

Starbucks growth applied to class knowledge essay example

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



Leadership is perhaps the most widely investigated field of organizational behavior. This is possibly due to the reason that leadership plays a pivotal role in influencing the dynamics of an organization. Even if an organization is bequeathed with more than adequate resources, absence of effective leadership will lead to the organization not being able to function effectively. According to many theorists of organizational behavior, leaders influence people and that leadership involves influencing people to work toward desired goals. This paper is an analysis of the leadership qualities of the Chairman and CEO of one of the world's best known coffee - Starbucks. In order to carry out this analysis, this paper analyses the book titled " Pour your Heart into It - How Starbucks Built a Company One Cup at a Time," the book that Schultz had authored.

A typical adult human needs one thing constantly and that is the ability to have people around listen and respect them. This comes from a very primal instinct of wanting to lead the pack and be able to provide that sense of security to them. Everyone looks for tips and tricks to be able to achieve this either consciously or otherwise. Often this is influenced more by the experiences one undergoes and recency and immediate relevance to daily work, life and play creates the need to learn. Howard Schultz, the current Chairman and CEO of Starbucks whose prosperity and fortune is self-made, grew in one of Brooklyn's housing projects, went on to study at Northern Michigan University and graduated as a Bachelor in Arts. He had later shifted to New York and started selling kitchen equipment and home appliances for a Swedish company before he successfully landed his first marketing engagement at a small coffee shop named Starbucks.

Schultz joined Starbucks around 10 years ago after its inception in Seattle in the year 1971. Starbucks was a built by three friends who were passionate about high quality roasted coffee. Initially, Starbucks was into selling roasted beans, but later, after Schultz return from a trip to Italy in the year 1983 where he fell in love with the local espresso bar culture and drinks, he wished to expand Starbuck's offering into espresso and other specialty drinks. This did not go well with the original founders as they started Starbucks as a roasting company.

According to Schultz, " Being a great leader means finding the balance between celebrating success and not embracing the status quo." Schultz feels that few of the decisions made in the process of growth and development of the company over the years have went wrong somewhere and hence the customer experience aspect has been ignored completely. One of the major strengths of Starbucks since its inception has been their untiring effort to make their merchandise an uplifting part of the daily lives of the people. Starbucks has become an example in using less of traditional advertising and had instead relied more on advertising of its image in order to endorse the success of its business (Kambell, 2002). However, Schultz feels that, as the company strived hard in pursuit of innovation, the legacy of the Starbucks brand as a small coffee has eroded.

Machiavellianism, Self-Monitoring and Risk taking behavior are the three significant qualities that can be noticed in Howard Schultz through which he has carried himself as a successful leader of the Starbucks community. The aforementioned qualities are justifiable. " Machiavellianism refers to the degree to which an individual is practical in his approach and believes that

ends justify means. Self-monitoring refers to the ability of an individual to adapt his behavior to the demands of the situation." Risk-taking refers to the extent to which an individual is prepared to take risks. People who are highly risk-taking in their behavior made decisions quickly.

Howard Schultz is an excellent leader. The most crucial and interesting factor about Howard Schultz is the commitment he has got towards the organization and also the employees. He seems to be strongly supporting the values and goals of Starbucks. The company's principal objective is to offer a finer level of customer service. One of their guiding principles in their mission statement states, " Develop enthusiastically satisfied customers all of the time (Starbucks coffee, 2008)". In the memo Schultz has written to his executive team he clearly mentions that the various decisions that have been taken in the process of innovation and brand building have totally ignored the concept of customer experience.

One of the most important strengths of Starbucks, Schultz feels, has been the company's numerous years of continuous effort to make its product an enriching share of their customer's everyday routine. Schultz feels that the company has been relatively efficacious in applying this strategy, which was done by expanding its distribution into convenience stores, retailers, supermarkets, movie theatres, airports, educational institutions as well as homes. Starbucks has shown the world how to utilize less of conventional advertising as the company relied heavily on marketing its brand image in various places as mentioned above, for promoting its achievement and victory as an organization . Starbucks is a meticulous and well-ordered innovator, and is known for its topnotch management and innovation time

line. Perhaps, these are among the predominant reasons behind the company's success in creation of steady and high levels of sales. Starbucks is known as an international brand as the company displays similarity across countries in terms of brand identity, position, advertising strategy, personality, product, packaging, look and feel. The company's package, symbols, and promotion are same all over the globe.

