to modernize some of its procedures. Helm states that the company has had to sacrifice some of the old world feel and

incorporate the use of automatic espresso machines, vacuum sealed bags of coffee, CDs, and so on.

Schultz wants to minimize the watering down of what he calls " The Starbucks Experience". This is difficult in today's society in which most businesses attempt to get consumers in and out as quickly as possible and customers expect and demand the same, a phenomena known as " The McDonaldization of Society". Implementation and Execution of the Strategy Starbucks has implemented the principles and goals into daily operations. Looking through page after page of the Starbucks website, it is evident that the corporation has internalized these principles and uses them as guidelines.

Providing a great work environment has happened in a number of ways. Starbucks provides employees with training and education. One program listed on the Starbucks website is called, " Learning to Lead". In this program employees learn effective management practices. Another employee program is " Business and Communication" in which workers are offered a variety of classes to aid in their management skills. These programs allow for advancement and a sense of accomplishment by employees. They added together with company benefits are attempts by Starbucks to foster a friendly work environment.

Diversity is accomplished through the hiring process. Starbucks knows that it is important that every voice is heard, and in which employees strive to learn about one another. In doing this, the company ensures that no group of potential customers are alienated. Starbucks applies the highest standards in

freshly delivered coffee in a couple of ways. According to the company home page, Starbucks works with suppliers and farmers daily in an attempt to sustain high quality coffee production. In addition to this, a program known as "Coffee

Education" was put into effect in which employees learn the finer nuances of coffee, from aroma to taste, and as a result are better able to speak to customers about the gourmet products. The intent of this according to Helm, is to share Starbucks' passion for coffee and to make the coffee industry more like the wine industry. If Starbucks is able to make its customers connoisseurs of coffee, it can then stock and sell high end coffee for up to \$28 per pound. Starbucks knows that competitors such as McDonald's, Dunkin Donuts, or even the corner convenience store can't compete in this niche of the market.

Starbucks has had success with ensuring that coffee drinking is an experience. According to Jeneanne Rae, "80% of Starbucks' revenues come from customers who visit their stores an average of 18 times a month". This statistic alone tells us that the company is keeping its customers happy. The nice lighting, the plush furniture, the smooth music all aid in this endeavor. Rae goes on to say, "people will gladly pay more for an experience that is not only functional but also emotionally rewarding". Simply put, I could go to the corner store and get a cup of coffee for \$.50 and get my caffeine shot for the day. In this process however I may feel like I'm missing out on the finer things in life, "The Starbucks Experience". As a result, I will go out of my way, pay \$2 for a cup of coffee, and feel more satisfied. Starbucks also

strives to contribute positively to its communities and surrounding environments. It strives to be a friendly gathering place for locals. According to its website, Starbucks supports local organizations with cash and contributions as well as promotes art, culture, education, and environmental awareness.

The final goal of Starbucks is to be profitable and promote future success. It does this through taking care of its stakeholders. The Starbucks Code of Ethics for CEO and Finance Leaders states, " I am charged with ensuring that stake holders interests are appropriately balanced, protected and preserved". All corporate decisions are made with the preceding oath in mind. Starbucks will continue to have success in the coffee market due to its strong strategy. From vision statement, through SWOT, to implementation, and finally the execution of daily operations, it has been a synergistic effort.

This process has culminated in what has been coined, " The Starbucks Experience". Customers will take a five minute detour, just as I did this morning, to be greeted with a warm smile, receive a piping hot cup of java, all in a clean quant old world feel environment. Howard Schultz and his crew are well on their way to achieving their goals of 40, 000 stores and \$23. 2 billion in sales by the year 2012. REFERENCES Datamonitor Starbucks Corporations Company Profile, 25 Jan 2005. Retrieved 20 July 2007 from, <http://www.investor.reuters.om/data/files/Company%20Profile%20Sample%20for%20Reuters.pdf> Helm, Burt. 9 Apr 2007. SAVING STARBUCKS' SOUL; Chairman Howard Schultz is on a mission to take his company back to its roots. Oh, yeah-he also wants to triple sales in five years. Business Week.

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