

Starbucks in 2004: driving for global dominance

Business



Starbucks in 2004: Driving for Global Dominance What was Howard Schultz's original strategic vision for Starbucks?

Realizing Starbucks potential, Schultz saw the opportunity to expand it in the entire N. America. This is evident in his then argument that there were more coffee lovers in N. America who would enjoy Starbucks products compared to those comprising Seattle's market (Thompson, Shah & Hawk, 2003).

Is his present strategic vision for Starbucks different from the one he had in the 1980s?

In the 1980s, Schultz's vision was to serve brewed coffee, espresso and cappuccino besides expanding Starbucks such that it will have 125 stores within a period of five years (Thompson, Shah & Hawk, 2003). This is in line with Schultz's current vision whereby he intends to position Starbucks as the most respected, recognized brand and leading roaster retailer globally.

Management's future expectations draw their postulations from 2003 statistics whereby during then the rate of establishing new stores approximated three stores per day. Based on this data, Starbucks foresaw the establishment of approximately 25,000 stores by the year 2013 (Thompson, Shah & Hawk, 2003).

How many times has his strategic vision changed?

To date, Schultz has changed his strategies five times (Thompson, Shah & Hawk, 2003). His original vision was to expand Starbucks such that it dominated the entire N. America market though its owners during then did not concur with him. Upon expansion, he intended to serve fresh brewed coffee, espresso and cappuccino the way he had earlier seen in Milan. This again was met with resistance whereby he decided to open his own coffee
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bar. However, he later managed to buy Starbucks intending to implement his second strategy aiming at making it a national company. This is by devising new principles and values, which his employees would be proud of being associated with the venture. Based on his then intentions, he wanted to include employees in the decision making process besides being open and honest with each involved party. To avoid incurring losses, Schultz's third change encompassed attracting a management team beyond their expansion needs. This was to build a world class roasting facility besides incorporating sophisticated computer information systems whose role was to track sales in all stores regardless of their respective regions. He believed for any firm to have happy customers, it entailed equally happy and comfortable employees. One of the requests, which employees made to the prior owners of Starbucks, was to extend health care benefits to part-time workers. This comprised his fourth change in strategic vision where he decided to avail health care benefits for part time employees. Since, in total they constituted two thirds of Starbucks' employees. This is after realizing that the cost of hiring and training a new employee amounted to approximately \$3, 000 compared to only \$1, 500 per year while providing an employee with full benefits, which will reduce turnover rate. Currently, his fifth change in strategy encompasses establishing Starbucks as the most respected and recognized brand in the whole world (Thompson, Shah & Hawk, 2003).

Is his present strategic vision likely to undergo further evolution?

The present strategy of making Starbucks a worldwide-recognized brand is the most likely to evolve (Thompson, Shah & Hawk, 2003). This is evident from Schultz's business trait for he does not rest until he is satisfied the company has realized its full potential (Thompson, Shah & Hawk, 2003).

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Reference

Thompson. A. Arthur., Shah, Amit, J. & Hawk, Thomas, F. (2003). Starbucks in 2004: Driving for Global Dominance. Retrieved from <http://faculty.citadel.edu/betterton/BADM635/Starbucks1.pdf>