Schultz had built Starbucks and brand out of a unique experience; one that has fashioned a strong emotional bond with each of its customers. “

Starbucks may have started out as a " yuppie" or " lifestyle" brand but to reach its current size it had to become an " everyone" brand and it's also a brand which is “ affordable luxury.” The strengths that are required to become a successful manager are the use of interpersonal skills in discharging his role and also effective communication to meet the organizational objectives. Also very apparent evidence is the ability to infect others positively to meet the organizational goals.

The objective analysis points again to the same importance of interpersonal skills and communication that is used by the manager. In the swiftly changing contemporary business setting, stress has become a part of work life and the expectations from a job or a particular employee has also increased dramatically when compared to earlier days. Certainly, all these have an impact on employee and organizational performance. It is extremely imminent that a manager spends adequate amount of time in developing interpersonal relations while guiding his team to enhance their work quality as well as their performance.

Effective management essentially translates to doing the right things at the

appropriate time. In the backdrop of various organizational issues like downscaling, mergers, among others, the need of the hour for contemporary organizations is to have managers who are not just efficient but also are highly competent and resourceful. The managers' responsibilities in union with the constantly increasing competitive pressures have certainly intensified the need of high levels of effectiveness. " Efficient people do things right whereas an effective person does the right things. Effective managers, on the other hand, are both effective and efficient." The fundamental duty of managers is to manage people by coordinating effectively. Coordination and effective people management are the most important qualities of an effective manager.

In his role as the Chairman and CEO of Starbucks, Schultz displayed a few distinctive qualities. It was these qualities that set him apart from being a conventional manager and made him a true leader. According to Nelson and Quick there are three rudimentary principles that guide the process of leadership:

- " Setting a direction for the organization
- Aligning people with that direction through communication
- Motivating people into action, partly through empowerment and partly through basic need gratification"

Schultz exhibits these features in many ways in his performance as the Chairman and CEO of the company. In one of his quotes that was mentioned earlier in this work, he states " Being a great leader means finding the balance between celebrating success and not embracing the status quo."

Schultz demonstrates that his desire to set an appropriate direction for

Starbucks and his penchant to agitate for change and new tactics is one more leadership quality proposed by Abraham Zaleznik. Schultz strongly believes that being a great leader also means recognizing a path that needs to be taken while creating adequate confidence in the people, thus they follow the set direction and do not go off the track, which might be much easier. He also goes on to say “ that using effective communication to align his workforce down that path. In his road to accomplishing this feat, he is said to hold monthly meetings with his top managers in which he keeps the ambiance more informal than formal in order to allow the dialog between them to flow freely.”

Starbucks is devoted to contributing optimistically to the communities in which it carries out its business. The company identifies the relationship amid its success and the potency and vitality of the societies where it operates. “ At all levels of the Company; each and every employee strives hard to be superb neighbors and dynamic contributor of the society.” This kind of perception and commitment in employees at all levels can be noticed only if the top management motivates the employees and allows employees to participate in the activities of the company, here in our case it is the role played by Howard Schultz. This kind of orientation and commitment in the entire Starbucks family is surely because of the excellent leadership of Howard Schultz.

One of Starbuck’s primary objectives is to provide a superior level of customer service. One of their guiding principles in their mission statement states, “ Develop enthusiastically satisfied customers all of the time.”

Starbucks is considered as a famous global brand as it shows similarity

across countries in terms of brand identity, position, advertising strategy, personality, product, packaging, look and feel. The company's package, symbols, and advertising are same across all the countries.

The leadership style of Schultz is more a democratic style of leadership. This is because this style of leadership is alternatively called participative style of leadership. It is a leadership style in which the members of a team act in a participative style while making decisions within the organization. According to studies on leadership and organizational behaviour, this style of leadership is regarded to be the most effective because it results in increased levels of productivity within the organization, increased involvement from the team members along with increased morale.

Managers and Leaders at any level in either organizational or social or even church settings can pick up directions and as well hone themselves to lead their teams to higher and better levels of achievement. Schultz believes that if a leader breaks trust, people would not get influenced and the ability of the leader to stand up for a mistake and Maxwell says that by being consistent and of good character, trust builds and that people will even forgive occasional mistakes. He lays an extreme emphasis on character as it communicates consistency, potential and respect. He also lays an emphasis on a leader not breaking trust because it forms the solid ground and once the trust is broken, influence reduces or even diminishes.

The survival of the organizations depends on their adaptability. It becomes necessary for them to be able to predict change and be prepared for it.

Schultz has been effective even in the aspect of bringing about change.

People's reluctance to change their style of working or to learn a new

method of performing tasks makes them oppose change. Organizational change implies a change in the employees' manner of working and behavior (P. F. Drucker). Probably, it must be because of this reason, in his memo, Schultz has stated that he holds himself responsible for whatever effects that the decisions that have been taken had on the organizational performance. Leaders aiming to go far and high obviously recognize their own limitations as leaders tend to have high levels of awareness. The leadership is obviously something that cannot be awarded or assigned or even conferred on any individual. As mentioned, leadership from the ability to influence and this is something that must be earned.

In his book 21 Irrefutable laws of leadership, the author John Maxwell lists six important factors that go on to make an individual into a leader and he rightly lists character as the first among them. A leader is what a person is from within and not what is seen. It is the depth of an individual's character that marks the beginning of a leader. The second factor is relationships or in other words, it is the ability of the person to create and maintain a healthy network of people within and outside of the organization and the ability to network has been listed variously in many leadership guides and books as an important factor to be an effective leader.

The entire process of development of leadership qualities has been broken into five phases starting with not knowing what needs to be known, moving to a phase where there is a need to know, recognizing the unknown elements through the ability to keep learning and then application of the knowledge that is learnt which is in line with one of the old adages that champions do not become champions in the ring but rather get recognized

there and this highlights the important need for constantly putting hard work into the development process and following it through, even in the difficult of times to be able to succeed and lead the organization or group in an effective manner.

The next factor is the person's ability to know and learn, thereby creating an ability to develop an accurate plan or even a map for the future - immediate or later. Feeling about a particular situation or people, in other words termed as intuition, often assists leaders in making decisions and timing the same.

This goes hand in hand with the next factor, the experience which influences the way a leader would think in a variety of situations, finally clubbed with the ability of the leader which is what a leader can possibly do.

Schultz claims that leadership develops a period of time and not in a single day. This is in essence that good leaders need to be seasoned over a period of time, just like good wines, and that continuous investment is very essential for development over a period of time. It is during this development process that the followership increases and thus a clear distinction between the leader and the led gets demarcated. This law highlights an innate ability of all good leaders - the ability to learn constantly which stresses on the need for discipline and perseverance.

Famous theorists in the field of organizational behavior and leadership strongly believe that the secret of success in life is for a man to be ready for his time when it comes. There exists a constant relationship between growth and leadership. It is the innate capacity to develop and learn constantly while honing and improving on skill that clearly distinguishes the leaders and their followers.

Leaders aiming to go far and high obviously recognize their own limitations as leaders and they even tend to have high levels of awareness. The ability of a leader to influence the team or the organization led by him which in a way is practical and very relevant to any leader because, in an effort to lead an organization, the leader must be able to influence positively the people who trust his leadership abilities. Leaders practicing the law of connection do not wait but are seen to be initiators in taking the first step in building relationships. Leaders learn about their people and give a positive feeling to their people while listening effectively. The leadership is obviously something that cannot be awarded or assigned or even conferred on any individual. As mentioned, leadership is the ability to influence and this is something that must be earned. A leader may be defined as a person who institutes vision, creates goal, motivates and inspires people while gaining their commitment for accomplishment of the set goals and realizing the organizational vision. Howard Schultz is certainly a true leader as he has almost all the qualities of a leader that are listed above.

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